

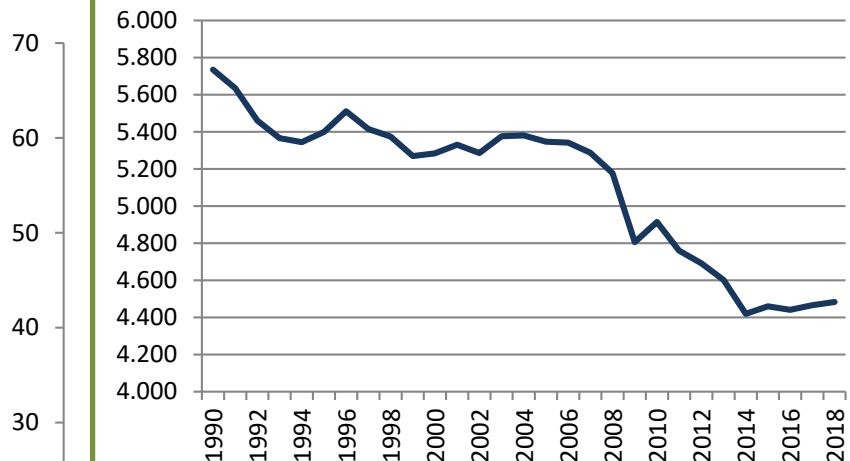
Charge on Emissions

Prof. Agime Gerbeti
Environmental and social sustainability

