OECD

Data Base on Green Taxes

The Organisation for Economic Cooperation and Development (OECD), in cooperation with the European Commission, has launched a data base of detailed information on more than 170 environmentally-related taxes and 160 fees and charges in use in OECD member countries.

The database includes the tax rates of more than 1,750 tax-bases (mostly concerning motor vehicles, energy products and waste management) and details concerning more than 850 exemptions and refund mechanisms of the taxes. It forms a key part of the OECD’s current work on implementation strategies for such taxes and its coverage will broaden over time. The database, which will be regularly updated, can be assessed free of charge at: http://www.oecd.org/env/policies/taxes/index.htm

OECD says that the new database is a useful tool that allows international comparison of environmentally related tax policies. It also serves as a source of reference and ideas for those involved in the design of new or modified taxes related to the environment and provides some information needed to calculate the tax burden levied on different parts of the economy. It also offers a basis for assessing the effectiveness of green taxes. OECD argues that green taxes really work and says that, “By increasing the price of the goods and services on which they are levied, they discourage the use of these goods and services. For example, current estimates indicate that a one per cent increase in energy prices would reduce energy use by around 0.5 per cent. If the prices of other polluting goods such as batteries, packaging and pesticides increased due to tax hikes, consumers would use them less, especially if alternatives were available.”

The use of environmental taxes and “green tax reforms” is growing. For example, new taxes on energy sources are combined with a reduction in taxes on labour. On average, the revenues from environmentally related taxes constitute about 2.5 per cent of Gross Domestic Product (GDP) and around 7 per cent of total tax revenues, according to the OECD.

World Bank

Success of Carbon Trading Scheme

The World Bank has announced that its Prototype Carbon Fund (PCF), which was launched in January 2000 to transfer finance and technology to developing countries to help them reduce greenhouse gas emissions, has closed its first subscription period with more money and corporate interest than anticipated.

The Fund is a first attempt by the World Bank and participating governments and companies to experiment with the creation of a market in emissions reduction under the Kyoto Protocol’s “flexibility” provisions. Fund participants receive emissions credits based on the size of gas emission cuts achieved through the projects they finance.

In the fledgling emissions trading programme, companies operating in participating States can continue to emit high amounts of carbon dioxide while they purchase credits equal to a portion of their emissions.

The Fund originated to finance projects reducing greenhouse gas emissions in developing countries. The primary focus reportedly is on installing renewable energy technologies, such as wind, small hydropower, and biomass energy technology, that could not be justified simply on the basis of profitability without support from the Fund.

Conclusion

There are abundant examples, in both developed and developing countries, of the successful adoption of cost-effective measures to ameliorate carbon dioxide emissions in the electric utility and vehicle sectors. A wide variety of legislative and regulatory programmes have been undertaken and the legal and financial mechanisms employed are many and varied. It is possible to meet the Kyoto Protocol goals, and even to go beyond them to meet what the International Panel on Climate Change (IPCC) scientists find is needed to stabilize global warming. This can even be achieved on the basis of long term profitability; indeed many energy efficiency savings are so compelling that they should be undertaken just to save money, regardless of their utility in reducing the risks of global warming. But achieving these goals will take determined action and political will from governments, corporations and institutions worldwide.