



# IMPLEMENTATION AND ACCEPTABILITY OF A CARBON TAX: SOME LESSONS LEARNED FROM INTERNATIONAL EXPERIENCES



Chaire Modélisation prospective  
au service du développement durable

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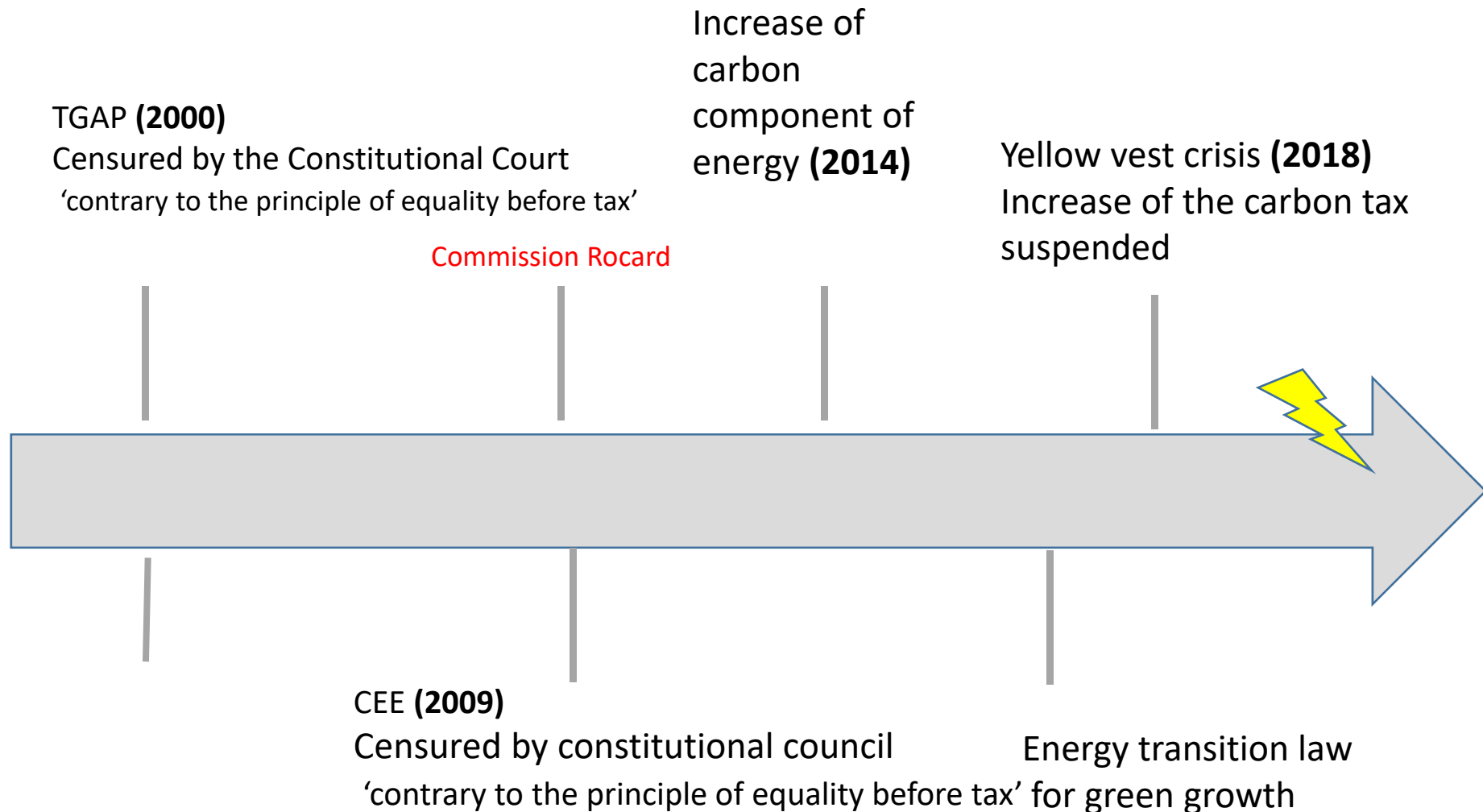
# Context

- Carbon tax = a privileged instrument for decarbonization
- Despite *carbon pricing* initiatives, limited implementation of carbon tax policies (World Bank, 2018)
- Analysing critical points for the implementation of carbon taxation through case studies: France, Sweden, British Columbia, Australia and Chile

# Transparency and inclusiveness: a prerequisite for success?

- Concerted process in Sweden (1989-1991)
  - 2 yrs of negotiations with all stakeholders (trade unions, government etc.) around an ambitious fiscal reform
  - An evolving compromise : progressive reduction of the gap between fiscality on households and firms
  - Lowest carbon footprint in Europe (2013)
- Failed institutional tentatives to find compromises (France)

