GCET 2014 Copenhagen
24-26 September 2014

“A GREEN TAX REFORM IN TIMES OF FINANCIAL-ECONOMIC CRISIS. THE ITALIAN ATTEMPTS 2012 AND 2014”

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USUAL DISCLAIMER: personal opinions not involving our organisations
The DELEGA FISCALE has finally been approved on 24 February 2014 by the Parliament.

The “Delega Fiscale” is a delegation of powers in fiscal matters from the Parliament to the Government, delimited by a number of principles, constraints, indications and time.

The official title is: ”Delegation to the Government for defining a fairer, more transparent and growth-oriented fiscal system”

[“Delega al Governo recante disposizioni per un sistema fiscale più equo, trasparente e orientato alla crescita”]
DELEGA FISCALE 2014

• A long path since the first proposal in April 2012 (Government Monti)

• For the first time ever environmental fiscality is explicitly mentioned in the text (Art. 15)

• Time is not neutral: many other things happened in the meanwhile (in the last 2 years, Governments Monti and Letta) and still happen (new Government Renzi)
A LONG PATH (1)

- ESSENTIAL CHRONOLOGY 2012
  - The first Fiscal Delegation bill proposal is approved by Monti Government on 16th April 2012.
  - It is submitted to Parliament on 15th June 2012.
  - The Fiscal Commission of the Chamber cancels environmental fiscality on 9th October 2012.
  - The Fiscal Commission of the Senate reintroduces environmental fiscality on 21st November 2012.
  - One of the 3 major political parties withdraws support to the Monti Government on 6th December 2012; the Parliament approves the Stability (Financial) Law before the call for the new elections and drops other proposals including the Fiscal Reform Delegation Law.
A LONG PATH (2)

- **ESSENTIAL CHRONOLOGY 2013-2014**
- New Parliament elected on 24-25\textsuperscript{th} February 2013 (normal end of legislature: April 2013); no clear majority;
- Government Letta established in March 2013;
- In the newly elected Chamber 4 bill proposals on Fiscal Delegation are proposed and discussed (Capezzone, Causi, Migliore, Zanetti: all parties). A single final text is approved on 25\textsuperscript{th} September 2013;
- The Fiscal Delegation Bill is approved with amendments in the Senate on 4\textsuperscript{th} February 2014.
- Government Renzi established on 22\textsuperscript{nd} February 2014.
- The Fiscal Delegation gets final approval in the Chamber on 24\textsuperscript{th} February 2014 (no connection to the new Government).
EFR: 1 AMONG 15 ITEMS

- Reform of the Property **Cadastre** (Art. 2)
- Estimate, monitoring and fight to fiscal **evasion** (Art. 3)
- Estimate, monitoring and contrast of fiscal **erosion** (Art. 4)
  including the reform of the 8/ooo (0.8%) financing of churches
  and the 5/ooo (0.5%) financing of NGOs/Charities/Research
- Discipline of fiscal law abuse and fiscal **elusion** (Art. 5)
- **Management** of fiscal risk, fiscal debt, fiscal inquiries (Art. 6)
- **Simplification** of fiscal regimes (Art. 7)
- Reform of the **fiscal administration**: sanctioning system (8),
  information and control (9), legal controversies (10),
- Rationalisation of **company** taxation (11), company income
  definition (12), **VAT** (13)
- Reform of **Gambling** Fiscality (Art. 14)
- **Energy & Environmental** Fiscality (Art. 15)
NEXT STEPS

- The Government has **12 months** to implement the Fiscal Delegation (deadline: March 2015).

- Before issuing implementation decrees, the Government must **consult** the Parliament (but decision is for Gvmt).

- Ongoing related indirectly supporting the EFR process: the Environmental Bill (“Collegato Ambientale”) connected to the Stability (Financial) Law under Parliament scrutiny. It includes:
  - the setting up of a **Natural Capital Commission** (with MoE, Mef, Istat, Bank of Italy) (Art.30)
  - a **Catalogue of EHSs and EFSs** (Environmentally Harmful Subsidies and Environmentally Friendly Subsidies) (Art.31).
DELEGA FISCALE 2014

