

Business Unit

# ***Carbon Tax***

## As Practiced in the World

### Focus on: Asia & Pacific Carbon Market

*Strictly Private  
and Confidential  
**Draft***

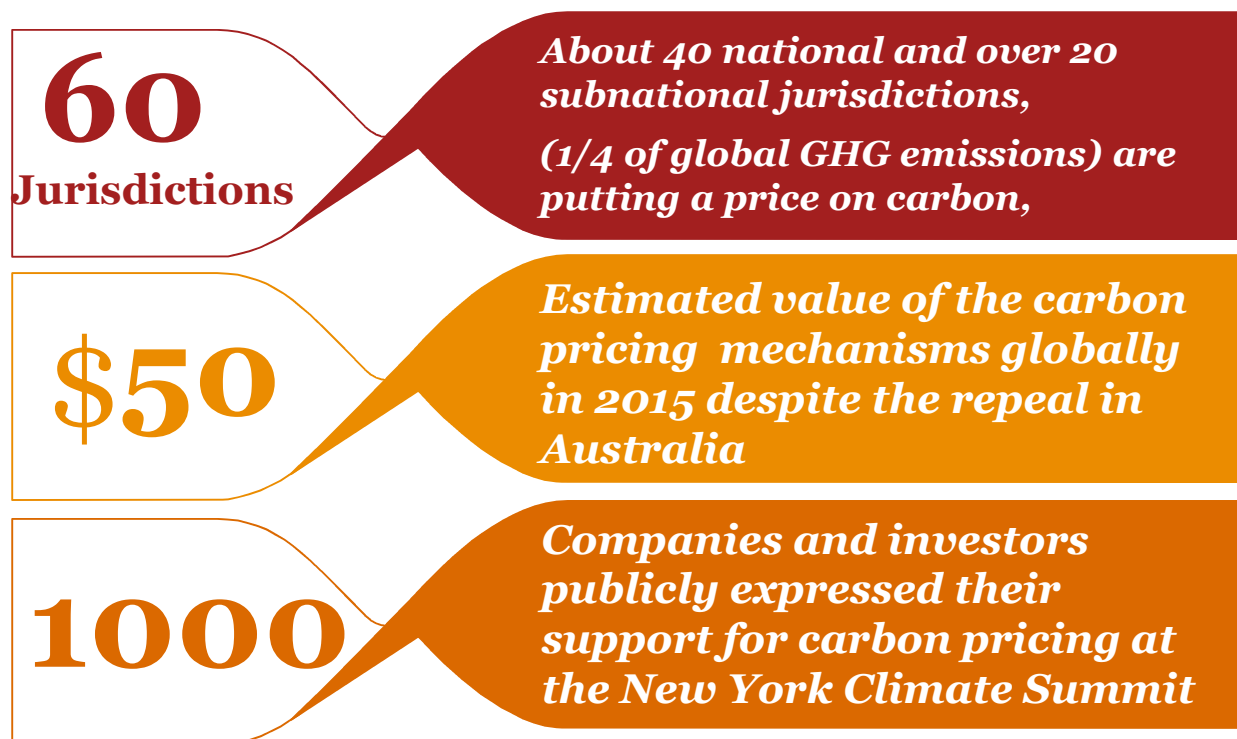
*September 2015*



## Carbon Tax

A carbon tax is effectively a tax on the carbon dioxide emissions from burning fossil fuels.

Carbon pricing is only instrument in a portfolio of approaches that can be used for emissions mitigation.

