



Éliminer ou transformer les subventions dommageables à la biodiversité
Où se situe la Suisse en comparaison internationale,
quels sont les progrès réalisés et les facteurs de réussite?

Musée d'histoire naturelle, Berne
11 mai 2023

Répertorier, transformer et supprimer les subventions
dommageables à la biodiversité dans les pays voisins de la Suisse
L'exemple de l'Italie

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Secrétaire technique de 3 rapports de Natural Capital Committee

Introduction: le cadre du catalogue (1/3)

Dans les forums internationaux, les engagements, les promesses et les déclarations visant à supprimer et à réformer les **EHS** *subventions dommageables à l'environnement* (avec l'accent sur les **FFS** *subventions aux combustibles fossiles* et **BHS** *subventions dommageables pour la biodiversité*) et à libérer un espace fiscal pour l'action publique en faveur de l'environnement, se multiplient depuis le **sommet du G20 à Pittsburgh en 2009** et les **objectifs CDB d'Aichi en 2010**. À ce jour, les actes politiques substantiels à cet égard ont été très modestes.

Le catalogue italien EHS-EFS (*subventions favorables à l'environnement*) représente une **plateforme de connaissances** (évolutive) au service:

- des décideurs politiques (Parlement et gouvernement);
- de la communauté scientifique;
- de la société civile.



MINISTERO DELLA
TRANSIZIONE ECOLOGICA

CATALOGO DEI SUSSIDI AMBIENTALMENTE DANNOSI E DEI SUSSIDI AMBIENTALMENTE FAVOREVOLI 2019-2020

ARTICOLO 68 DELLA LEGGE 28 DICEMBRE 2015, N. 221

(“DISPOSIZIONI IN MATERIA AMBIENTALE PER PROMUOVERE MISURE DI GREEN ECONOMY
E PER IL CONTENIMENTO DELL'USO ECCESSIVO DI RISORSE NON RINNOVABILI”)

DETTA COLLEGATO AMBIENTALE

(GU SERIE GENERALE N. 13 DEL 18-1-2016)



Direzione Generale per la crescita sostenibile e la qualità dello sviluppo (Cresc) - A.T. Seguid

SETTEMBRE 2021

Introduction: un catalogue parmi d'autres (2/3)

Le catalogue italien EHS-EFS se situe à juste titre à côté des initiatives d'inventaires des subventions d'autres pays:

France, “Sainteny”, BHS (2012) et le budget vert de l'État (2021);

Allemagne, EHS (2017) et BHS (2019);

Irlande, FFS (2020-22);

Suède, EHS (2017);

Finlande, EHS (2019);

Suisse, BHS (2020);

Italie, EHS-EFS (2016-17-18, 2019/20 en janvier 2022); FFS au G20 PR Italie; BHS au NCC (Natural Capital Committee) 4^e rapport 2021.

Par ses connaissances et son savoir-faire, il contribue aux **G20 Peer Reviews des FFS**, **Apec FFS Peer Review**, **inventaire FFS de l'OCDE**, **Eurostat** et **statistiques ODD des Nations Unies**.

Introduction: *BHS subventions dommageables pour la biodiversité* dans le cadre des *EHS subventions dommageables pour l'environnement* et de la *RFE (3/3)*

- a) les **BHS** devraient être traitées de manière cohérente avec le traitement des EHS, EFS et FFS.
- b) les **subventions** devraient être traitées dans le cadre d'une **RFE** (Réforme Fiscale/des taxes Environnementale/verte/écologique):
transfert de la charge fiscale des revenus du travail et des entreprises vers la pollution, les émissions de gaz à effet de serre et l'utilisation des ressources naturelles.
- c) **Neutralité fiscale** d'une RFE - versions dynamiques en période de hausse des taxes (p. ex. dette publique cumulée élevée - NextGenerationEU & NRPP).
- d) **Une mesure symbolique forte? Paquet RFE? Dans le cadre d'une réforme générale de la fiscalité?**

Réforme des EHS

subventions

dommageables à

l'environnement

**dans le contexte de
la réforme fiscale
environnementale**

L'idée d'éliminer les subventions néfastes à l'environnement (ou «perverses» comme les définissent certains experts américains) s'inscrit parfaitement dans le cadre d'une réforme fiscale écologique, développée et promue par des organisations internationales telles que l'OCDE ou des universitaires comme Von Weizsaecker et Jesinghaus depuis le début des années 1990s.