• PREPARATION STEPS (1)
  • 15.12.2011 (Rome, Tesoro) MEF-MATTM Conference with the support of EEA on Fiscal Reform and Environmental Taxation (*Andersen, Barde, Ekins, Speck, …*)
  • 16.4.2012 (Rome, U.RomaTre) MATTM internal Workshop on Green Taxation and Economic-Financial Crisis
  • Spring 2012 (Bruxelles) European Semester 2012 Recommendation on the Fiscal Shift
  • 10.10.2012 (Paris) OECD (Economic-)Environmental Performance Review of Italy (published early 2013) Recommendations on Green Fiscal Reform and the removal of Environmentally Harmful Subsidies.
DELEGA FISCALE 2014

• PREPARATION STEPS (2)
• 8.1.2013 Minister of Environment Clini (Monti Gvmt) end-of-mandate Green Agenda includes Green Fiscal Reform among priorities
• Spring 2013 (Bruxelles) European Semester 2013 Recommendation on the Fiscal Shift
• 25.4.2013 Minister of Environment Orlando (Letta Gvmt) includes environmental fiscal reform among priorities in his initial declaration to the Parliament
• 16.9.2013 (Milano, U.Bocconi) Bocconi Iefe - Green Budget Europe Conference on “One year after Rio+20, Favouring growth through green fiscal reform” (Stone, Parry, Speck)
• 7.11.2013 (Rimini) Recommendations by the States General of Green Economy on MBIs and EFRs (Oecd, Upton)
Delega Fiscale 2014

- Preparation Steps (3)
  - 24.2.2014 (Roma) New Prime Minister Renzi announces a “double digit” radical reduction of Labour Taxation (i.e. 10 B €)
  - 6.3.2014 (Roma, European Commission) EC-MEF-MATTM Workshop on "European Semester Recommendations, Environmental Fiscal Reform and Abatement of Labour Taxation"
1. In considerazione delle politiche e delle misure adottate dall’Unione europea per lo sviluppo sostenibile e per la green economy, il Governo è delegato ad introdurre, con i decreti legislativi di cui all’articolo 1, nuove forme di fiscalità, in raccordo con la tassazione già vigente a livello regionale e locale e nel rispetto del principio della neutralità fiscale, finalizzate a orientare il mercato verso modi di consumo e produzione sostenibili, e a rivedere la disciplina delle accise sui prodotti energetici e sull’energia elettrica, anche in funzione del contenuto di carbonio e delle emissioni di ossido di azoto e di zolfo, in conformità con i principi che verranno adottati con l’approvazione della proposta di modifica della direttiva 2003/96/CE di cui alla comunicazione COM(2011) 169 della Commissione, del 13 aprile 2011, prevedendo, nel perseguimento della finalità del doppio dividendo, che il maggior gettito sia destinato prioritariamente alla riduzione della tassazione sui redditi, in particolare sul lavoro generato dalla green economy, alla diffusione e innovazione delle tecnologie e dei prodotti a basso contenuto di carbonio e al finanziamento di modelli di produzione e consumo sostenibili, nonché alla revisione del finanziamento dei sussidi alla produzione di energia da fonti rinnovabili. La decorrenza degli effetti delle disposizioni contenute nei decreti legislativi adottati in attuazione del presente articolo è coordinata con la data di recepimento della disciplina armonizzata stabilita dalla citata proposta di direttiva negli Stati membri dell’Unione europea.”
“1. Taking into account policies and measures adopted by the European Union in favour of sustainable development and green economy, the Government, by the legislative decrees defined in art. 1, is delegated to introduce new forms of fiscality, in connection [“raccordo” harmony/link] with existing taxation at regional and local level and in respect of the principle of fiscal neutrality, aimed at orienting the market towards sustainable modes of consumption and production, and to review the discipline of excise taxes applied to energy products and electricity, also on the basis of carbon content and SOx and NOx emissions, in conformity with the principles which will be adopted with the approval of the proposal of Directive 2003/96/CE as at Communication COM (2011)169 by the Commission, dated 13 April 2011, foreseeing, in pursuing the aim of double dividend, that the higher revenue is allocated (ear-marked) with priority to the reduction of income taxation, especially on labour (work/jobs) generated by green economy, to the diffusion and innovation of low-carbon technologies and products and to the financing of sustainable production and consumption modes, and to the revision of the financing of subsidies for renewable energies production. The starting date of the effects of the provisions inserted in the legislative decrees deriving from the implementation of the present article will be coordinated with the transposition date, in [EU] Member Countries, of the harmonized discipline established for the quoted Directive at European level.”
1. Taking into account policies and measures adopted by the European Union in favour of sustainable development and green economy, the Government, by the legislative decrees defined in art. 1, is delegated to introduce **new forms of fiscality**.
PRINCIPLES