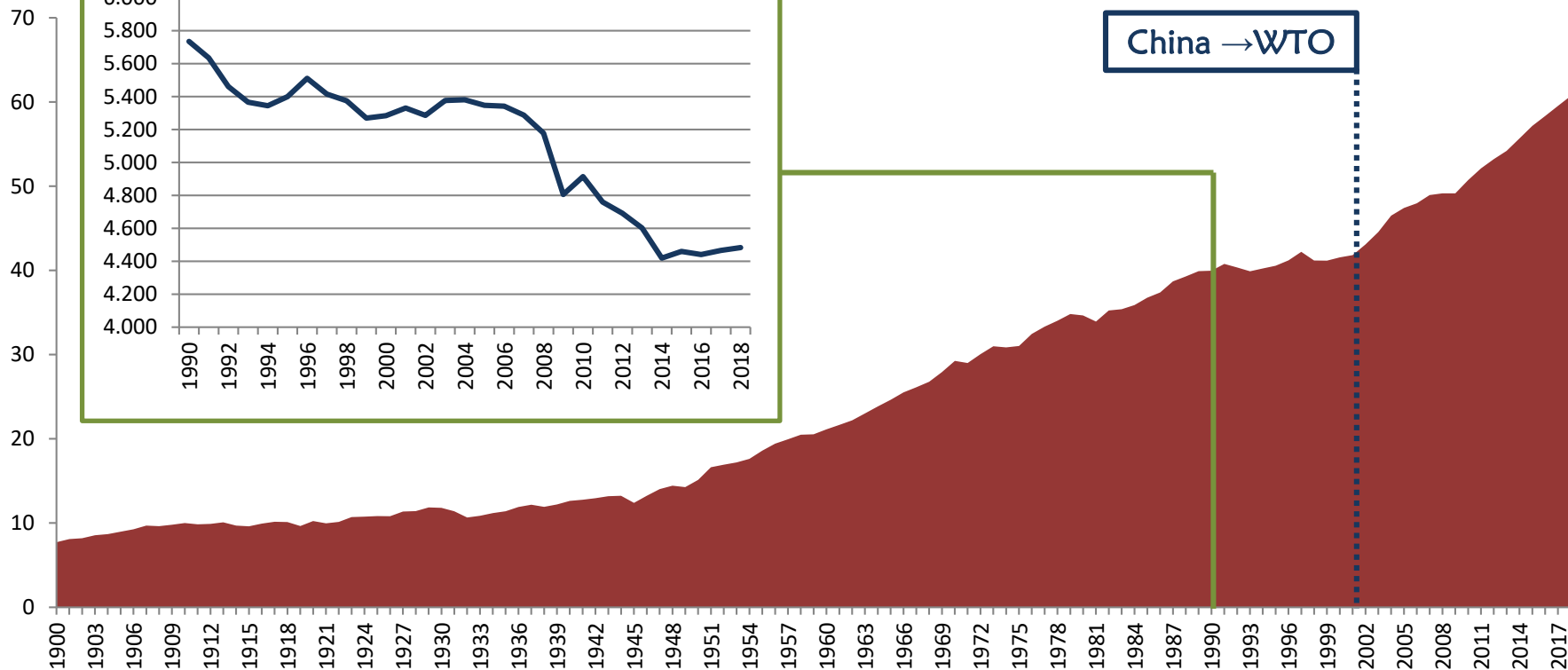
28 March 2020

Emissions: Europe vs World

EU Emissions

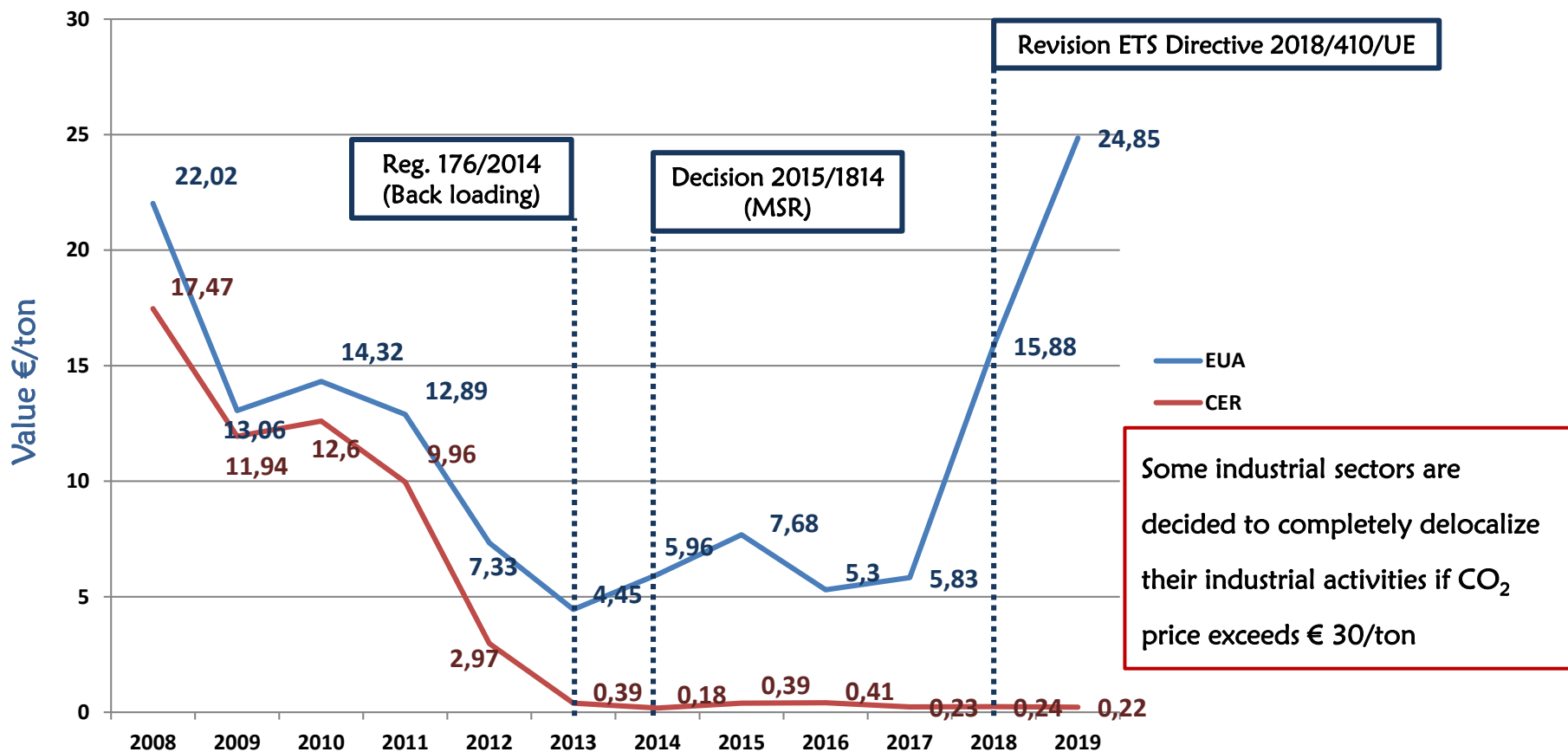


