



Biodiversitätsschädigende Anreize eliminieren oder umwandeln

**Wo steht die Schweiz im internationalen Vergleich, welche Fortschritte und
Erfolgsfaktoren gibt es?**

Naturhistorisches Museum, Bern

11. Mai 2023

**Erfassung, Umwandlung und Abschaffung
biodiversitätsschädigender Subventionen in den
Nachbarländern der Schweiz**

Beispiel Italien

**Aldo Ravazzi Douvan, Ministerio dell'Ambiente e della Sicurezza
Energetica, Directorate EU & Global Affairs, Chefökonom – T.A. Sogesid
Ehem. Präsident OECD Tax & Environment Experts Meeting
Ehem. Präsident OECD WP Biodiversity, Water & Ecosystems
Koordinator von 4 Katalogen der Umweltsubventionen und
Fachsekretär von 3 Berichten des Natural Capital Committee**

Abkürzungen

BHS	Biodiversity Harmful Subsidy	Biodiversitätsschädigende Subvention
BFS	Biodiversity Friendly Subsidy	Biodiversitätsfreundliche Subvention
CBD	Convention on Biological Diversity	Biodiversitätskonvention
EFR	Environmental Fiscal Reform	Ökologische Steuerreform
EFS	Environmentally Friendly Subsidy	Umweltfreundliche Subvention
EHS	Environmentally Harmful Subsidy	Umweltschädliche Subvention
FFS	Fossil Fuel Subsidy	Subvention für fossile Brennstoffe
GTR	General Tax Reform	Allgemeine Steuerreform
SDG	Sustainable Development Goals	Ziele für nachhaltige Entwicklung

Einleitung: Der Rahmen des Katalogs (1/3)

In internationalen Gremien nehmen die Bekenntnisse, Verpflichtungen und Erklärungen zur Abschaffung oder Reform umweltschädlicher Subventionen (EHS) – insbesondere von Subventionen für fossile Brennstoffe (FFS) und von biodiversitätsschädigenden Subventionen (BHS) – und zur Schaffung steuerlicher Spielräume für öffentliche Umweltmaßnahmen seit dem **G20-Gipfel in Pittsburgh 2009** und den **Aichi-Zielen der Biodiversitätskonvention (CBD) 2010** zu. Bisher gab es noch kaum substanzielle politische Schritte in diesem Bereich.

Der italienische Katalog der umweltschädlichen und umweltfreundlichen Subventionen (EHS-EFS) stellt eine (sich entwickelnde) **Wissensplattform** dar. Sie dient:

- politischen Entscheidungsträgern (Parlament und Regierung);
- Wissenschaft;
- Zivilgesellschaft.



**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 NATURALI")
DETTA COLLEGATO AMBIENTALE
(GU SERIE GENERALE N. 13 DEL 18-1-2016)



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

Settembre 2021

Einleitung: Ein Katalog unter anderen (2/3)

Der italienische EHS-EFS-Katalog steht in einer Reihe mit den Initiativen anderer Länder zur Erfassung von Subventionen:

Frankreich, «Sainteny», BHS (2012) und Ökologisierung des Staatshaushalts (2021);

Deutschland, EHS (2017) und BHS (2019);

Irland, FFS (2020-22);

Schweden, EHS (2017);

Finnland, EHS (2019);

Schweiz, BHS (2020);

Italien, EHS-EFS (2016-17-18, 2019/20 im Januar 2022); FFS in G20-Peer-Review Italien; BHS in Natural Capital Committee (NCC), 4. Bericht 2021.

Der Katalog liefert Wissen und Know-how für die G20-Peer-Reviews der FFS, die Apec-FFS-Peer-Review, die FFS-Erfassung der OECD, die Statistiken von Eurostat und für die Ziele für nachhaltige Entwicklung (SDG) der Vereinten Nationen.

Einleitung: BHS im Rahmen von EHS und EFR (3/3)

- a) **BHS** sollten in gleicher Weise behandelt werden wie EHS & EFS sowie FFS
- b) **Subventionen sollten im Rahmen einer Umwelt-/grünen/Fiskal-/ökologischen Steuerreform (EFR) behandelt werden:**
Verlagerung der Steuerlast von der Arbeit und den Unternehmenseinkünften auf Umweltverschmutzung, Treibhausgasemissionen und den Verbrauch natürlicher Ressourcen.
- c) **Steuerliche Neutralität** der EFR – Dynamische Versionen in Zeiten steigender Steuern (z. B. hohe kumulierte Staatsverschuldung – Next Generation EU & Nationaler Aufbau- und Resilienzplan, NRPP)
- d) **Eine** starke symbolträchtige Maßnahme? **EFR**-Paket? Im Rahmen einer **Allgemeinen Steuerreform (GTR)**?