«À la recherche» de subventions dans la législation: Définitions (1/3)

OMC

«Un **transfert** monétaire de l'État à une entité privée»

OCDE

«Le résultat d'une action gouvernementale qui génère un **avantage** pour certains producteur·trices (consommateur·trices) dans le but de réduire leurs coûts (augmenter leurs revenus)»

FMI

«Différence entre le prix observé (marché) et le coût social marginal d'une production, qui **internalise** les dommages sociaux»

«À la recherche» de subventions dans la législation: Définitions (2/3)

Définition des subventions du législateur italien

- «les subventions sont à prendre dans leur définition la plus large possible et comprennent, entre autres, les incitations, les dépenses fiscales, les prêts avantageux, les exonérations fiscales»
- Art. 68, annexe environnementale à la loi sur les finances 2015 (“collegato ambientale”)

«À la recherche» de subventions dans la législation: Définitions (3/3)

- **L'approche du catalogue (inspirée par l'OCDE)**
- «Une mesure qui maintient les prix à la consommation en dessous du niveau du marché et les prix à la production au-dessus du niveau du marché, ou qui réduit les coûts pour les producteur·trices et les consommateur·trices, par le biais d'un soutien **direct ou indirect**»

Estimations des EHS *subventions dommageables à l'environnement* - EFS *subventions favorables à l'environnement*, 2016-2020 (reclassées)

Source: CSA4 (2021) [4^e catalogue italien des EHS et EFS]

Évaluation	2016		2017		2018		2019		2020	
	n.	estimation (M€)	n.	estimation (M€)	n.	estimation (M€)	n.	estimation (M€)	n.	estimation (M€)
EHS	57	20.337,95	58	22.216,99	61	23.032,04	61	24.530,65	60	21.648,63
<i>dont FFS</i>	39	12.665,14	41	13.578,52	41	14.295,23	41	15.014,65	40	13.060,21
Incertain	33	8.455,46	35	9.478,16	35	11.217,60	35	12.874,58	35	13.630,05
EFS	59	16.185,18	62	16.695,92	68	17.089,71	78	17.600,51	85	18.923,46
Total	149	44.978,59	155	48.391,08	164	51.339,36	174	55.005,73	180	54.202,14

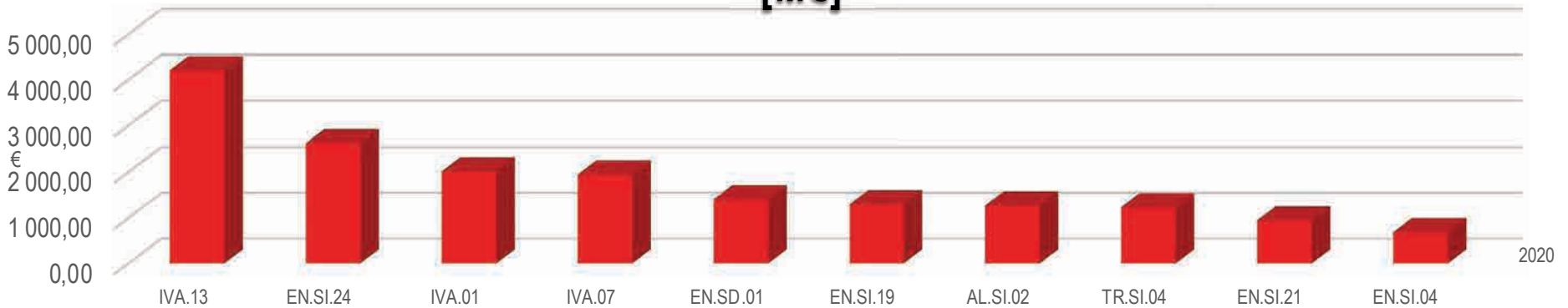
Subventions dommageables et favorables à la biodiversité (BHS-BFS)

	2019		2020	
	n.	Estimation [B€]	n.	Estimation [B€]
BHS	101	37.93	103	36.17
BFS	55	16.42	61	17.34
Incertain	18	0.65	16	0.69
Total	174	55.00	180	54.20

La quatrième édition a introduit une évaluation des EHS *subventions dommageables à l'environnement* qui prend en compte spécifiquement les dommages causés à la nature, aux écosystèmes et à la biodiversité.