China → WTO

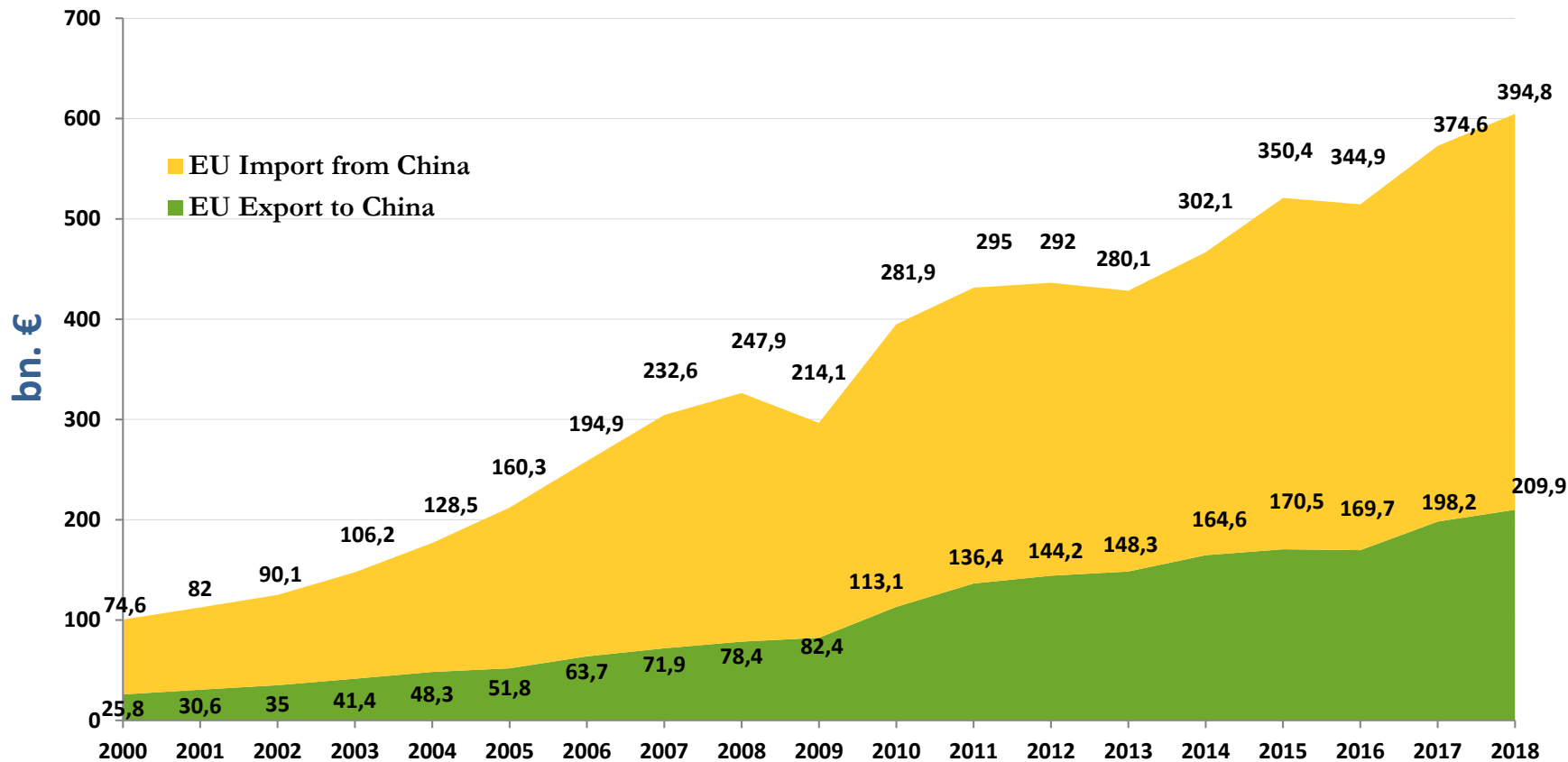


Global CO₂ Equivalent Emissions(GtonsCO₂/year)