- EU policies for sustainable development and green economy
- Principle of fiscal neutrality
- Orientation of the market towards sustainable modes of consumption and production
- Principles of the revision of the EU-ETD (Energy Taxation Directive)
- Aim of double dividend
Art. 15 of Delega Fiscale on Energy & Environmental Fiscality

CONSTRAINTS

- The connection [“raccordo”, harmony/link] with existing regional and local taxation
- The principle of fiscal neutrality
- The conformity with the revision of the EU-ETD (Energy Taxation Directive)
- The implementation (the **starting date**) of “the effects of the provisions” inserted in the legislative decrees **coordinated** with the transposition date of the EU-ETD Directive
SOME CONTENTS ARE EXPLICITED

- Review the discipline of *excise taxes* applied to energy products and electricity, also on the basis of carbon content and SOx and NOx emissions.

- The *allocation of higher revenue* “with priority” to:
  - the reduction of income taxation, especially on labour generated by *green economy*,
  - the diffusion and innovation of low-carbon content products and technologies,
  - the financing of sustainable modes of consumption and production,
  - the revision of the financing of the production of renewable energy sources.
Art. 4 on Fiscal Erosion and Tax Expenditures

SOME CONTENTS

- Identify, review, assess tax expenditures (reductions, exemptions, exclusions, regimes of favour)

- Power to adopt “norms aiming at reducing, eliminate or reform tax expenditures that appear, fully or partly, unjustified or obsolete in the light of social or economic changed needs or which constitute a duplication, keeping firm the priority of the safeguard of labour income, of small firms income, of pension income, of the family, of health, of persons economically or socially disadvantaged, of the cultural and artistical heritage, of research and education, and of environment and technological innovation”.
TIME IS NOT NEUTRAL

While the old Delega Fiscale 2012 was discussed...

- **Emergency Decrees of the Monti Government**: “Save Italy”, “Simplify Italy”, “Grow Italy”; Stabilisation Laws 2013, other urgent measures ...

- 1. *Increase in excise fuel tax* (recovering inflation).
- 2. Reduction by ¼ of **company cars** fiscal reductions.
- 3. **SUV** surtax.
- 5. **Water Tariffs**: analysis and definition attributed to the independent regulatory Authority for Electricity & Gas.
- 6. Restructuring of **incentives to renewables & energy efficiency** in favour of thermal sources (biomass heating, heat pumps, thermal solar and solar cooling).
- 7. Strengthening of **White Certificates** for energy efficiency in firms.
- 8. Incentives to **green jobs** for young unemployed.
While the new Delega Fiscale 2014 enters into force...

- 2014 Document of Economy & Finance
  a) Stability Programme;
  b) Analysis & Trends of Public Finance;
  c) National Programme of Reforms;
  d) other laws and measures

- 10 B € income tax reduction for low-income revenues (below net 15,000€ per year) (Environmental Fiscalilty not used)

  Is a second round possible with EFR?

- Renewables Incentive Spread “Spalma-Incentivi”

- SME Electricity Tariffs reduction (ca.-10% for 10%)
CRITICAL ISSUES 1

PUBLIC OPINION AND STAKEHOLDERS

- High fiscal burden
- Economic & financial crisis
- Fiscal intolerance towards any new tax by taxpayers, consumers, citizens

TECHNICAL CAPACITY

- Many reforms at the same time
- Environmental fiscality only one of many pieces of the General Tax Reform (one of many reforms)
- Dominating issue of carbon and energy taxation
CRITICAL ISSUES 2

MISUNDERSTANDINGS AND “IRRATIONAL UNEXPECTATIONS”

- Negative effects of ETD on Italian Fuel Prices
- Fuels real tax/price decreased per l or km
- Higher electricity and energy prices of Europe (Consumers and Producers NGOs claim)
- Water to be managed publicly as a public good (political clear result of 2011 referenda)
- Environmental Taxes rate on Total Revenue: OECD or EU average (6%) as a target; better follow best performers: NL-Dk 10-12%, Tur 14%, C.Rica 18%
ITALIAN EU PRESIDENCY
Jul-Dec. 2014

