

Productivity and environmental tax reform in Europe (petrE)

Minutes of partner meeting

22 May 2007

Present:

- PSI: Paul Ekins (PE), Roger Salmons (RS), Andrew Venn (AV), Alexandra Miltner (AM), Paolo Agnolucci (PA)
- CE: Sudhir Junankar (SJ), Phillip Summerton (PSu)
- GWS: Christian Lutz (CL) Bernd Meyer (BM)
- SERI: Stefan Giljum (SG), Stefan Speck (SS)
- UEP: Petr Sauer (PS), Jaroslav Klusák (JK)
- FU: Martin Jänicke (MJ)
- AGF: Ray Cunningham (RC) (item 4 only)

Apologies

- CE: Hector Pollitt (HP)
- FU: Roland Zieschank (RZ)

1. Welcome and introduction

PE chaired the meeting and welcomed all partners. A copy of the agenda is provided in Annex I. The running order was amended during the meeting. PE reiterated the importance of the book as the main deliverable of petrE, and asked partners in their assessment of outputs from each Work Package (WP) to keep this in mind.

2. Administrative issues

RS stated that all interim payments should have been made to partners (except FU). All agreed. RS also circulated the revised travel and subsistence (T&S) budget which was agreed to at the February 2007 teleconference (provided in Annex II). It was agreed that the changes would not be formally notified to AGF at this point as there may well be further revisions as the budgets are reviewed at future meetings in the light of actual expenditure.

RS stated that the password protected area of the petrE project website (www.petrE.org.uk) should be available next week and that he would circulate

usernames and passwords. It is intended that the private area will hold: a) meeting documents/agendas, b) general administrative documents (i.e. finance), c) internal working papers, d) other relevant papers / documents. In addition the public website will be amended to include pages for external working papers and external links. Any papers / information to be added to the website pages (public or private) should be forwarded to PSI for uploading.

In addition to the book, three types of publication were identified: a) internal working papers; b) external working papers; c) journal / conference papers. It was agreed that there would be a standard front page for external working papers (which RS would produce) – with the petrE logo and an acknowledgement of AGF funding. Otherwise, there would be no prescriptions about the format / structure of the papers. For journal / conference papers, RS will agree with AGF the wording of an acknowledgement, and will forward this to partners. It was agreed that: a) internal working papers are intended for project partners only and should not be forwarded to anyone else without the author's permission; b) individual authors should have the discretion to decide whether to make a working paper "external" (and hence make it publicly available).

PE suggested that petrE implement a quality control procedure for external outputs where authors circulate any papers to another (the most appropriate) petrE partner for internal informal peer review, before it is put on the external area of the petrE website or submitted to a journal. PE also stated that he welcomed published article outputs, but that partners should also bear in mind the book, and in particular chapter structure. Final chapters will be requested by PE from partners in 18-21 months time (i.e. January 2009).

RS and PE stated that although there is no contractual need for an annual report, there would be benefits to producing one. However, this should not be very long. It was agreed that each WP leader would provide a brief summary (two pages maximum) covering: a) progress to date (i.e. up to end June 2007); b) work plan for coming year (with specific reference to what is expected to be achieved by the end of October); c) outputs during the year. (See email from RS dated 23 May 2007 for more details – attached as Annex III). This should highlight any issues that have affected the work, or are expected to do so.

Actions:

RS: Circulate usernames and passwords for private web-pages.

RS: Produce standard cover for external working papers and acknowledgement wording for journal / conference papers.

WP leaders: Send brief (two page max.) work-package summary report to RS by mid-July at latest (note this is later than the date agreed at the meeting).

3. EEA funding proposal

PE detailed the background to the proposal. PE informed partners that the EEA would be putting the project out for tender. It is intended that the petrE proposal be considered in this tender.

4. Previous/future meetings and events

4 a. *Follow up on AGF project 'Explaining Productivity Growth in Europe, America and Asia' (EPGEAA), Mannheim, March 23-24*

CL reported that he attended the above meeting on behalf of petrE. CL stated that the above project seems to be homogenous in its use of methods with most of the work concentrating on productivity. There is only one WP on energy. CL highlighted a potential conflict with petrE regarding the issue of whether technical change is energy intensive. If the above project finds that technical change is energy intensive, that may have implications for petrE arguments on productivity and ETR. Central hypotheses differ over whether there is an energy-using bias to technical change, or whether energy constraints (such as ETR targeting energy) would foster innovation and growth. This is a key area for dialogue between petrE and the above project. PE stated that there may be a need for a joint workshop between the projects in the future. It was agreed that CL and PA would keep an eye on this issue.