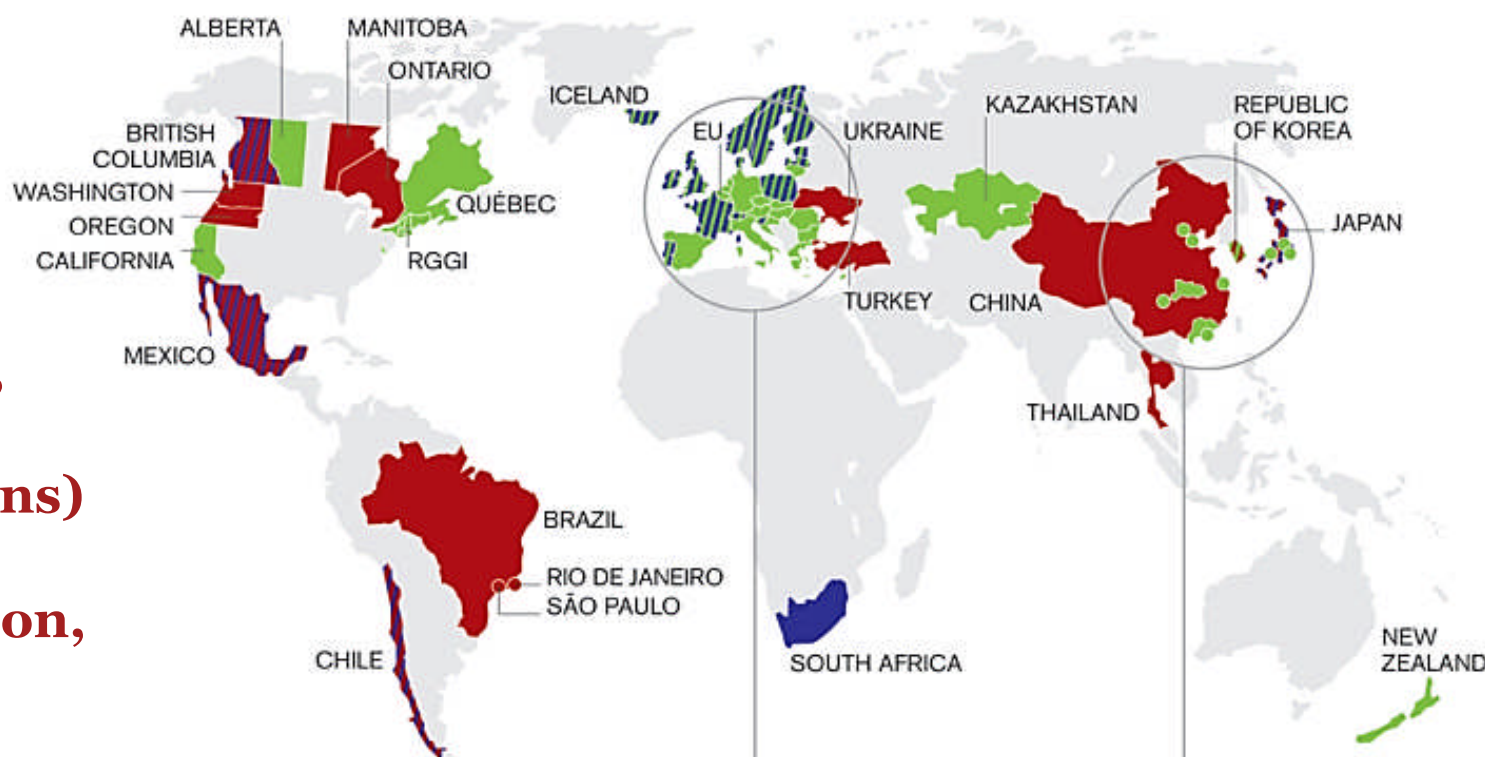


Source: The World Bank Group, Carbon Pricing Watch 2015

## *The World Scenario – “put a price on carbon”*

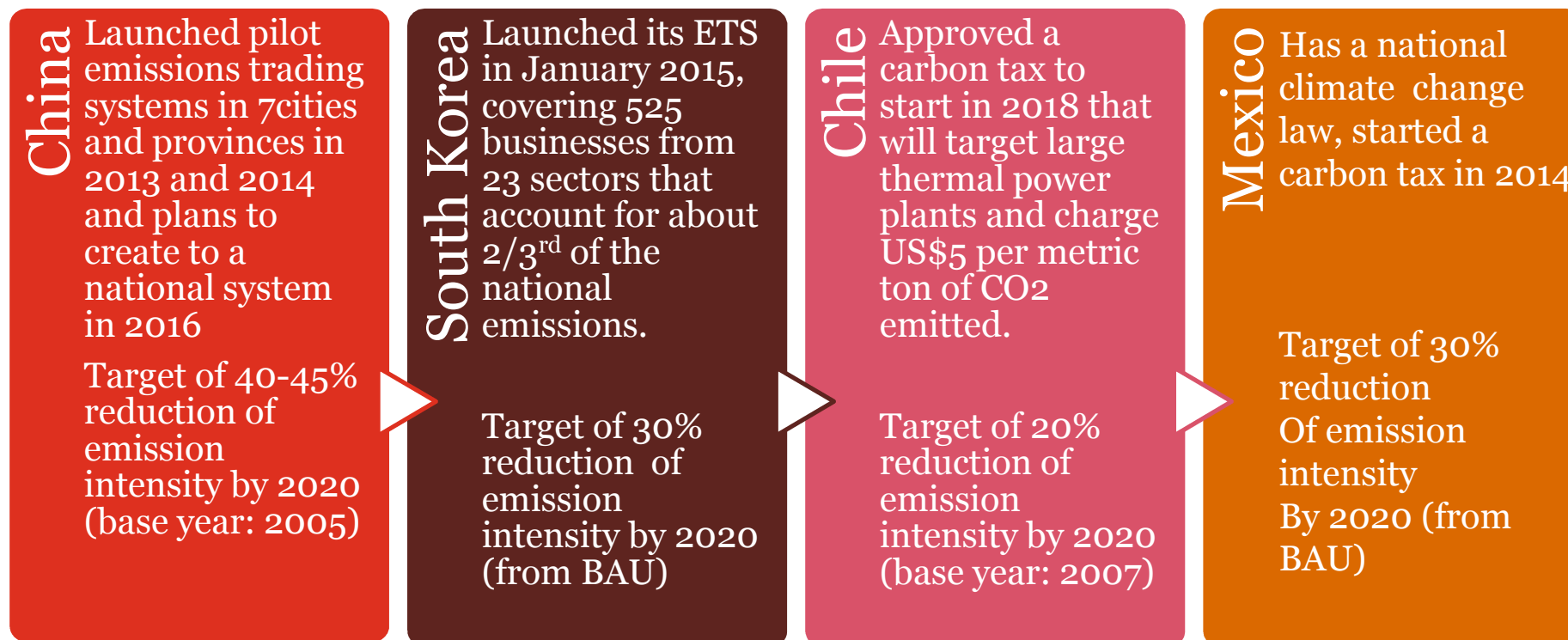
Summary map of existing, emerging, and potential regional, national and subnational carbon pricing instruments (ETS and tax)

**About 40 national and over 20 subnational jurisdictions, (1/4 of global GHG emissions) are putting a price on carbon,**