• Greening the economy is one of the priorities of the programme for the Italian Presidency of the EU Semester
• In the context of the European Semester process, the Annual Growth Survey needs to be enriched with environmental priorities and progress, next to growth and employment
• Ban-Ki-Moon Climate Summit New York 23 Sept.
• UN-CBD COP-12 Biodiversity, October 2015, PyeongChang
• UN-FCCC COP 2014 Dec. Lima - 2015 Paris-Climat
• Revision of “Europe 2020”
• Revision of the ETD (Energy Tax Directive)
• Great focus on green jobs to face unemployment – Milan 17 July Informal Meeting of Environmental and Employment Ministers following the EU Communication on green jobs
Questions you may wish to ask:

1. What are the Recommendations to Italy by the EU Semester and OECD?
2. What’s on the menu for the Italian ETR?
3. What is the attitude of NGOs & Research?
4. What’s the starting point in Italy?
5. What are the cultural references?
The 2013 OECD Recommendations of the Environmental Performance Review of Italy (A)

5-6. Economic analysis of environmental policies and environmental assessment of sector and economic policies

Towards green growth (Ch.3):

8. “Implement a comprehensive environmental fiscal reform as part of the proposed reform of the tax system that:

i) removes special tax provisions that are environmentally harmful and economically inefficient;

ii) restructures energy and vehicle taxes so that they better reflect environmental externalities including greenhouse gas emissions; and

iii) considers reforming existing, or introducing new, environmental taxes on resource use and pollution (e.g. on water abstraction, wastewater discharges, pesticides, fertilisers and packaging materials).”
9. “Continue to regularly survey tax expenditure; introduce a mechanism to systematically screen existing and proposed direct and indirect subsidies against their potential environmental impact”.

Multi-level environmental governance: water (Ch.4):

17. “More systematically apply economic instruments (abstraction and pollution charges, and user fees) to support the effective management and sustainable financing of water resources at the level of river basins, including to finance measures for adaptation to climate change.”
• **Climate Change** (Ch.5)

22. “Restructure taxation of energy products to explicitly include a carbon tax component, with a view to complementing the EU ETS and providing a consistent price of carbon across the economy”.

23. “Further develop the renewable energy policy in the framework of a long term, comprehensive national energy strategy; ensure consistency of the incentive mechanisms and related rules, and continue to align incentive rates with the decreasing costs of renewable technologies; […]”

24. Streamline energy efficiency incentive measures, and make sure that multiple incentives effectively address different barriers and do not entail excessive costs; further strengthen implementation of the White Certificate system, e.g. in the transport sector..”
26. Rationalise the governance and management of the **incentive systems for energy efficiency and renewables**.

27. Extend the use of **price-based mechanisms**, such as **pollution and congestion charges**, to reduce emissions from vehicle use in urban areas; **restructure vehicle taxation**, for both cars and heavy goods vehicles, to include components reflecting CO2 emissions and other environmental externalities.
Recommendations of the European Semester

Half of EU Countries have received in 2012-13-14 recommendations from the European Semester process asking a shift towards environment and natural resource taxation. For Italy:

2012 Rec.5: “[…] Take further action to shift the tax burden away from capital and labour to property and consumption as well as environment […]”.

2013 Rec.5: “Shift the tax burden from labour and capital to consumption, property and the environment in a budgetary neutral manner. To this purpose, review the scope of VAT exemptions and reduced rates and of direct tax expenditures, […]”

2014: Rec.2: “Further shift the tax burden from productive factors to consumption, property and the environment, in compliance with the budgetary targets. To this end, evaluate the effectiveness of the recent reduction in the labour tax wedge and ensure its financing for 2015, review the scope of direct tax expenditures and broaden the tax base, notably on consumption. Consider the alignment of excise duties on diesel to those on petrol and their indexation on inflation, and remove environmentally harmful subsidies. Implement the enabling law for tax reform by March 2015 […]”
States General of the Green Economy 2012

- Process promoted by the Foundation for Sustainable Development, supported by the Ministries of Environment and Economic Development, participated by more than 60 entrepreneurial associations

Among major Conclusions:

- "4. Strengthen a targeted use of economic instruments, based on the polluter-pays-principle, finalised at the promotion of production chains and initiatives which use and distribute products with minor environmental impact, useful for supporting innovation oriented to overcome situations of environmental criticality and at realizing a high ecological quality, with special attention to the reduction of greenhouse gases. Eliminate incentives for economic activities with negative impacts on environment."