Les deux approches présentent des positions conflictuelles en matière d'évaluation qui doivent encore être abordées.

Les 10 premières subventions dommageables à l'environnement EHS, 2020 [M€]



IVA.13	Réduction de la TVA sur l'achat de maisons neuves (non luxueuses) (10% vs. 22%)	4.203,89
EN.SI.24	Différence de traitement fiscal entre l'essence et le diesel	2.610,68
IVA.01	Réduction de la TVA sur l'achat de maisons neuves et de premières maisons (non luxueuses) (4% vs. 22%)	2.012,91
IVA.07	Réduction de la TVA sur l'énergie électrique à usage domestique (10% vs. 22%)	1.944,06
EN.SD.01	Allocations du système d'échange de droits d'émission gratuites	1.402,03
EN.SI.19	Remboursement du surcoût du diesel pour les transporteurs (marchandises et personnes)	1.293,81
AL.SI.02	Crédit d'impôt pour l'achat de biens d'équipement dans les régions à faibles revenus du sud de l'Italie	1.266,70
TR.SI.04	Déductions fiscales sur les prestations complémentaires liées à l'utilisation d'une voiture de société par les dirigeant·es et les employé·es	1.231,00
EN.SI.21	Allègements fiscaux sur l'utilisation de produits énergétiques dans l'agriculture et les travaux annexes	942,72
EN.SI.04	Exonérations d'accises sur les carburants pour avions de ligne	682,27

Le parcours de l'Italie

L'Italie en un
coup d'œil
(données de
l'OCDE)

Les taux d'imposition implicites sur l'énergie sont les plus élevés d'Europe [ce qui n'est pas surprenant en l'absence d'une production nationale significative de combustibles fossiles]

En Europe, l'Italie se classe au quatrième rang pour la couverture fiscale des émissions et au deuxième rang pour le prix moyen «fantôme» (implicite) du CO₂.

Plus de **90 % des EHS *subventions dommageables à l'environnement*** sont constituées de dépenses fiscales introduites dans un but de **solidarité sociale ou de compétitivité nationale** [il y a d'autres outils directs et transparents pour la solidarité et la compétitivité, plus efficaces que la sous-tarifcation de l'environnement]

Le cas des taxes «*praeter intentionnel*»: taxes qui ont été introduites sans but de protection de l'environnement (avec un impact accidentel, par exemple les accises)

Le CITE (Interministerial Committee for Ecological Transition) a annoncé en février 2022 une proposition d'ici juin 2022 pour l'élimination progressive des EHS *subventions néfastes à l'environnement* à l'horizon 2022-2026.

5 «fruits mûrs»

EHS *Subventions dommageables à l'environnement* annulées en janv. 2022

Art. 18 DL “Sostegni” [*Decree-Law “Supports”, 27 January 2022 n. 4*]

Code	Titre	Effet financier [M€]		
		2018	2019	2020
EN.SI.06	Réduction des droits d'accises pour les carburants utilisés dans le transport ferroviaire (personnes et marchandises)	22,90	25,80	22,40
EN.SI.14	Exonération des droits d'accises pour les produits énergétiques utilisés dans la production d'eau de mer et de magnésium	0,50	0,50	0,50
EN.SI.25	Réduction des droits d'accises pour les produits énergétiques utilisés par les navires dans la gestion des ports de transbordement	1,80	1,80	1,80
EN.SI.14	Fonds R&D pour projets dans le charbon	0,00	0,00	0,00
EN.SI.13a	Fonds R&D pour projets dans le pétrole	42,70	42,37	42,37
EN.SI.13b	Fonds R&D pour projets dans le gaz	40,67	41,00	41,00