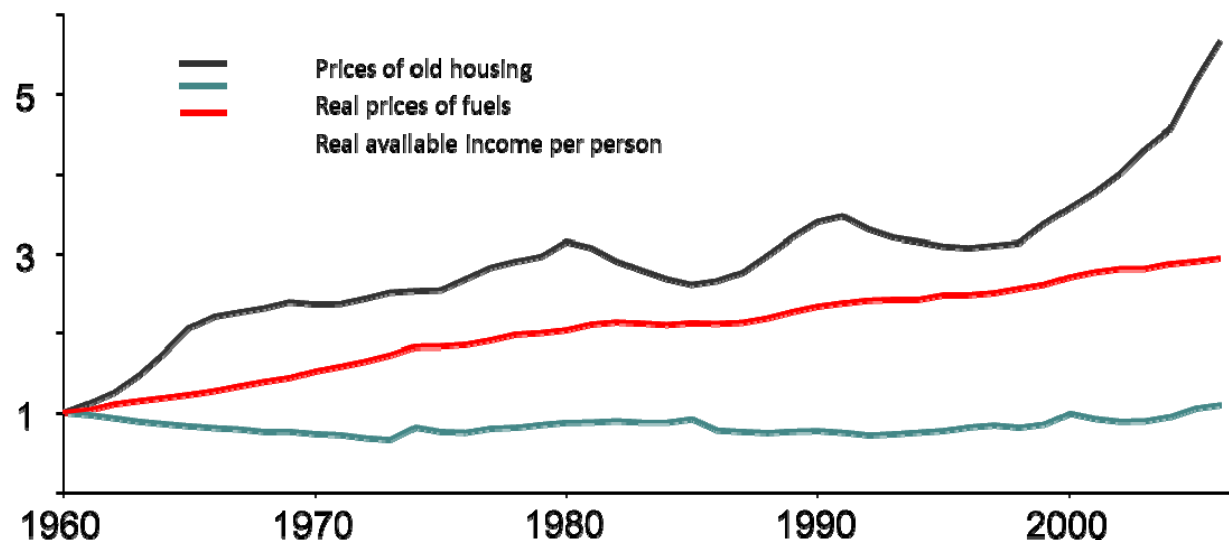
# France: missed opportunities!



# Ecological imperative vs social and territorial equity: the impossible equation?

- From 'no exemption' principle to exemptions to people in rural areas after protests (British Columbia)
- A 50 years vulnerability with urban sprawling and...roundabouts (France)

Evolution wrt 1960



Source: Nadaud,  
CIRED

# Carbon tax revenues recycling: make necessity virtue?

- Modalities of compensations :
  - Replace labour taxes for competitiveness concerns (Sweden)
  - Target and redistribute directly to modest households (Australia, British Columbia)
  - Increase funding for the low-carbon transition (public transport, clean vehicles, energy renovation of buildings, etc.) (Australia)
- Require to consider the diversity of technical, geographical and socioeconomic factors
- Should be linked to national development priorities (e.g supporting the educative system in Chile)

# Carbon tax as part of a new social contract

- Implementing a sustainable institutional process which allows:
  - A shared diagnosis on the need for a carbon tax
- Develop a positive narrative around the introduction of a carbon tax
- Play on key levers of decarbonization (urban planning, climate smart agriculture, financing etc.)

# From environmental policy to the renegotiation of the social contract: an optimist scenario?

**Financial tool, signal credibility**

**Carbon tax + negotiation**

**EncilowCarb PM**

**Reference**

**Question: How to trigger transition to factor 4 in France by 2050?**

A tale suggesting that ...

... factor 4 is possible providing renegotiation of social contract, including ...

- Sectoral policies
- Fiscal reform, including labor taxes
- Financial intermediation
  
- What about industries / regions at risk?