- "5. Adopt measures of ecological fiscality, shifting part of the fiscal burden from labour and investments to resource consumption, rewarding - in terms of lower tax duty – the lower consumption of resources, recycling and lower environmental impacts, and reorienting the spending review of public finance with special attention to expenditure with negative impacts on environment".
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An ample menu available for EFR in Italy
(Conference MEF-MATTM-EEA, Dec.2011, “Fiscal Reform & Environmental Taxes”) (A)

Andersen-Speck-Mautone (EEA 2011) updated by Andersen-Eunomia (2014) offer to reflection a long **European list of possibilities:**

- allineare la tassazione del diesel a quella della benzina, alla britannica;
- allineare la tassazione dell’elettricità ai livelli tedeschi, olandesi, danesi;
- allineare la tassazione degli oli minerali per gli usi industriali a quelli domestici, alla britannica;
- introdurre una carbon tax sui settori non-ETS da 10€/tCO2 crescente progressivamente all’irlandese (o come in Olanda e Paesi nordici);
- introdurre una tassa sull’aviazione (sul trasporto passeggeri) come Gran Bretagna e Germania;
- introdurre un euro vignetta per il traffico dei veicoli pesanti basato sull’inquinamento atmosferico e acustico;
- includere nelle tasse automobilistiche i costi derivanti dall’inquinamento atmosferico e acustico;
An ample menu available for EFR in Italy (Conference MEF-MATTM-EEA, Dec.2011, “Fiscal Reform & Environmental Taxes”) (B)

- portare le tasse di acquisto degli autoveicoli ai livelli medi europei;
- tassare i prelievi di acque alla danese, in modo da incentivare l’abbattimento delle perdite in rete;
- tassare la produzione e l’incenerimento di rifiuti ai livelli irlandesi;
- applicare imposte alla produzione di imballaggi ai livelli danesi;
- colpire le emissioni nei corpi idrici a livelli olandesi;
- portare la tassazione delle emissioni di SO2 e NOx ai livelli olandesi e danesi per ridurre i costi per la salute;
- introdurre tasse su fertilizzanti e pesticidi alla danese;
- rimuovere l’Iva agevolata portandola al tasso normale su tutti i B&S;
- rimuovere progressivamente le esenzioni sui carburanti per il trasporto marittimo;
- rimuovere progressivamente le esenzioni sull’energia per l’agricoltura;
- rimuovere progressivamente le agevolazioni al trasporto pesante su strada;
- rimuovere progressivamente le agevolazioni alle automobili aziendali;
An ample menu available for EFR in Italy
Seminar MATTM Apr.2012
Croci offers a range of economic instruments for urban areas:

- valorizzazione delle riduzioni GHG ottenute a livello locale;
- premialità per l’efficienza energetica degli edifici;
- “pollution charge” per le caldaie inquinanti;
- road pricing urbano (sistema di tariffazione urbana del traffico) sul modello di Singapore, Stoccolma, Londra, Ecopass Milano,
- low emission zone merci;
- compensazione ambientale di grandi opere;
- mercato dei diritti di edificazione;
- finalizzazione a scopi ambientali di tasse locali.
Zatti reminds of the existence and possibility of a more systematic and rational use of:

- Imposta addizionale comunale e provinciale all'accisa sull'energia elettrica;
- Tassa/ Canone per l’occupazione di spazi ed aree pubbliche (Tosap/Cosap);
- Imposta comunale sulla pubblicità e diritto sulle pubbliche affissioni (ICP/DPA/CIMP);
- Tariffe (tasse) di parcheggio;
- Pedaggi d’ingresso e sulla mobilità;
- Contravvenzioni e sanzioni legate al codice della strada;
- Contributo per il rilascio del permesso di costruire;
- Addizionale comunale sui diritti d’imbarco aeroportuali.
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Unexpected positions of NGOs & Research

Environmental NGOs are supporting environmental fiscality

• **Legambiente** supports green tax reforms, v. “L’Italia oltre la crisi” (Rapporto Ambiente Italia 2013)
• Manifesto by **Legambiente** and **Radical Party** for removing fossil fuels subsidies and electricity tariffs cross-subsidies in favour of high consumers, restructuring EHSs for renewables, water, quarries, shore concessions, soil taxation (2014)

http://www.legambiente.it/sites/default/files/docs/manifesto21maggio_bastaincentivicconsumorisorseambientali_def.pdf
Unexpected positions of NGOs & Research

Economists of the most different schools of thinking are showing interest for environmental taxation and offer interesting solutions:

• From e.g.: a carbon tax as an integral alternative to the ETS market, proposal by Istituto Bruno Leoni (Stefano Clò e Vendramin), free-market friedmanian positions.