Average annual price EUAs - CERs

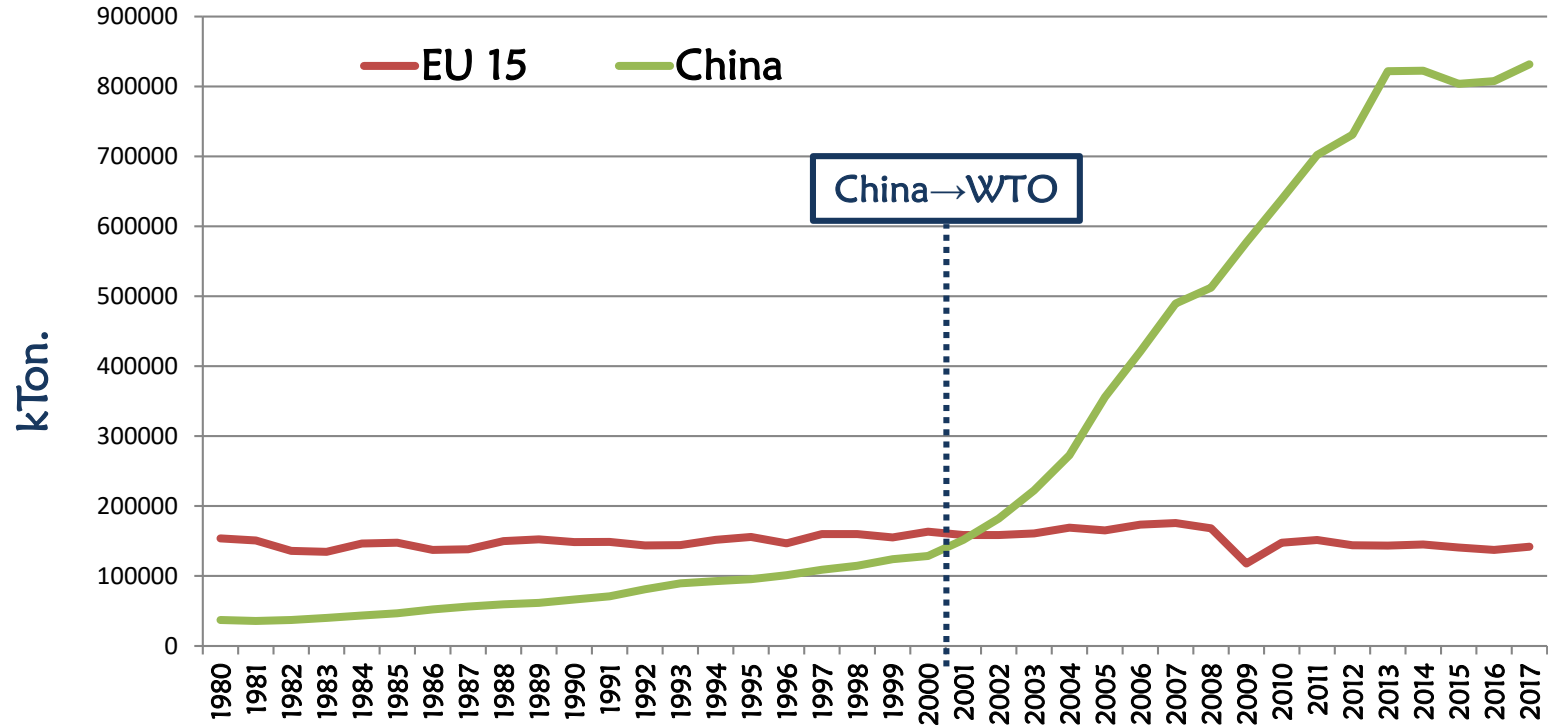


Trade Balance EU-China



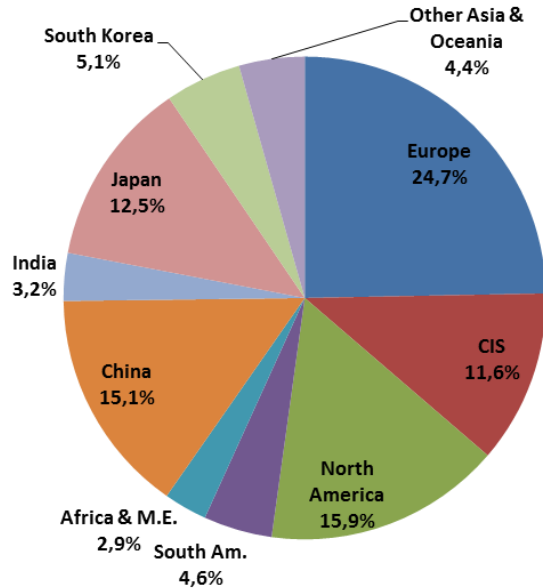
Source EU DG Trade 2019