Die Reform umweltschädlicher Subventionen im Kontext der ökologischen Steuerreform

Die Idee, umweltschädliche Subventionen (von einigen amerikanischen bzw. französischen Fachleuten auch als «perverse» oder «néfastes» bezeichnet) abzuschaffen, passt gut in den Rahmen einer ökologischen Steuerreform, die von internationalen Organisationen wie der OECD oder von Wissenschaftlern wie E. U. von Weizsaecker und J. Jesinghaus seit den frühen 90er-Jahren entwickelt und gefördert wird.

Auf der Suche nach Subventionen in der Gesetzgebung: Definitionen (1/3)

OECD

«Das Ergebnis
einer staatlichen
Handlung, die
bestimmten
Produzenten
(Verbrauchern)
einen **Vorteil**
verschafft, mit
dem Ziel, ihre
Kosten zu
senken (ihr
Einkommen zu
erhöhen)»

IWF

«Die Differenz
zwischen dem
beobachteten
(Markt-)Preis und
den sozialen
Grenzkosten
einer Produktion,
die den
gesellschaftlichen
Schaden
internalisieren»

WTO

«Ein
Geldtransfer
vom Staat an
eine private
Stelle»

Auf der Suche nach Subventionen in der Gesetzgebung: Definitionen (2/3)

Definition von Subventionen in der italienischen Gesetzgebung

- «Subventionen sind im weitestmöglichen Sinne zu verstehen und umfassen unter anderem Anreize, Steuererleichterungen, zinsgünstige Darlehen, Steuerbefreiungen»
- Art. 68, umweltbezogener Anhang zum Haushaltsgesetz 2015 («Collegato ambientale»)

Auf der Suche nach Subventionen in der Gesetzgebung: Definitionen (3/3)

- **Der Ansatz des Katalogs
(von der OECD inspiriert)**
- «Eine Maßnahme, die die Konsumentenpreise unter dem Marktniveau und die Produzentenpreise über dem Marktniveau hält oder die Kosten für Produzenten und Konsumenten durch **direkte oder indirekte** Unterstützung reduziert»

Schätzung der EHS-EFS, 2016–2020 (neu klassifiziert)

Quelle: CSA4 (2021) [4. Italienischer Katalog der EHS und EFS]

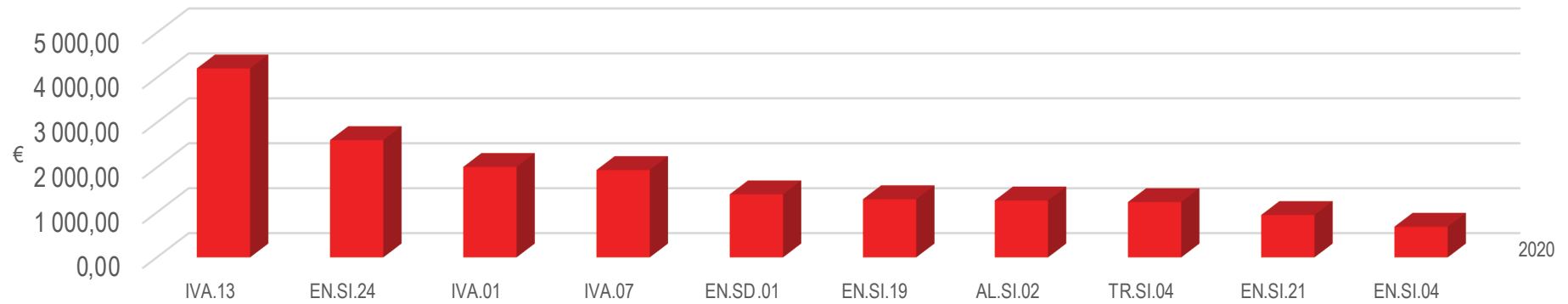
Evaluation	2016		2017		2018		2019		2020	
	n.	Schätzung (Mio €)	n.	Schätzung (Mio €)	n.	Schätzung (Mio €)	n.	Schätzung (Mio €)	n.	Schätzung (Mio €)
EHS	57	20.337,95	58	22.216,99	61	23.032,04	61	24.530,65	60	21.648,63
<i>Davon FFS</i>	39	12.665,14	41	13.578,52	41	14.295,23	41	15.014,65	40	13.060,21
Unsicher	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