4 éditions du catalogue

*Madamina, il catalogo è questo
[...]
un catalogo egli è che ho fatt'io;
Osservate, leggete con me.*

*In Italia seicento e quaranta;
In Alemagna duecento e trentuna;
Cento in Francia, in Turchia
novantuna;
Ma in Ispagna son già mille e tre.
(Atto I, Scena 5, Don Giovanni
di Mozart)*



CATALOGO DEI SUSSIDI AMBIENTALMENTE FAVOREVOLI E DEI SUSSIDI AMBIENTALMENTE DANNOSI 2016

COME STABILITO DALL'ARTICOLO 68 DELLA LEGGE 28 DICEMBRE 2015, N. 221
[*(DISPOSIZIONI IN MATERIA AMBIENTALE PER PROMUOVERE LE MISURE DI GREEN ECONOMY
E PER IL CONTENIMENTO DELLA USO ECCESSIVO DI RISORSE NATURALI*)]
DITTA COLLEGATO AMBIENTALE
(GU SERIE GENERALE N. 13 DEL 18-1-2016)



Direzione Generale per lo sviluppo sostenibile, il clima ambientale,
i rapporti con l'Unione Europea e gli organismi internazionali (SVI) - U.A.T. Segiad



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LUGLIO 2018



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DICEMBRE 2019



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Direzione Generale per lo sviluppo sostenibile e la qualità dello sviluppo (Casi) - A.T. Segiad
SETTEMBRE 2021

Trois défis à relever pour la (les) prochaine(s) édition(s)

Comment gérer...

1. les subventions extraordinaires, d'urgence et de transition créées pour contenir les dégâts économiques, sociaux et sanitaires de la **pandémie Sars-Cov-2** (Covid-19);
2. les subventions extraordinaires, d'urgence et de transition créées pour inverser l'**augmentation des coûts d'approvisionnement en gaz et en électricité** pour les ménages et les entreprises;
3. la **relation entre EHS et BHS** qui pose certains conflits d'évaluation. Est-ce que les critères de la taxonomie de l'UE pourraient être utiles à cet égard? (DNSH Do no significant harm & 6 critères).

The Swiss experts are welcome and needed!

13-16 June 2023 - BfN Seminar “Economic Incentives that affect Biodiversity”

(German Federal Agency for Nature Conservation)

Conservation Isle of Vilm

<https://www.bfn.de/en/events-ina/economic-incentives-affect-biodiversity-06-2023>

27-30 June 2023 - EAERE 2023 Annual Conference

(European Association of Environment and Resources Economists)

Limassol, Cyprus (chair: Theo Zachariadis, EEA Scientific Committee)

<http://www.eaere-conferences.org/index.php?y=2023>

10-15 July 2023 - EU-SUSEET 2023

(EU Summer School in European Environmental Taxation)

Napoli, University Federico II <https://www.suseet.eu/>

6-8 September 2023 - GCET 2023 Paris

(Global Conference on Environmental Taxation)

Université Paris Dauphine (Chair: Christian De Perthuis - ScB: Milne-Ashiabor-

Andersen-Akerfeldt) <https://www.gcet24.fr/>



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<https://www.minambiente.it/pagina/economia-ambientale>

Overview

- Why the Catalogue
- Definition of environmental subsidies and their identification in the international literature
- Methodology adopted in the Catalogue
- Overview of the Catalogue's main results
- Subsidies on biodiversity in the framework of the Catalogue
- Main recommendations and policy suggestions
- What is missing? What further subsidies to further analyze in future editions?

International recommendations (1/3)

- G20 (Seul - November 2010): “rationalize and phase out over the medium term inefficient fossil-fuel subsidies that encourage wasteful consumption”.
- G7 (Ise-Shima - 26-27 May 2016): “Given the fact that energy production and use account for around two-thirds of global GHG emissions, we recognize the crucial role that the energy sector has to play in combating climate change. We remain committed to the elimination of inefficient fossil fuel subsidies and encourage all countries to do so by 2025.”