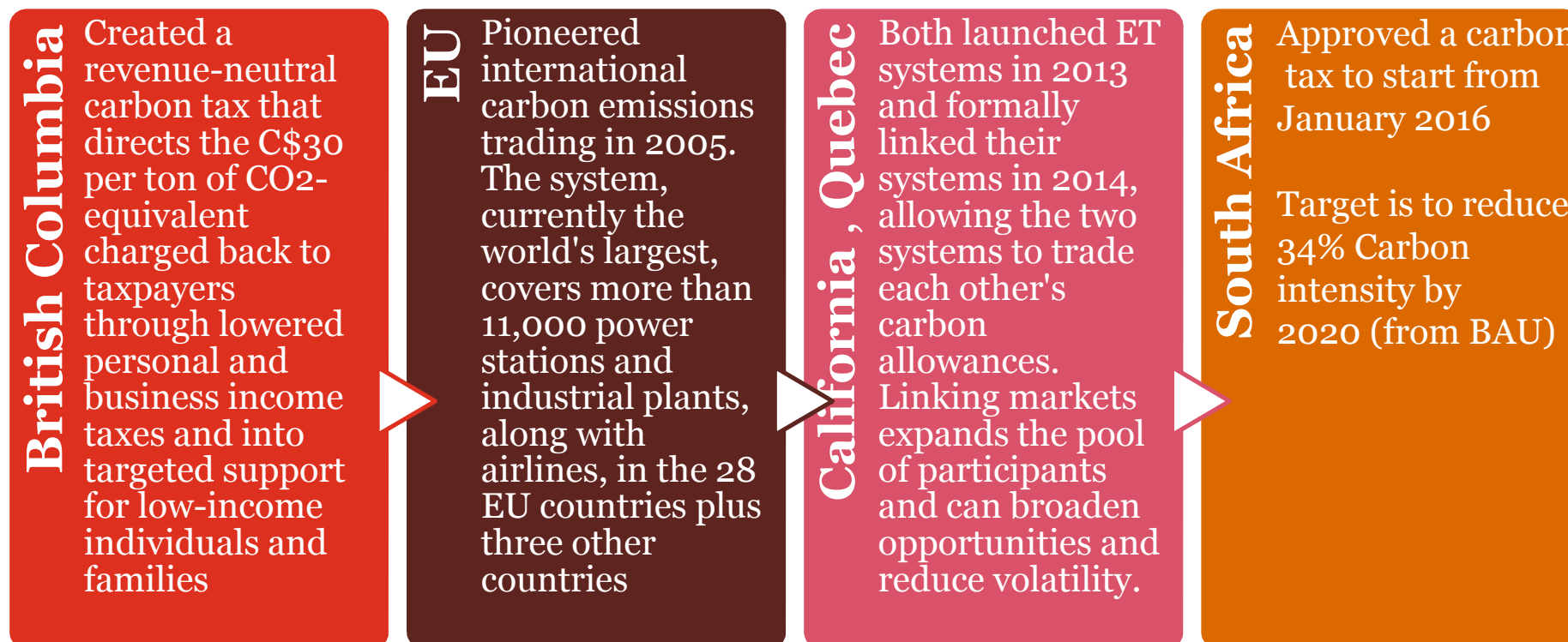
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## *The World Scenario – “put a price on carbon”*



<http://www.worldbank.org/en/programs/pricing-carbon>

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<http://www.worldbank.org/en/programs/pricing-carbon>

<http://www.thecarbonreport.co.za/the-proposed-south-african-carbon-tax/>



## ***The World Scenario – “put a price on carbon”***

Carbon pricing helps lower overall emissions while giving businesses the flexibility to find their own most efficient solutions.



China leads a list of 73 countries, 22 states, provinces and cities, and over 1,000 businesses and investors who signaled their support for carbon pricing ahead of the UN Climate Leadership Summit in November 2015

**54%**  
of global GHGs

**52%**  
of global GDP

### **ASPAC region**

Indonesia  
Nepal  
Philippines  
Sri Lanka  
South Korea  
Vietnam



The only negative case is repeal of carbon tax in Australia , the reason cited being forced hike in energy price, increased cost of living, boost Australia’s economy and reduce compliance costs.

## ***Future of Carbon Markets – PwC report 2015***

*Despite the years of low prices and policy turmoil in carbon markets around the world, business is still saying that market-based approaches are the most effective.*

Key highlights of the report:

- European carbon prices are expected to rise for the first time in four years: €10.79 – up from €8 last year
- An overwhelming number (88%) view carbon markets as effective policy instruments for reducing emissions and helping to address climate change, in comparison with 84% in 2005
- 58% believe the Paris climate talks in December will lead to an expansion of global carbon markets.

## *Summary*

- A carbon tax is a form of explicit carbon pricing; it is a tax directly linked to the level of carbon dioxide (CO<sub>2</sub>) emitted.
- Carbon tax does not guarantee a maximum level of emissions reductions, instead, it provide certainty regarding the marginal cost of emitting CO<sub>2</sub>.
- Carbon Tax sends a price signal that gradually causes a market response across an entire economy creating incentives to proactive businesses.

**Carbon pricing will continue to be used as an instrument to reduce GHG emissions. Several Intended Nationally Determined Contributions (INDCs) explicitly indicate that carbon pricing will be an element of their mitigation strategy.**



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