4 b. Follow up on presentation of petrE to Trustees, March 28-30

RC reported that the event was more of an aid for trustees to learn about the AGF funded projects rather than for petrE to gain any knowledge. RC therefore thanked petrE for their contribution.

4 c. AGF mid-term events, November 2007

Please see Annex IV for related document. The meeting discussed the two options listed in the document. RC stated that his preference was for the option listed as 'alternative 1' so that any inter-linkages / synergies between projects may be identified. PE reported that the petrE team initially preferred 'alternative 2'. PE therefore proposed a third option: where the morning would be devoted to individual project sessions (with invited external representatives / discussants), while the first part of the afternoon would be a joint session between the petrE / EPGAAA (see 4a above) projects (with a parallel session for the other two projects). The final afternoon session would then allow cross-cutting links to be drawn out. RC agreed to discuss this third option with the other AGF projects.

RC stated that he hoped that any fruitful ideas/issues raised the November mid-term event could be further analysed and potentially incorporated into project work plans.

RC stated that it is the intention that AGF cover travel and subsistence costs for the November meeting. PE told RC that petrE partners would require costs for hotel accommodation on 27,28 and 29 November. RC stated that he will confirm cost coverage shortly.

5. Work Package reports

Work Package 5 – SG presentation

BM stated that there would need to be agreement on how many materials were to be included. BM stated that the name would need to be carefully thought about, so that people outside of the project could properly understand it, i.e. it is a model but also maybe an accounting tool. BM suggested the name of GMAT (Global Material Accounting Tool). SG stated that the name could be GRET (where R = resources). PE thought the word 'trade' would need to be included. Partners agreed that the 'model/tool' is a static model.

SG agreed with partners that: a) using a world average market price would be optimal b) using index rather than price would be optimal c) there is a need for completeness across all material categories.

PE agreed with SG that data outputs from Pillar I of WP5 would be delivered to GWS and CE by early 2008. Regarding Pillar II of WP5 it was noted that: a) the first paper output will include methodological results which will be presented at ESEE and IOAA conferences; b) empirical results will be ready in the first half of 2008; c) a paper will be ready for the mid term event on European trade balances.

Work Package 4 – PS presentation

SJ commented that there may be a possibility for qualitative questions to be framed using a Likert-type scale i.e. “on a scale of 1-5 how much do you know about x”, etc.

SS stated that he was particularly interested in different approaches between CEEC (Central and Eastern European Countries) on ETR when compared to the UK and Germany. Best practice lessons, use of revenue recycling would therefore be interesting areas for PS to explore.

PE asked what outputs will be available for the November mid term event. PS stated that a review of the historical ETR situation in the Czech Republic will be available as well as the results of the interviews. SS stated that an overview of the differences between CEEC and the UK and Germany will also be available.

Work Package 3 – SJ discussion regarding circulated note

It was noted that there is an issue with baseline data due to the delayed ADAM project. CL noted that he is involved in GINFORS projects on emissions trading which can hopefully contribute towards WP3.

SJ noted that modelling will begin near the end of 2007, with improvements to the model being undertaken in the meantime. Waste flows aspect will be incorporated into E3ME together with useful non-EU elements of GINFORS. The mid term November meeting will be crucial for WP3 in terms of data input. Outputs from WP3 will be discussed at the scheduled teleconference on 27 September 2007, but may include papers on: a) technical description of E3ME; b) technical description of GINFORS; c) energy technology model paper; d) literature review

Work Package 2 – RS presentation

PSu suggested including one or two service sectors in the analysis of the ETR price impacts since these sectors are more labour intensive.

It was noted that the assumption that the ETRs had no significant impact on output levels may not be valid – particularly for some sectors in Germany. It was agreed that sensitivity analysis would be used to assess the robustness of the results to a range of exogenous output impacts. BM stated that he would forward a report from a previous evaluation of the German ETR which may have some useful data.

RS highlighted the potential problems involved in estimating the impacts of the ETRs on the prices of energy and labour – particularly in Germany (e.g. taking account of company level exemptions, low paid workers, etc.) CL suggested that previous studies by Stefan Bach at DIW (in German) may be useful, and that he would forward these.

It was noted that WP2 is the most micro in scale of analysis in the project. Consequently it is likely to have the closest links to the EPGEEA project. In order to facilitate the exploration of potential linkages, it was suggested that the choice of sectors for the analysis should take account of the sectors covered by the company-level data used in EPGEEA.