International recommendations (2/3)

- Communiqué G7 Environment 2023 Sapporo <https://www.env.go.jp/content/000127577.pdf>

28. **Resource mobilization:** [...] We also commit to aligning all relevant fiscal and financial flows with the GBF and call on all countries and financial institutions, in particular MDBs and, where appropriate, IFIs, to do the same. We are all **concerned about incentives, including subsidies, harmful to biodiversity**, and call upon all relevant organizations to collaborate with us, including by assisting in identifying such incentives.
- **Those G7 members Party to the CBD commit to identifying such incentives by 2025** [i.e. not Usa]. They also commit to **eliminating, phasing out or reforming** those incentives and **scaling up positive incentives** for the conservation and sustainable use of **biodiversity at the latest by 2030**, taking initial steps without delay, and call on all countries and financial institutions, in particular MDBs, to do the same. We will dedicate a significant amount of our climate finance to maximize co-benefits and synergies in addressing climate change and the biodiversity crisis, as appropriate, recognizing that Nature-based Solutions can deliver mitigation, while offering significant benefits for adaptation, and encourage others to do the same. [...]

International recommendations (3/3)

- Communiqué G7 Environment 2023 Sapporo <https://www.env.go.jp/content/000127577.pdf>:
- 30. **Oceans:** [...] We reconfirm our commitment to ending IUU fishing including through promoting the swift acceptance of the World Trade Organization (WTO) Agreement on **Fisheries Subsidies** by G7 members [...]
- 73. **Fossil fuel subsidies: We stress that fossil fuel subsidies are inconsistent with the goals of the Paris Agreement.** Phasing out inefficient fossil fuel subsidies is a key component of delivering on Article 2.1.c of the Paris Agreement. We **reaffirm our commitment** to the elimination of inefficient fossil fuel subsidies by 2025 or sooner, and reaffirm our Leader's previous calls for all countries to do so. We will **report on progress** towards the achievement of our commitment **in 2023**, building on the ongoing work at the G20, UN, OECD and its subsidies inventory, and other relevant fora to facilitate greater transparency on inefficient fossil fuel subsidies globally, strengthen our action as necessary and **consider options** for developing joint public inventories of fossil fuel subsidies. We will also take steps to increase cooperation, discussion, and sharing best practices on eliminating inefficient fossil fuel subsidies and enhancing transparency at the international level.

OECD recommendations and tools

- Removal or reform of EHSs, in particular phasing-out FFS (OECD, 2015).
- Warning on «inertia»: in OECD countries, 2/3 of EHSs introduced before the year 2000 (OECD, 2015).
- Starting at the end of the 90s, OECD developed different methodological tools to identify EHSs:
 - Quickscan (1998)
 - Checklist (2005)
 - Integrated assessment framework (2007)

OECD recommendations / 2

Italy - Environmental Performance Reviews - 2013

- Introduce a systematic monitoring system of (current and in the pipeline) direct and indirect subsidies, in view of their potential environmental impact;
- Pursue the promotion of renewable energy in the framework of a national energy strategy, guarantee the consistency of incentives and their relative regulatory framework and adapt them to the decrease in costs of green technologies connected to renewable energy;
- Rationalize the incentives for energy efficiency and ensure that existing subsidies contribute to the abatement of entry barriers in a cost-effective manner; encourage the use of white certificates, and expand them, especially to the transport sector;

“European Semester”

- Develop a fiscal framework that promotes sustainable development and pursue the «polluter-pays-principle», leveraging investments in energy efficiency, and encouraging durability and reparability of goods;
- Gradually remove environmentally harmful subsidies, including fossil-fuel subsidies, and shift taxation from income to pollution and natural resources.

