

Atmosphere and Local Environment

Preparation of a Guidance Document on Economic Instruments



NEBEI Draft Paper

- ▶ Current draft produced by NEBEI intersessionally
- ▶ Paper addresses the rationale to choose between alternative designs of economic instruments
- ▶ Provides details of advantages and disadvantage
- ▶ Detailed check list of consideration

Fiscal Measures considered

- ▶ Tradeable permits and quotas e.g. EU ETS
- ▶ Emission and process taxes /charges
Norwegian NO_x charge
- ▶ Product taxes and tax differentiation e.g.
Differential road tax for vehicles
- ▶ Subsidies and fiscal incentives e.g. feed in
tariffs for renewable electricity

Aspects considered

- ▶ Applicability
- ▶ Effectiveness
- ▶ Efficiency
- ▶ Cost of monitoring enforcement and administration
- ▶ Distribution aspects

- ▶ Economic impact
- ▶ International trade
- ▶ Possible side effects
- ▶ Design issues

NEBEI Draft Paper

- ▶ Examples are given from UNECE states based upon an OECD paper from January 2010
- ▶ Implementation considerations are discussed
- ▶ Current paper a concise summary

Way Forward ?

- ▶ Paper poorly timed for Gothenburg Protocol revision
- ▶ Wider applicability
- ▶ More grounded experience
- ▶ Narrow authorship limits acceptability
- ▶ Next WGSR September

▶ Therefore time for revision to maximise use and acceptability

Need a review process for Parties to input

Revision Process

- ▶ Please email any comments to Peter.coleman@defra.gsi.gov.uk
- ▶ Deadline for comments Monday 19th July 2010