Steel Production



Source: World Steel Association

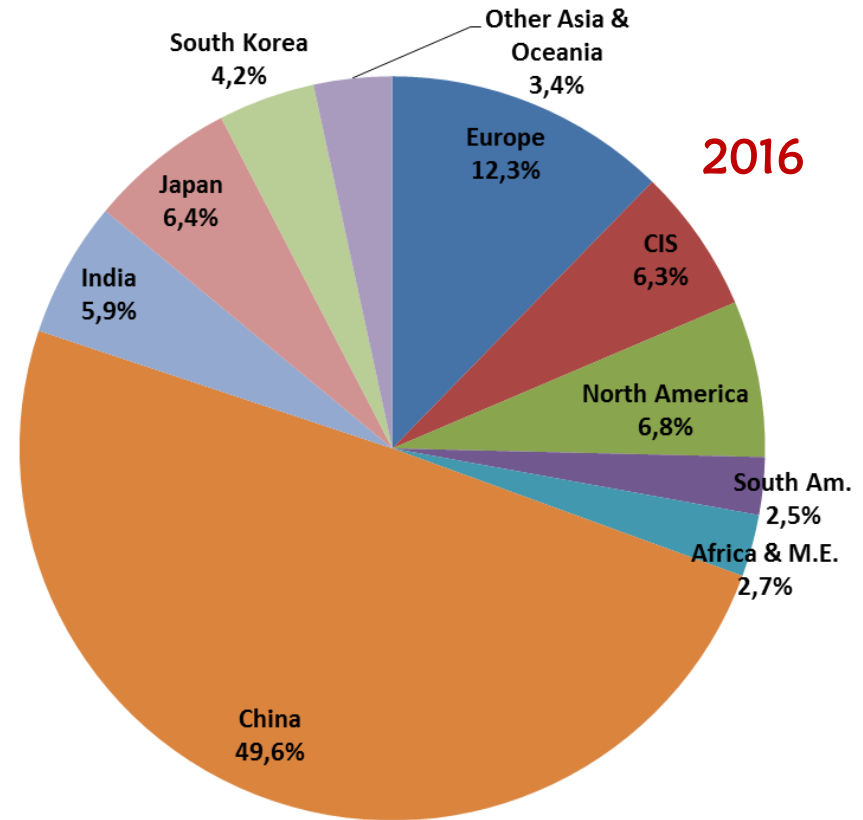
Market Shares of Steel Production



2003

This is a simple example.