International think tanks recommendations

- **Green Budget Europe:** Reform EHS, remove FFS and introduce a carbon tax; shift the fiscal burden from labour and firms towards pollution and natural resources
- **IEEP for the European Commission:**
Roadmap for the removal of EHSs:
 - Need for high quality and transparent data;
 - Do not act in isolation;
 - Build a coalition;
- **GSI - Resources for the Future - World Resources Institute - Worldwatch Inst. - Earth Policy Inst. - Sustainable Prosperity**
- **Planetary Boundaries - Club of Rome - Factor 4/5**
- **Wuppertal - GBG-Foes - IDDRI - French Green Fiscal Commission - UK Green Fiscal Reform Commission - Fondazione Sviluppo Sostenibile**

An Action Plan for Environmental Fiscal Reform (EFR) in Italy

5 key instruments described in the Action Plan

Carbon price floor (CPF)

Start at 40 €/tCO₂ (e.g. 2022)

Increase by 10 €/tCO₂ per annum

Reach 120 €/tCO₂ in 2030

Transport sector would be untouched by CPF (effective carbon rates already above level)

Carbon CFD

(Contract For Difference)

Government and company agree on a carbon price

Until market carbon price is below the agreed price, the company receives the difference (per unit of abatement)

Makes economically viable technologies that are still far from commercialisation in hard-to-abate sectors

Road transport taxation

Road traffic is an efficient tax base [anelastic demand]

Taxes on pollution from agriculture

On pesticides, based on the polluting factor, measured in term of damage to human health

Taxes on stationary emissions of pollutants

SO₂ and NO_x

Mite-backed project, in accord with Mef and PCM, approved and financed by EC (DG Reform), in the framework in support of structural reforms (GRANT AGREEMENT SRSS/S2019/036 – SUPPORT TO EU MEMBER STATES IN THE IMPLEMENTATION OF STRUCTURAL REFORMS)

The project draws inspiration from other OECD works such as Green Tax Reform and Green Budgeting Framework

Tax
bads
not
goods!

Overview

- Why the Catalogue
- Definition of environmentally subsidies and their identification in the international literatures
- Adopted methodology in the Catalogue
- Policy frame and some issues
- What is missing? What further subsidies to deepen in future editions?

Definition of subsidy

**A subsidy
is...**

... a **transfer** of money from the State to a private body (WTO)

... a State action providing an **advantage** in terms of revenue (income or minor cost) (OECD)

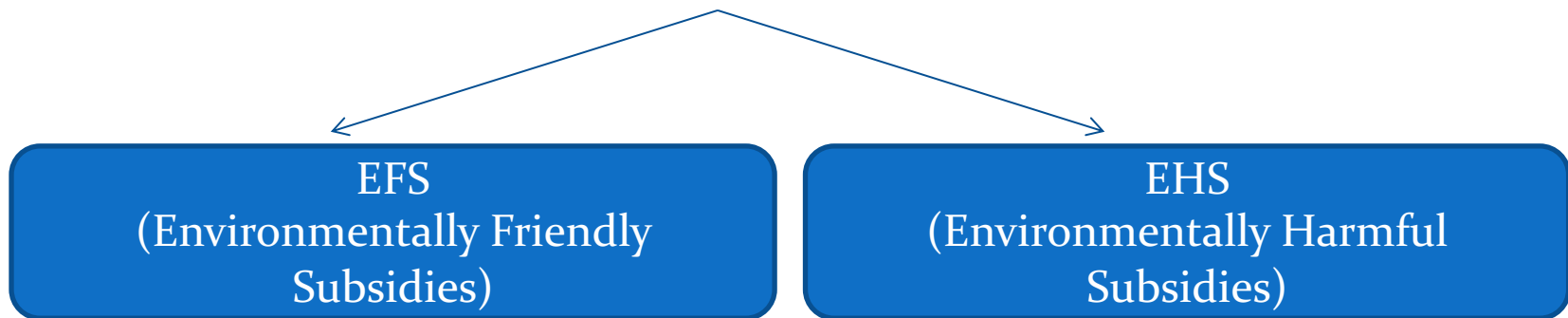
... a **difference** between the observed price and the marginal social cost of production, meaning the cost that internalizes the impact to society (IMF)

In our catalogue:

A subsidy is...

...a measure that keeps prices for consumers below market levels, or prices for producers above market levels, or that reduces costs for producers and consumers through direct or indirect support

(Source: OECD)



Subsidies' classification

<i>Description</i>	<i>Classification</i>	
Direct transfers of funds	On-budget	Direct subsidies
Potential direct transfers of funds		
Foregone revenues	Off-budget	Indirect subsidies (Tax expenditures, exemption, tax credit, etc.)
Regulatory support mechanisms		
Tax exemptions and rebates		
Selective exemptions of government standards		
Implicit income transfers resulting from a lack of full cost pricing		

Estimate of EHS (fossil fuels) in the world

The goal of EHSs identification is to remove or, at least, reform them in order to assure an efficient use of resources.

