



What Role Should Fiscal Incentives Play in Encouraging Use of More Efficient Lighting Products?

Summary of ELC¹ Position

- As ELC has advocated for several years in its Make the Switch Strategy², a portfolio of policy tools and measures are necessary in the urgent efforts to shift to a more energy efficient use of lighting in the EU and realize the significant consumer, economic and environmental benefits associated.
- Fiscal instruments should only be considered as measures to promote home, office and street lighting products where the portfolio of other policies that are already being successfully and quickly applied do not appear to achieve their desired objectives and the 42.5 megatons of annual CO₂ savings that have been identified as possible in the EU.
- The most effective, practicable and rapid way to enable consumers/purchasers to make better choices for their own budgets, the EU economy and the global climate is a phase-out of the least efficient products. This is being achieved as quickly as practicably possible through the EU's EuP Directive, where 'implementing measures' should begin a phase-out as early as 2009.
- National environmental taxes on inefficient lighting will not only duplicate the effort under the EuP Directive but could adversely and unfairly distort supply of alternatives. They also risk adverse public reaction, especially where proposed measures are not clearly fiscally neutral. Such environmental taxes on lighting should therefore not be a short-term priority in the EU.
- For lighting in the home, to strengthen awareness campaigns and energy labelling, positive fiscal measures, such as reduced rates of VAT on the most efficient products could provide an effective incentive for consumers to switch quickly to the best options. However, these measures should be applied in a co-ordinated way across the EU in order to avoid distortions to the Internal Market and unnecessary additional administrative costs on the supply chain. Subsidy schemes, such as those, which have been developed in Denmark and the UK, have also proven effective.
- For street lighting, accelerated depreciation of investment and for office lighting, tax credits would appear to be the most effective potential fiscal measures for EU Governments to consider in the short-term. Longer term, these and any other fiscal measures should be considered in the framework of a strategic shift of taxation away from labour and onto resources to develop a sustainable low carbon economy.

¹ About the ELC

Created in 1985, the European Lamp Companies Federation (ELC) is both the forum and the voice of the lamp industry in Europe. It represents the leading European lamp manufacturers, which collectively directly employ 50,000 people, and account for 95 percent of total European production, with an annual turnover in Europe of €5 billion. The members of the ELC are: Aura, BLV, GE, Havells Sylvania, NARVA, OSRAM and Philips.

² See Make the Switch, available on www.elcfed.org