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Headline: PH looks into carbon tax to fight climate change

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The Philippines is looking into carbon pricing and taxation to slap a price on harmful emissions in line with the country's push to fight climate change.

"We recognize that there is a need to put in place measures to reduce carbon emissions while balancing the short-term versus long-term economic objectives and environmental goals," director Nina Asuncion of the Department of Finance (DOF) told a webinar organized by the Tokyo-based think tank Asian Development Bank Institute (ADBI) last week.

Citing a partnership for market readiness study by the World Bank, Asuncion said the most effective and efficient emissions trading scheme for the Philippines would be in the power sector.

On the other hand, carbon pricing instruments covering transport are deemed "less effective given the sector has less share in the Philippines' total greenhouse gas emissions and an inelastic demand."

Asuncion said the DOF was carefully studying carbon taxes "to ensure that there's no regressivity within the system."

In lieu of carbon tax, the Philippines is focusing on implementing carbon pricing instruments, taking into consideration political feasibility; the mechanism's impact on retail prices, which should be minimized, and congressional approval of carbon pricing legislation, Asuncion said.

Also, "the carbon pricing instrument mechanism to be adopted must trigger clean energy investments so that a direct benefit can be seen by consumers," she added.

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