Their removal may allow for example the reduction of income and corporate taxes.

Some estimates:

- OECD and IEA (2018): 370-620 billion \$/year for the years 2010-2015 for fossil fuels (76 Countries);
- IMF: in 2011, 492 billion \$ for fossil fuels (150 Countries);

National experiences (1)

UK



2013 → The report of the Parliament on «energy subsidies in UK»
total energy subsidies: 12,7 billions of GBP

Ireland



2010 → EEA Study on the potential reform of environmental taxation:
up to € 5 bn of extra revenue in 2015 (+ € 1 bn for EHS removal)

France



2012 → “Sainteny report” identifies EHS linked to biodiversity
(estimate: € 3 billions in 2010)

Germany



2007 → reform for a phasing out of coal subsidies within 2018
2014 → EHS report: € 52 billions in 2010
(including guarantee schemes and implicit subsidies)
2017 → G20: 22 subsidies totalling € 14,9 bl.

National experiences (2)

Portugal



1995-2010 → environmental taxation: 11,5% to <5% of total fiscal revenue
2010 → EEA Study on potential reform of environmental taxation:
In 2016, environmental taxation + € 2,2bn (+€0,2bn from additional VAT + €0,7bn from EHS removal)

Mexico



2014 → Starting of energy reform and introduction of a carbon tax on fuels (except natural gas and kerosene for aviation)
2016 → Removal of fuel subsidies through the introduction of fixed excise tax on fuel for transport
2017 → G20: 10 subsidies totalling \$ 2,6 bl.



USA

2016 → First National Report on fossil fuels (G20): 17 inefficient fossil fuel subsidies worth US\$ 8,2 bl/yr

China



2016 → First National Report on fossil fuels (G20): 9 inefficient fossil fuel subsidies worth US\$ 14,5 bl/yr

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The international literature: how do we identify an environmental subsidy?

OECD:

- PSR approach (then DPSIR)(1993)
- Quickscan (1998)
- Checklist (2005)
- Integrated assessment framework (2007)

European Commission:

- EHS reform tool (2009)

The international literature: how do we quantify an environmental subsidy? (2)

IMF/IEA:

- Price gap approach

IEEP/IISD:

- Resource Rent

European Commission / EEA:

- Marginal Social Cost
- Externalities

How did we classify our subsidies: EFS, EHS, ENS, Uncertain

- **EFS** (EU-Eurostat/UN-SEEA definition): current transfer that is intended to support activities which protect the environment or reduce the use and extraction of natural resources
- **EHS** : Scientific literature review
- **Uncertain**: Unclear environmental impacts (some positive, some negative, some to be assessed). Further investigations are needed
- **ENS : Neutral** If reformed, potential positive impacts

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- Policy frame and issues
- What is missing? What further subsidies to deepen in future editions?

Catalogue - The policy context

The activities included in the Catalogue mainly consist of an ex post environmental assessment of national subsidy schemes. The Catalogue primarily involves the following public policies (also other greening processes are influencing such policies):

- **Public expenditure policies of central public bodies** (green public procurement, ex ante assessment of public works, **direct subsidies**, etc.)
- **Fiscal policy** (greening the taxation system):
 - ✓ Shifting taxation from job to environment;
 - ✓ Interventions on the existing rates of environmental taxes (standard excise duties) to fully cover the environmental external costs;
 - ✓ **Tax expenditures: interventions on exemptions and tax breaks to fill the gap against the tax «ordinary rate» (excise duties, VAT, income taxes, etc.)**

Issues on Energy excise duties and ETS

- ✓ Removal of exemptions on electricity excise duty that currently benefit specific consumption sectors (E.SF.2-4), except for self-consumption of energy produced from renewable sources (E.SF.27-28).
- ✓ Removal of tax breaks on natural gas, i.e. those benefiting major gas consumers for industrial use (E.SF.22).
- ✓ Removal of excise duty exemption for maritime transport (E.SF.7) and aviation (E.SF.8) through a gradual approach (high tax break to be gradually reduced) starting from domestic tariff (cabotage, domestic flights). *International agreements to be reformed – domestic vs international traffic.*
- ✓ Reduction of sectoral discounts provided to road and off-road transport fuels (freight transport, agriculture, taxi, army).
- ✓ ETS: removal of free allocation of tradable permits (E.SF.26) and of subsidies provided to industry to prevent relocation of industrial plants (carbon leakage) financed through the auctioning process (E.SD.1).