RS stated that the outputs from WP2 by the end of October would be: a) an extended concept note (by July/August); b) the initial results of the econometric analysis for the cost share equations. The final results of the econometric analysis and the impact analysis would not be available until spring 2008.

Work Package 1a – PA presentation

PA stated that one paper (on the stability of differences in energy intensities across sectors) was finished, and his presentation largely covered this. His second paper, on energy demand of sectors, will be finished by the mid term November event. This paper will include a discussion of different estimators and their advantages and disadvantages. It is intended that the paper show energy consumption regressed on historical price and GVA, but this will be discussed at the teleconference on 27 September 2007.

Work Package 1c – AM presentation

The following list identifies WP1c next steps:

- **Task 1:** Finish data collection for UK and DE
- **Task 2:** Output from GHK project expected in July
- **Task 3:** Continue research on EI and environmental improvements: incorporate EPE; further analysis possible with GHK data.
- **Task 4:** Work on EI growth dynamics to be started
- **Task 5:** Work on regulation and innovation to be started

AM stated that it is intended she reach task 4 and 5 before leaving PSI at the end of July.

Work Package 1c – MJ presentation

PE stated that he was glad certain definitional agreements had been made. However, there was a need for a conversation regarding the use of economic data on costs of renewable energy. A question remains over whether increased use of certain products whose costs are higher is good for the economy or not, since there is a potential to increase the cost base of the economy. Relating this issue to the potential impact of ETR is a key area for petrE to discuss further.

Work Package 1b – AV presentation

AV presented work that he had carried out on the relation between economic growth, other variables and happiness/well-being/quality of life. He noted that there was a lack of empirical work on the contribution to well-being of the environment.

PE highlighted that WP1b aims to investigate the environmental side of environmentally sustainable growth and the links between environment and welfare, in order to motivate the discussion about the need for environmental taxes and ETR.

MJ agreed to forward AV an article which may be of relevance to WP1b.

RS noted that potentially negative environmental factors are noticed but that positive elements may go unnoticed for various reasons.

6. Any other business

SG circulated a FP7 call which may represent a potential opportunity for the petrE group to contribute towards a new project. Partners agreed that the project will likely require a large organisation to coordinate the bid. SG will approach Rijks University in the Netherlands to see whether they would lead a bid including the petrE team. If that approach is unsuccessful, PE agreed to approach the National Institute in London to lead a potential bid including the petrE team.

PS agreed to email the partners regarding a conference he is involved in organising.

The dates of future project meetings were confirmed as:

Thu 27 September 2007	Teleconference, Steering Group Meeting (start 9.00am UK time)
Wed 28 November 2007	Berlin, Partner Meeting and Dinner (start 9.30am – to be confirmed)
Thu 29 November 2007	Berlin, Advisory Council Meeting (start 9.30am – to be confirmed)
Thu 22 May 2008	Prague, Partner Meeting and Dinner (start 12.00 midday – to be confirmed)
Fri 23 May 2008	Prague, Partner Meeting (end 2.00pm – to be confirmed)

In addition, the dates of the AGF mid-term events are:

Thu 29 November 2007	Berlin, Policy Debate and Reception (start 3.00pm)
Fri 30 November 2007	Berlin, Research Conference and Dinner (start 9.00am)
Wed 5 December 2007	London, Policy Debate and Reception (start late afternoon)

**Andy Venn
Policy Studies Institute
July 2007**

Annex I - Agenda

Resource productivity, environmental tax reform and sustainable growth in Europe

Partner Meeting No. 2

Tuesday 22 May 2007, 09.00 (UK time)

AGF, 34 Belgrave Square

London

SW1X 8DZ

AGENDA

1. Welcome and introductions, agreement of agenda (PSI – PE)
2. Work-package reports
 - a) Updates, work-plan changes and other issues
 - WP1a (PSI – PA)
 - WP1b (PSI – AV)
 - WP1c (PSI/FU – AM/MJ)
 - WP2 (PSI –AM)
 - WP3 (CE /GWS)
 - WP4 (SERI /UEP)
 - WP5 (SERI /GWS)
3. Previous/Future Meetings and events (PE)
 - a) Follow up on AGF project ‘Explaining Productivity Growth in Europe, America and Asia’, Mannheim, March 23-24
 - b) Follow up on presentation of petrE to Trustees, March 28-30
 - c) AGF mid-term events, November 2007
4. Administrative issues
 - a) Article publication guidelines (PSI - RS)
 - b) Project website (PSI - RS)
 - c) Annual report (PSI - RS)
5. EEA funding proposal (PE)
6. Any other business

