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**CENTRE FOR CO-OPERATION WITH NON-MEMBERS
ENVIRONMENT POLICY COMMITTEE**

Programme of Dialogue and Co-operation with China

**WORKSHOP ON ENVIRONMENTAL TAXES IN CHINA AND OECD MEMBER
COUNTRIES**

DRAFT ANNOTATED AGENDA

(Paris, 5th and 6th October 1998)

68579

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WORKSHOP ON ENVIRONMENTAL TAXES IN CHINA AND OECD MEMBER COUNTRIES

DRAFT ANNOTATED AGENDA

To be held at OECD Headquarters, Paris

5th and 6th October, 1998

Opening of the Workshop
(5th October, 9.30 a.m.)

Session 1: Overview of Trends in OECD Countries and China
(5th October, 9.45 a.m.)

Session 2: Reforming Environmentally-Damaging Subsidies
(5th October, 12.20 p.m. to 1.00 p.m. and continuing from 3.00 p.m. to 6.00 p.m.)

Session 3: Designing and Implementing Environmental Taxes in the Energy and Transport Sectors
(6th October, 9.30 a.m. to 12.30 p.m. and continuing from 2.30 p.m. to 4.10 p.m.)

Session 4: Conclusions
(6th October, 4.10 p.m.)

ANNOTATIONS TO THE AGENDA

Monday 5 October, 1998

9.30 a.m. Opening of the Workshop

9.45 a.m. Session 1: Overview of Trends in OECD Countries and in China

Lead Speakers: Mr. Jean-Philippe Barde
Environment Directorate
OECD

Mrs. Susan Himes and Mr. Cornelius De Kam
Directorate for Fiscal and Financial Affairs
OECD

Mr. Jinnan Wang
Environmental Management Institute
Chinese Research Academy of Environmental Sciences
China

Open Discussion.

This Session will review recent developments in the application of environmental taxes in OECD countries and in China. Particular attention will be given to political, institutional and macro-economic conditions which support or hinder implementation of environmental taxes. In addition international trade concerns regarding the international competitiveness of certain sectors of the economy and distributional issues associated with introducing environmental taxes will be discussed.

Documentation:

Background Paper No. 1: "Environmental Taxes in OECD Countries: An Overview"

Background Paper No. 2: "Tax Policy Aspects of Environmentally-Related Taxes"

Background Paper No. 3: "Taxation and the Environment in China: Practice and Perspectives"

12.20 p.m. Session 2: Reforming Environmentally-Damaging Subsidies

Lead Speakers: Mr. Chazhong Ge
Environmental Management Institute
Chinese Research Academy of Environmental Sciences
China

Mr. Jan Pieters
Environment Directorate
OECD

Mr. Alexander Golub
Environmental Policy Consultant
Russia

Mr. Wilfrid Legg
Directorate for Food, Agriculture and Fisheries
OECD

Open Discussion.

This Session will examine the principal barriers to, and opportunities for, reforming environmentally-damaging subsidies. The reform or removal of such subsidies should precede, or be undertaken in parallel with, the introduction of any “green” taxes. Much remains to be done in both OECD countries and China in this regard, especially in key sectors such as energy and agriculture.

Documentation:

Background Paper No. 4: “Subsidy Policy and the Environment in China”

Background Paper No. 5: “Gains from Reducing Coal Subsidies, With Particular Reference to the U.K. Experience”

Background Paper No. 6: “Reform of Subsidies to the Energy Sector: The Experience of Russia”

Background Paper No.7: “Reforming Agricultural Policies and the Environment: The Experience of OECD Countries”

Tuesday 6th October, 1998

9.30 a.m. Session 3: Designing and Implementing Environmental Taxes in the Energy and Road Transport Sectors

(a) Energy Sector

Lead Speakers: Mr. Jintian Yang
Environmental Management Institute
Chinese Research Academy of Environmental Sciences
China

Mr. Hans Larsen
Ministry of Taxation
Denmark

Mr. Gustav Teir
Ministry of Finance
Finland

Open Discussion.

(b) Road Transport Sector

Lead Speaker: Mr. Stephen Perkins
European Conference of Ministers of Transport

Open Discussion.

This Session will review experience in “green” tax reform using case studies of the energy and road transport sectors, which are important sources of pollution in OECD countries and in China. Particular attention will be given to the role of establishing a strategic policy framework in the design and implementation of “green” taxes. A major challenge is to strengthen the complementarity of environmental taxes and the broader fiscal policy framework. Key issues in the design of a specific environmental tax system include the choice of the tax base, setting of the tax rate and provision for flexibility so that the system can evolve. The successful implementation of an environmental tax system depends critically on sound administration relating to the collection and assessment of the tax. Questions concerning the political and public acceptability of the tax system also need to be considered, especially in terms of use of the revenue and the distributional effects of the tax. International trade concerns are also particularly relevant.

Documentation:

Background Paper No. 8: “SO₂ Charge and Taxation Policies in China: Experiment and Reform”

Background Paper No. 9: “Energy Taxes: The Experience of Denmark”

Background Paper No. 10: “(Environmental) Energy Taxes: The Experience of Finland”

Background Paper No. 11: “Environmental Taxes in the Road Transport Sector: Experience in ECMT Countries”

4.10 p.m. Session 4: Conclusions

Introductory remarks by workshop co-rapporteurs and designated participants

Open Discussion.

The Session will identify the key policy challenges and opportunities in designing and implementing “green” taxes in economies in transition. A major objective of this Session is to identify the key policy measures needed to deepen the process of “green” tax reform in China, drawing on experience from OECD Member countries and experiments underway in China.