Issues on Rebates on VAT and income taxes

- ✓ **Re-alignment to the VAT «reference level» (22%) for goods presently benefiting of VAT breaks (4% or 10%) despite their negative environmental impact:**
 - **Fertilizers (IVA.1)**
 - **Water and mineral water (IVA.5)**
 - **Electricity for domestic, agriculture and manufacturing use (IVA.6)**
 - **Gas** used by agriculture companies, extraction and manufacturing companies and gas provided to distribution network (IVA.7)
 - **Methane gas for domestic use, consumed in small quantities (IVA.12)**
 - **Mineral oil used in specific energy transformations, including electricity production (IVA.8)**
 - **Oil products used in agriculture and fishing in inland waters (IVA.9)**
 - **Pesticides (IVA.10)**

- ✓ **Reform of personal income tax rebates (IRPEF) linked to the real estate purchase or lease of a real estate (A.SF.16, 18, 19):**

The existing tax rebates can incentivate land consumption and impacts on biodiversity: the tax rebates should be limited to existing buildings or to urban regeneration areas (no rebates for new buildings in new urban areas).

General recommendations

How to build upon the Catalogue

- ✓ **The Catalogue is an informative instrument: it should be properly disclosed and diffused**
- ✓ **Institutional monitoring of the external costs of subsidized activities must be strengthened**
- ✓ **The introduction of specific environmental requirements/conditionalities can improve subsidy management (from «uncertain» or «neutral» subsidies to «friendly» subsidies).**
- ✓ **Towards an ex ante environmental compatibility assessment of subsidies?**

Overview

- Why the Catalogue
- Definition of environmentally subsidies and their identification in the international literatures
- Methodology adopted in the Catalogue
- What is missing? What further subsidies to deepen in future editions?

The next Catalogue

- **The Catalogue must be conceived as a work in progress:**
 - continuous update of the subsidy schemes;
 - gradual extension of the scope of analysis to new forms of subsidies to be classified as EHS or EFS and quantified;
 - improvements in data collection;
 - stable cooperation with the Expert Commission on tax erosion, with the Ministry of Economy and Finance and with other central public bodies (responsible for sectoral public expenditures).

What is still missing or slowly improving in the Catalogue ... (1)

- **The main expenditure categories not included in this first edition:**
 1. EU Structural Funds (Cohesion Policy) linked to National Operational Programmes (PON) and Regional Operational Programmes (POR);
 2. Direct subsidies managed by the Ministry for Economic Development (i.e. energy, industry and trade), included those managed through regional authorities;
 3. Direct subsidies autonomously provided by regional authorities
 4. (Region Lombardia first Catalogue and others started).

What is still missing or slowly improving in the Catalogue ... (2)

- **Other subsidies that are not considered in this edition ...**
 - The new tax expenditure schemes identified by the Commission on tax erosion (so-called Marè Commission)
 - Implicit subsidies that could be assessed through external costs methods, for example
 - ✓ tax breaks on royalties;
 - ✓ concession fees on natural resources that do not cover the external costs (related to the unsustainable use of natural resources).

What is still missing or slowly improving in the Catalogue ... (3)

→ **Other subsidies not considered in this edition...**

- Subsidies provided through fees on public services (electricity, natural gas, drinking water), due to a debate on their inclusion and quantification;
- Breaks on «general system costs» (electricity bill subsidies for renewables and energy efficiency) provided to companies with high energy consumption levels;
- Crossed subsidies for the coverage of «general system costs» in electricity bill, that are presently included in the tariff systems for domestic and non domestic consumption categories.