Annex II – Revised budget

petrE

Travel and Subsistence Budget

Meeting Schedule			PSI	CE	GWS	SERI	FU	UEP	Notes
Steering Group 1	Sep-06	London	H	N	O	O	O	O	
Partner Meeting 1	Nov-06	Berlin	O	O	N	O	H	O	
Partner Meeting 2	May-07	London	H	N	O	O	O	O	
Partner Meeting 3	Nov-07	Berlin	O	O	N	O	H	O	AGF mid-term event
Partner Meeting 4	May-08	Prague	O	O	O	O	O	H	
Partner Meeting 5	Nov-08	London	H	N	O	O	O	O	Project conference
Partner Meeting 6	May-09	Osnabruck	O	O	H	O	N	O	

Steering Group Meetings	1	1	0	0	0	0	0
Partner Meetings	6	2	0	1	0	2	1
Number of meeting / trips							
Host	7	3	0	1	0	2	1
National	6	0	3	2	0	1	0
Overseas	29	4	4	4	7	4	6
	42	7	7	7	7	7	7
No. of attendees per partner	2	2	2	2	2	2	2

		1.5
Cost per attendee per meeting	£	Euro
Host	0	0
National	83	125
Overseas	300	450

Host cost per SG Meeting	133	200	
Host cost per Partner Meeting	1467	2200	
Project conference cost	667	1000	(additional costs for speakers, catering, etc.)

Budget	£	Euro	PSI	CE	GWS	SERI	FU	UEP
Meeting costs	8,933	13,400	4,600	0	2,200	0	4,400	2,200
Partner T&S costs	18,400	27,600	3,600	4,350	4,100	6,300	3,850	5,400
Project conference costs	667	1,000	1,000					
Total	28,000	42,000	9,200	4,350	6,300	6,300	8,250	7,600
Proposal Budget	28,000	42,000	7,500	7,500	7,500	7,500	6,000	6,000
Difference	0	0	1,700	-3,150	-1,200	-1,200	2,250	1,600

Annex III – Annual report

From: Roger Salmons [mailto:salmonr@psi.org.uk]

Sent: 23 May 2007 12:26

To: 'Andy Venn'; 'Bernd Meyer'; 'Christian Lutz'; 'Jaroslav Klusak'; 'Martin Janicke'; 'Paolo Agnolucci'; 'Paul Ekins'; 'Petr Sauer'; 'Philip Summerton'; 'Roger Salmons'; 'Roland Zieschank'; 'Stefan Giljum'; 'Stefan Speck'; 'Sudhir Junankar'; 'Terry Barker'

Subject: petrE: annual report

Dear all

Following our discussions yesterday, this is just to confirm what is needed for the annual report.

The report will be very short, comprising:

- a) an overall summary (1 page)
- b) work-package summaries (1-2 pages per work-package)
- c) a summary table of person-days per partner
- d) a summary table of payments received per partner

PSI will produce the overall summary. The exact format / content of the work-package summaries are down to each work-package leader (NB: WP1 will be treated as three separate work-packages). However, they should not be more than two pages long and should cover:

- a) progress to date
- b) work-plan for the coming year
- c) outputs during year (broken down by internal working paper, external working paper, journal article, conference paper, etc)

I will also need to know the total number of person-days spent on the project over the 12 months (July 2006 – June 2007). If you have a forecast / budget for the total number of person-days that you expect to spend over the life of the project, could you also let me have this. There is no need to break the days down by person – only the total for the institution is needed.

I already have the information about the interim payments received by each institution, so there is no need to send this again.

We did agree that you would send the work-package reports to me by 8th June. However, I assume that the information on person-days will not be available until early July so it may make more sense to wait and send everything together – say by July 13th. Of course, you can send the information earlier if it is available.

Let me know if you have any questions.

Best wishes

Roger

Annex IV – AGF Mid term event

CSGE midpoint conference Berlin November 2007

- Two **alternative format suggestions** for the academic part of the Berlin conference in November (i.e. second day) follow. We have left out day 1 (the policy debate). This will be discussed at a later stage.
 - **Alternative 1** will have no parallel sessions, but two presentations and two comments. It will allow for 8 presentations, i.e. 2 presentations per programme
 - **Alternative 2** has parallel sessions in the morning, and one presentation per panel, whilst in the afternoon 2 sessions will follow each other, both with 2 presentations. This allows for 12 presentations altogether, i.e. 3 presentations per programme.
 - **advantage of alternative 1**: cross cutting themes and discussions of all presentations by all (thus allowing for linking the programmes and identifying potential overlaps between them which would hopefully enrich the work)
 - **advantage of alternative 2**: it allows for one more presentation per programme and through the parallel panels also to keep programmes amongst themselves to increase intra-programme discussions
 - **Discussants**: please note that we propose two discussants per presentation, in order to allow for feedback of practitioners and to allow for inter-programme-exchange
 - this allows for feedback at the midpoint
 - **Deadlines for papers**: In order to allow discussants and other conference participants to inform themselves ahead of time, we have to decide how far in advance papers, or outlines of presentations, should be circulated.
 - → I would suggest **4 weeks ahead** of the conference
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Alternative 1: **MORNING**