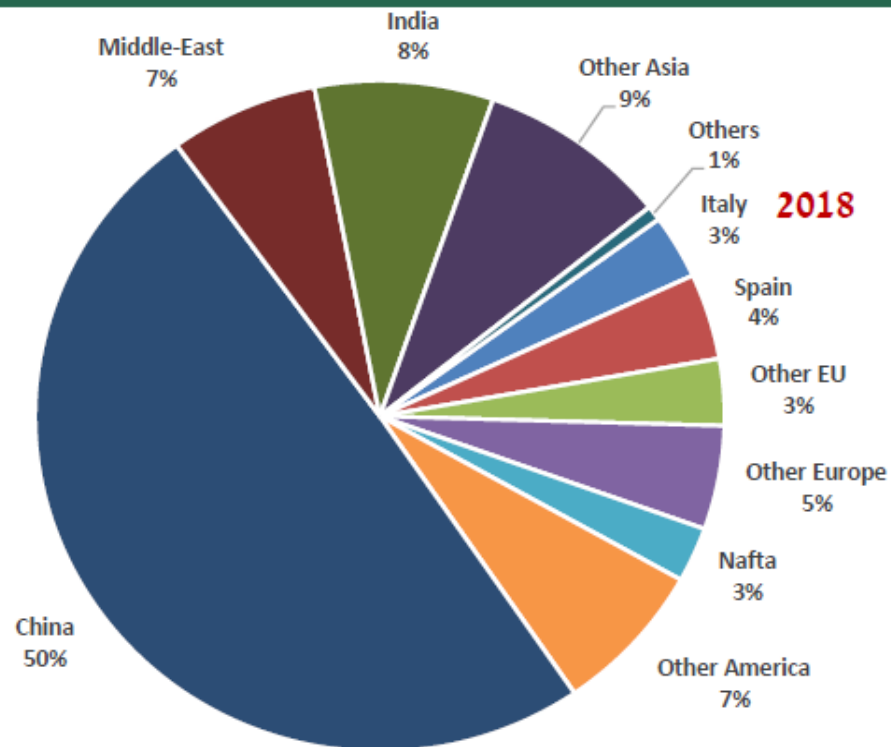
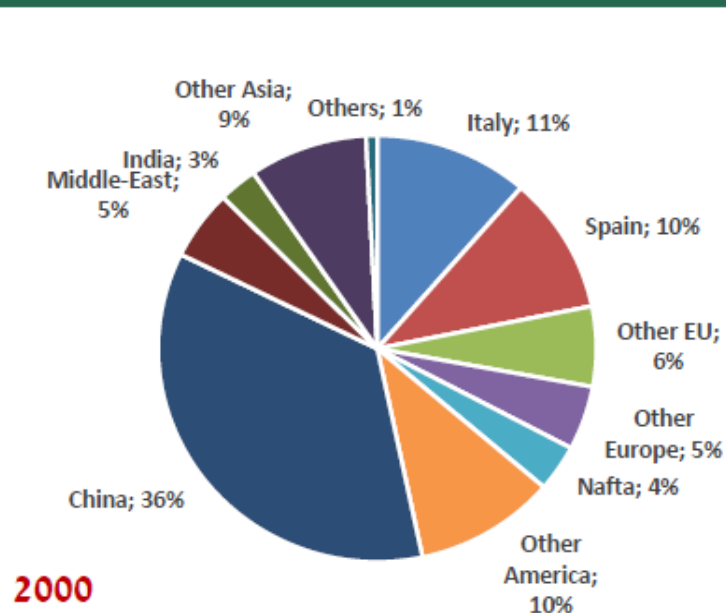
The graphs could represent also other EU markets.



2016

Source World Steel Association

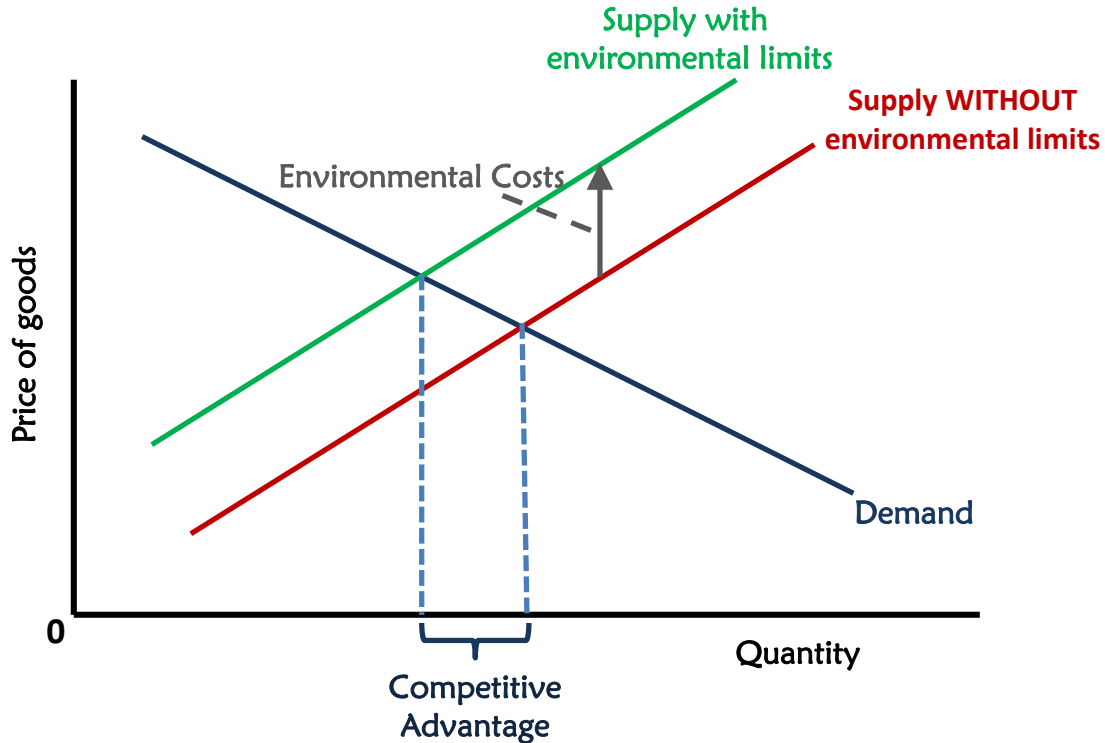
Market Shares of Ceramic Tiles Production



The graphs could represent paper market or other.