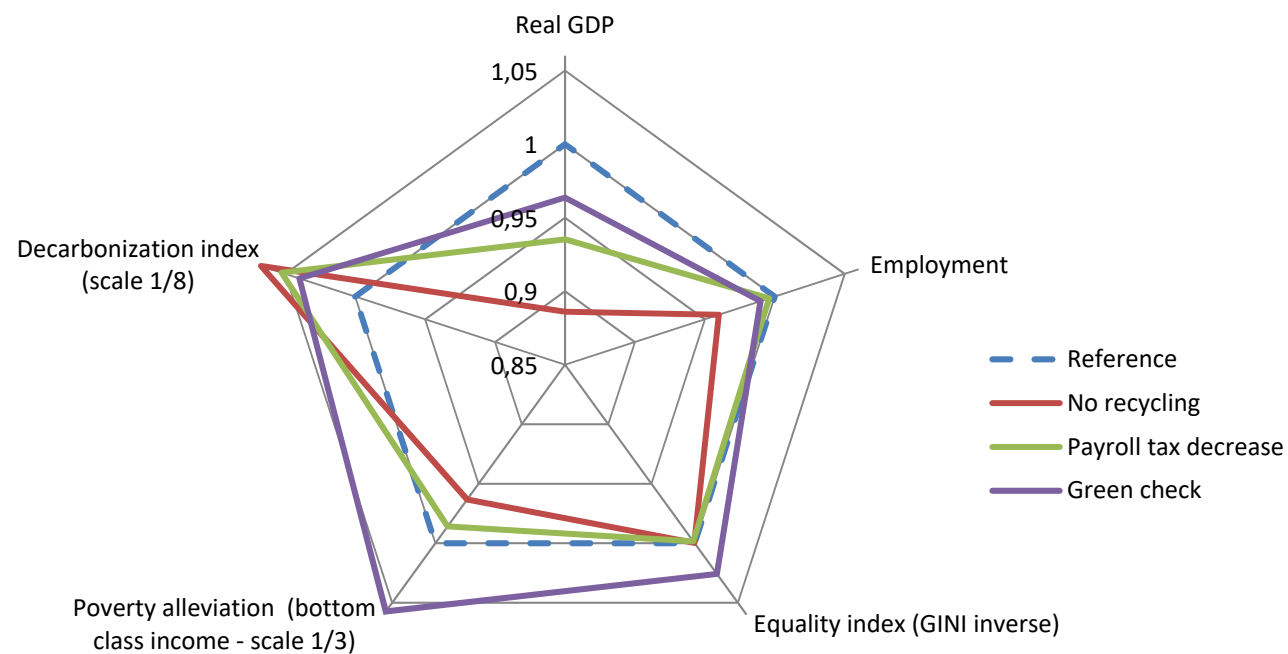


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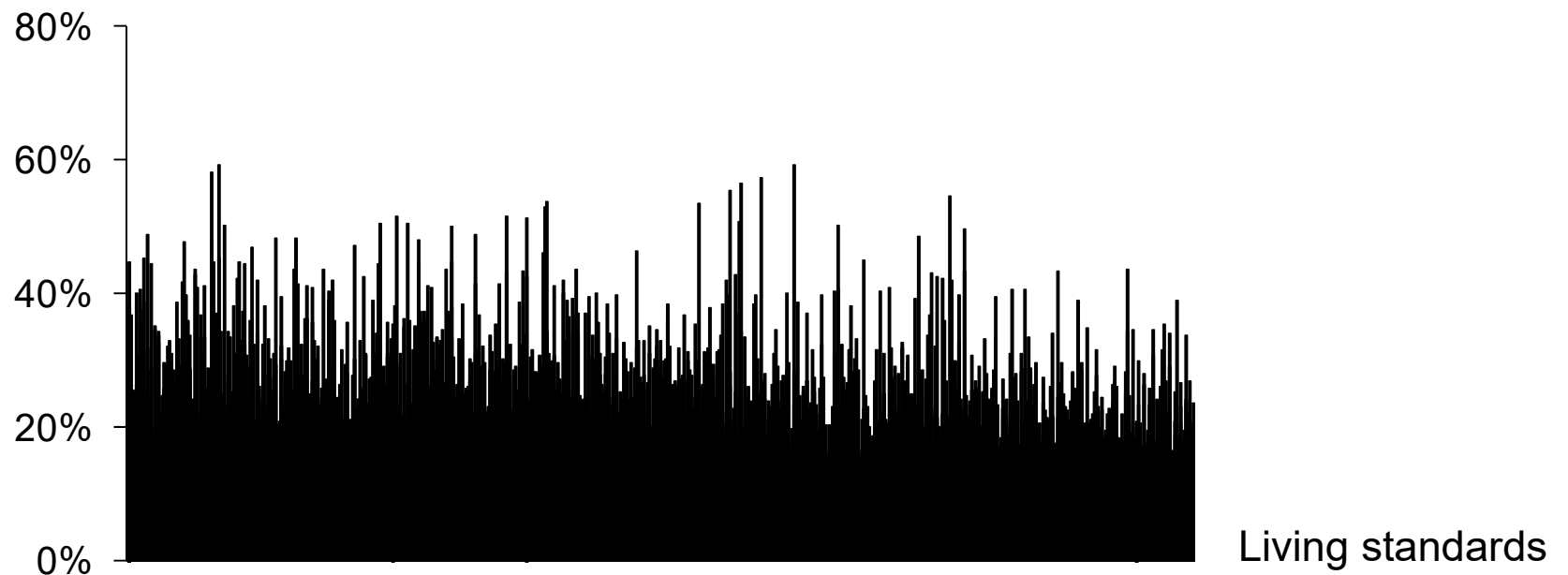
# Detailed design of policy instruments is essential



Combet, E., Gherzi, F., Thubin, C., Hourcade J.-C. 2010. La fiscalité carbone au risque des enjeux d'équité. *Revue d'économie politique* 25(2):59-91.  
Lefèvre, J. et al. 2015. Impacts of climate policies in Brazil. *Working Paper*, COPPE-UFRJ et CIRED.

# A 50 years vulnerability with urban sprawling and...roundabouts

Share of energy in households' budgets



Source : *Budget de famille*, 10305 ménages

**Diversity of technical, geographical and socioeconomic factors  
-> To be taken into account by compensation modalities**