Biodiversitätsschädigende und -freundliche Subventionen (BHS-BFS)

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

Die vierte Ausgabe führte eine Bewertung der umweltschädlichen Subventionen (EHS) ein, die insbesondere die Schädigung von Natur, Ökosystemen und Biodiversität berücksichtigt. Die beiden Ansätze stellen bei der Auswertung gegensätzliche Positionen dar, die es noch zu klären gilt.

Die ersten 10 EHS, gemäß finanzieller Auswirkung, 2020 [Mio €]



IVA.13	Mehrwertsteuerrabatt beim Erwerb von Neubauten (Nicht-Luxusgebäude) (10% vs. 22%)	4.203,89
EN.SI.24	Unterschiedliche Besteuerung von Benzin und Diesel	2.610,68
IVA.01	Mehrwertsteuerrabatt beim Erwerb von Neu- und Erstwohnungen (Nicht-Luxuswohnungen) (4% vs. 22%)	2.012,91
IVA.07	Mehrwertsteuerrabatt auf Strom für Haushalte (10% vs. 22%)	1.944,06
EN.SD.01	Kostenlose ETS-Zertifikate (ETS = EU-Emissionshandelssystem)	1.402,03
EN.SI.19	Rückerstattung von Dieselmehrkosten für Transporteure (Waren und Personen)	1.293,81
AL.SI.02	Steuererleichterung für den Erwerb von Investitionsgütern in einkommensschwachen Regionen in Süditalien	1.266,70
TR.SI.04	Steuerabzüge auf Nebenleistungen für die Nutzung von Firmenwagen durch Manager und Angestellte	1.231,00
EN.SI.21	Steuerermäßigungen für den Einsatz von Energieerzeugnissen in der Landwirtschaft und ihren Nebenbereichen	942,72
EN.SI.04	Verbrauchssteuerbefreiung für Treibstoffe von Linienflugzeugen	682,27

Die Italienische Reise

Italien im Überblick (OECD-Daten)

Die impliziten Steuersätze auf Energie sind die höchsten in Europa [nicht überraschend, da es keine nennenswerte inländische Produktion fossiler Brennstoffe gibt].

Italien steht bei der Besteuerung von Emissionen an vierter Stelle und beim durchschnittlichen (impliziten) Schattenpreis für CO₂ an zweiter Stelle in Europa.

Mehr als **90% der EHS** entfallen auf Steuererleichterungen, die aus Gründen der **sozialen Solidarität oder der nationalen Wettbewerbsfähigkeit** eingeführt wurden. [Es gibt bessere direkte und transparente Instrumente für Solidarität und Wettbewerbsfähigkeit als die Unterbepreisung der Umwelt.]

Steuern, die «praeter intentionem» (unbeabsichtigt) sind: Steuern, die ohne Umweltschutzabsichten eingeführt wurden (nur zufällig wirksam, z. B. Verbrauchssteuern)

Im Februar 2022 kündigte der Interministerielle Ausschuss für den ökologischen Übergang (CITE) auf Juni 2022 einen Vorschlag für den schrittweisen Ausstieg aus den EHS an, mit einem Zeithorizont von 2022 bis 2026.

5 «tief hängende Früchte»

Im Januar 2022 aufgehobene EHS

Art. 18 DL «Sostegni» [Decree-Law (Gesetzesdekret «Unterstützung»), 27.1.2022 Nr. 4

Code	Titel	Finanzielle Wirkung (Mio €)		
		2018	2019	2020
EN.SI.06	Verbrauchssteuerermäßigung auf Kraftstoffe für den Schienenverkehr (Personen- und Güterverkehr)	22,90	25,80	22,40
EN.SI.14	Verbrauchssteuerbefreiung für Energieerzeugnisse für die Herstellung von Magnesium aus Meerwasser	0,50	0,50	0,50
EN.SI.25	Verbrauchssteuerermäßigung auf Energieerzeugnisse für den Hafenumschlag von Schiffen	1,80	1,80	1,80
EN.SI.14	Forschungs- und Entwicklungsfonds für Kohleprojekte	0,00	0,00	0,00
EN.SI.13a	Forschungs- und Entwicklungsfonds für Ölprojekte	42,70	42,37	42,37
EN.SI.13b	Forschungs- und Entwicklungsfonds für Gasprojekte	40,67	41,00	41,00