Source. Centro studio, Confindustria ceramica

Competitive asymmetry in good's production



European production of goods has lost internal and international market shares in favor of highly emissive Chinese, US and Indian production.

Currently, obligations are set only on European industries while global emissions are boosting.

Carbon Border Tax

A tax placed exclusively on the importer is by definition a tax on import

A tax that does not consider the actual emission levels of a third country producer could be discriminatory

A third-country producer will save in raw materials, labour costs or energy costs in order to offset the European carbon boarder tax

If the cost of coal remains low, the producer from a third country, in the absence of binding limits, will choose low-cost, highly emissive energy

High political difficulties. Few advantages for the industry.

Many environmental disadvantages.

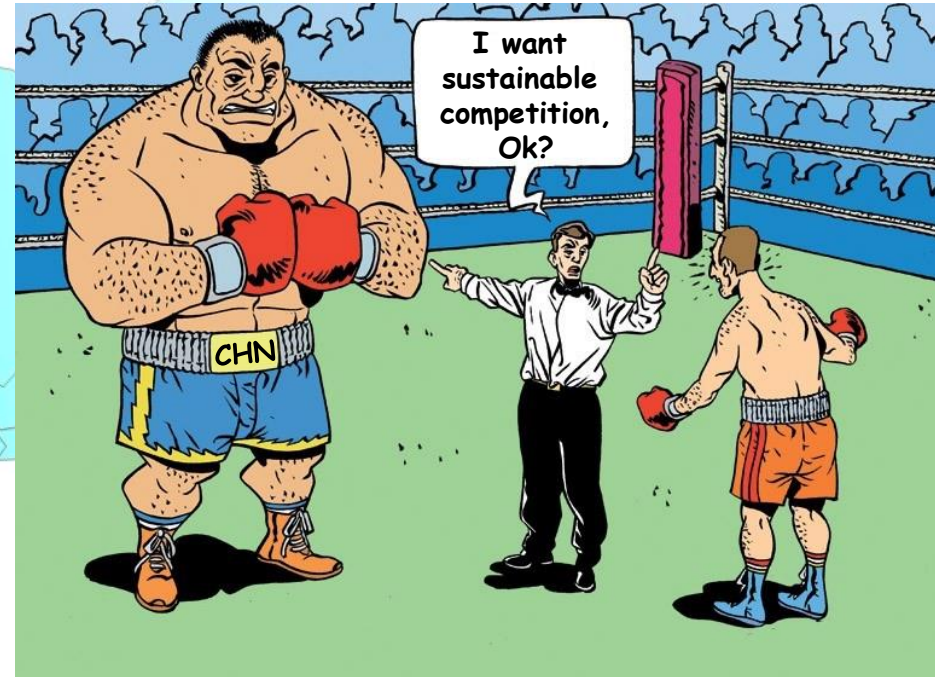
Carbon Border Tax vs. ETS = Import vs. Production

Carbon border tax could just offset ETS costs, only in European territories.