- **9-9.15 am keynote/welcome address (T. Atkinson?)**
- **9.15-10.45 am Session 1**
 - Presentation 1 (25 minutes)
 - Presentation 2 (25)
 - Discussant from other programme (10)
 - Discussant from policy community (10)
 - Open discussion (20)
- **10.45-11.15 am Coffee Break**
- **11.15-12.45 am Session 1**
 - Presentation 1 (25 minutes)
 - Presentation 2 (25)
 - Discussant from other programme (10)
 - Discussant from policy community (10)
 - Open discussion (20)
- **12.45-14.15 Lunch Buffet**

Alternative 1: **AFTERNOON**

- **14.15-15.45 pm Session 3**
 - Presentation 1 (25 minutes)
 - Presentation 2 (25)
 - Discussant from other programme (10)
 - Discussant from policy community (10)
 - Open discussion (20)
- **15.45-16.15 pm Coffee Break**
- **16.15-17.45 pm Session 4**
 - Presentation 1 (25 minutes)
 - Presentation 2 (25)
 - Discussant from other programme (10)
 - Discussant from policy community (10)
 - Open discussion (20)
- **Alternative 1:**
 - 17.45-18.30 pm: sum up event** (WITHOUT BREAK as people tend to go home at that time) – this might be too much at the end of the day!
- **Alternative 2:**
 - 17.45-18 pm: short sum up** and invitation to
 - 18 pm open dinner (buffet, or at the set up round tables):**
 - keynote/ and/ or sum up/ and/or what will follow from now dinner speech (30-45 minutes) followed by short comment from policy maker (10 minutes)

Alternative 2: **MORNING**

- **9.15-9.30 am keynote/welcome address (T. Atkinson?)**
- **9.30-10.30 am Parallel Sessions 1, 2, 3, and 4**
 - Presentation (25 minutes)
 - Discussant from outside (10)
 - Discussant from outside (10)
 - Open discussion (15)
- **10.30-11 am Coffee Break**
- **11-12 am am Parallel Sessions 5, 6, 7, and 8**
 - Presentation (25 minutes)
 - Discussant from outside (10)
 - Discussant from outside (10)
 - Open discussion (15)
- **12-13.30 pm Lunch Buffet**

Alternative 2: **AFTERNOON**

- **13.30-15 pm Session 9: showcase paper presentations**
 - Presentation 1 (25 minutes)
 - Presentation 2 (25)
 - Discussant from outside (15)
 - Discussant from outside (15)
 - Open discussion (10)
- **15.45-16.15 pm Coffee Break**
- **16.15-17.45 pm Session 10**
 - Presentation 1 (25 minutes)
 - Presentation 2 (25)
 - Discussant from other programme (15)
 - Discussion from policy community (15)
 - Open discussion (10)
- **Either: 17.45-18.15: BREAK (please note: this seems a bad time for a break: would not a lot of people leave?)**

Or: 17.45-18.30 pm Sum up event: what have we learned, further steps, etc (programme coordinators?)
- **19 pm Conference Dinner (for all conference participants)**

Cross Cutting Themes

NUMBER OF PRESENTATIONS

- **Alternative 1:** 8 presentations
- **Alternative 2:** 12 presentations

→ PCs can nominate either 2 or 3 presentations – or we organise a call for papers (more democratic)

NATURE OF THE PRESENTATIONS

- **Alternative 1:** 2 individual (specialist) papers per programme to be presented
- **Alternative 2:** each paper to be a combination of the main results from different projects within the programmes, presented by 1 or persons (cross cutting their projects) and relating to the questions posed in the theme of the sessions

FINDING CONSENSUS ON AND PAPERS FOR CROSS-CUTTING THEMES

- Please find the suggestions for cross cutting themes on the next page
- Please let us know which of these topics you would prefer
- Please suggest alternative topics with a potential for combining at least two of the programmes and preferably not solely along the boarder Kretschmer/Ekins and Clasen/ Dustmann