4 Ausgaben des Katalogs

*Madame! Dies genaue Register,
[...]*

*Der Verfasser des Werkes bin ich selber;
Wenn's gefällig, so gehn wir es durch.*

*In Italien sechshundertundvierzig,
in Deutschland zweihundertunddreissig,
Hundert in Frankreich und neunzig in
Persien,
Aber in Spanien schon tausend und drei.
(Akt I, Szene 5, Don Giovanni
von 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
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DITTA COLLEGATO AMBIENTALE
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Direzione Generale per lo sviluppo sostenibile, per il clima ambientale e per i rapporti con l'Unione
Europea e gli organismi internazionali (SVI) - U.A.T. Segiad



CATALOGO DEI SUSSIDI AMBIENTALMENTE DANNOSI E DEI SUSSIDI AMBIENTALMENTE FAVOREVOLI 2017

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i rapporti con l'Unione Europea e gli organismi internazionali (SVI) - U.A.T. Segiad

1 FEBBRAIO 2018



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DICEMBRE 2017



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

FEBBRAIO 2021

Drei Herausforderungen für die nächste(n) Ausgabe(n)

Umgang mit ...

1. ... den außerordentlichen Notfall- und Übergangssubventionen, die zur Begrenzung der wirtschaftlichen, sozialen und gesundheitlichen Schäden der **SARS-CoV-2(Covid-19)-Pandemie** eingeführt wurden;
2. ... den außerordentlichen Notfall- und Übergangssubventionen, die zum Ausgleich des **Anstiegs der Gas- und Stromkosten** für Haushalte und Unternehmen eingeführt wurden;
3. ... der Beziehung zwischen umwelt- und biodiversitätsschädigenden Subventionen (EHS vs. BHS), die zu Bewertungskonflikten führt. Könnten die Kriterien der EU-Taxonomie hier helfen? («Do No Significant Harm», DNSH, & 6 Kriterien)

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/>



ravazzi.aldo@mase.gov.it

<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)

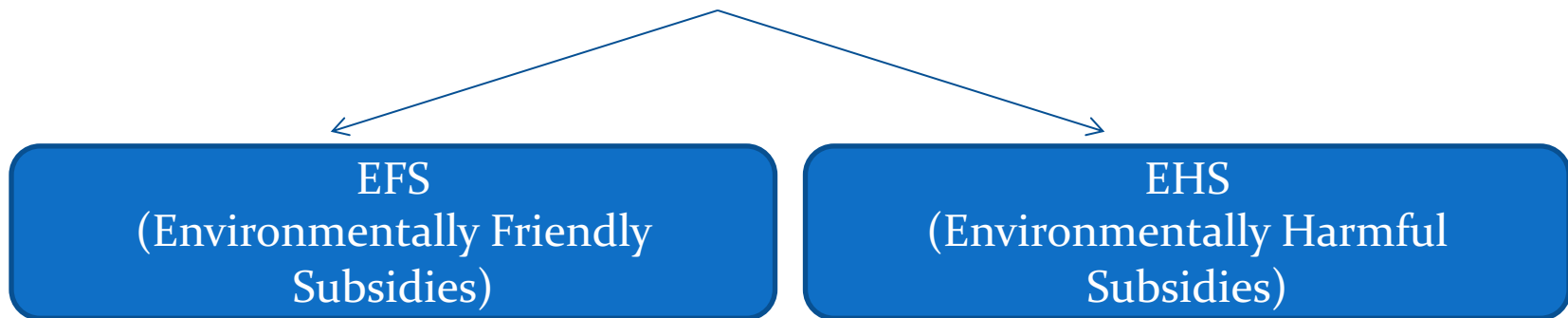
... a **difference** between the observed price and the marginal social cost of production, meaning the cost that internalizes the impact to society (IMF)

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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- What is missing? What further subsidies to deepen in future editions?

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

Overview

- Why the Catalogue
- Definition of environmentally subsidies and their identification in the international literatures
- Methodology adopted in the Catalogue
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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?**

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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.