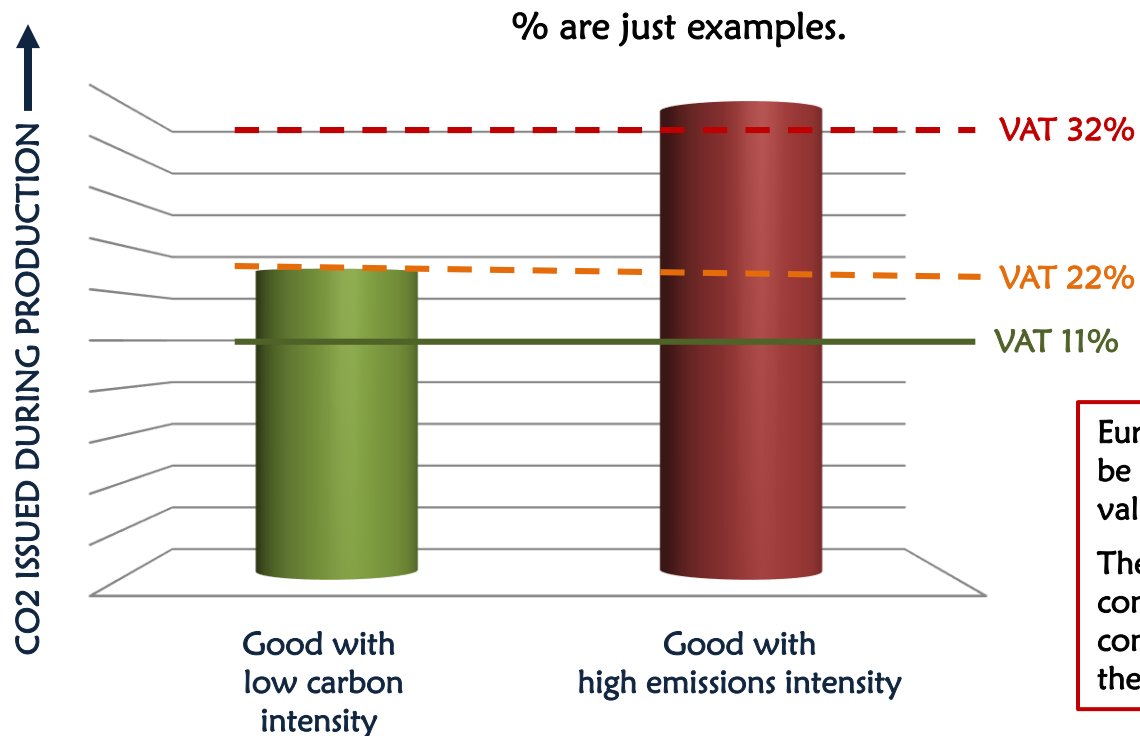
It would give an excuse to third countries for doing nothing to reduce emissions



Outside EU Borders



Equalization of environmental costs – Charge on emissions*



We need to find an economically viable way to really lower global emissions, not just relocate them, as if CO₂ were to stop at the border of the producer / emitter country.

European efforts for a low carbon economy will be effective if environmental sustainability is valued as one of the price parameters of goods.

The low carbon approach must be evident to all consumers on the price of the good and must not compensate only the low cost of fossil energy in the exporting countries.

* “CO₂ nei beni e competitività industriale europea”, Editoriale Delfino 2014, Milano and in English “A Symphony for energy: CO₂ in Goods” 2015.

European accreditation system for local verifiers

If Europe recognizes exact emission levels to non-European producers, it must allow them to demonstrate the efficiency of their production. The Chinese or Indian producer will have an incentive to improve the efficiency of their factories and their energy mix in order to receive a lower charge within the VAT.

European accreditation body (EA) recognizes private verifiers called by third-country industries.

The advantages would be: 1) negligible costs; 2) no impact on WTO rules; 3) interlocutors are the Chinese, Indian and US industries, not their governments.



Traceability of CO₂ transactions

Is there a real difficulty today in tracking emissions of complex goods such as mobile phones, cars, etc.? These are goods assembled with a multitude of materials and processes, often in different countries and in different energy contexts.

The blockchain more than a technology is a technological process that guarantees transparency, security, temporal certainty and unchangeable of transactions. If it is feasible to track money transactions, it is also possible to track emission's transactions.



Supporters and other interested stakeholders on proposal



The proposal contained in the book “A Symphony for Energy: CO₂ in goods” was presented to the European Parliament on 1 July 2015



Resolution of the Industry and Environment Commissions approved on 1 August 2017
"Competitive asymmetries for European industry deriving from low energy costs and low environmental standards in non-EU countries"



Ministero dello Sviluppo Economico

The Ministries of Development and the Environment in addition to giving a positive opinion to the resolution of the Parliamentary Commissions have represented that the proposal is a theme to be explored



MINISTERO DELL'AMBIENTE
E DELLA TUTELA DEL TERRITORIO E DEL MARE



The main Italian research company claims that the ETS system is inadequate and inefficient, and proposes to adopt the Charge on Emissions to make the major one recognizable environmental quality of the productions, in order to encourage their consumption.

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