• To e.g.: a fiscal manoeuvre introducing a serious environmental taxation, shifting “50 billion of taxes from labour to non-renewable resources, improving public accounts, environment and innovation”, proposal by Sbilanciamoci (Mazzanti), post-keynesian progressist.
• GCET 2014
  15th Global Conference on Environmental Taxation
  “Environmental Taxation & Emissions Trading in an Era of Climate Change”
  Copenhagen 24-26 September 2014 - http://conferences.au.dk/gcet/

• WCERE 2014
  World Conference of Environmental and Resource Economists
  Policy Session on Environmental Fiscal Reform (Ravazzi - Vollebergh)

• IAERE 2015
  3rd Conference of the Italian Association of Environment & Resource Economists, Università di Padova, February 2015
  www.iaere.org
RESEARCH AND ENVIRONMENTAL FISCALITY

More policy-oriented

• GBE - Italian EU Presidency
  Green Budget Europe 2014 Annual Conference
  “Recovery, Jobs and Sustainable Prosperity: A New Agenda for Green Fiscal Reform in Europe”
  Bruxelles 5 November 2014
  www.green-budget.eu

• GGKP (Green Growth Knowledge Platform)
  OECD-UNEP-WB-GGGI - Università di Venezia
  "Fiscal Policies and the Green Economy Transition: Generating Knowledge - Creating Impact“
  Venezia, 29-30 January 2015
  www.greengrowthknowledge.org/conference2015
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Economic Instruments (historical) in Italy (1)

- Tax (excise[accisa]) on fuels and energy sources; today coordination under the European ETD (Energy Tax Directive)

- Car taxes (purchasing and circulation)

- Road pricing on highways (before and after the Iri-Autostrade privatisation)
Economic Instruments (2\textsuperscript{nd} generation) in Italy (2)

Instruments introduced in a non-systematic way:
- 1991 tax on \textit{plastic bags} (with transformations, well before the successful case of Ireland)
- 1992 \textit{water} sector reform (Law Galli – principle of the full cost recovery of the integral water cycle)
- 1991-2005 contributions to \textit{consorzi di recycling consortia} (e.g. batteries, exhausted oils, packaging), then Conai system
- 1994 tax on \textit{airplanes noise}, since 2000 regional, disappeared
- 1995 \textit{landfill} tax (well before the successful case of Gbr)
- 1996 \textit{SO2-NOx emissions} tax on large thermal power plants
- 1997 waste reform (Ronchi Decree) (\textit{from the tax to the tariff based on volume/quantity/quality} - experiments still ongoing)
- 1997-98 \textit{incentives to car-scraping}; 2\textdegree phase overtly ecological
- 1999 \textit{CO2 tax} (component of the excise on fuels), suspended after 2 years “for fear of inflation effect”; progressive, partial earmarking, impact if you decrease other components
- ...
Economic Instruments (environment-energy) in Italy (3)

Creation of markets which did not exist:

- **GHG Emissions Market (ETS)**
  - Problem of excluded sectors
  - Problem of the initial attribution of rights: historical criteria - potential development criteria - competitive bid
  - Problem of double taxation: ETS market right or CO2 tax? Pros and Cons. Duplication or mutual reinforcement?
  - Links between European markets, with third countries’ markets, with development cooperation (CDM, JI)

- **Green certificates** (renewables) - **Feed-in tariff**

- **White certificates** (energy savings)
EHSs Environmentally Friendly Subsidies - Financial Law 2007 (adapted in following FLs)

Introduced numerous incentives/subsidies:
- vehicle scrapping and replacement
- polluting vehicle transformation (e.g. gas/gpl)
- restructuring of vehicle taxation
- solar panels, photovoltaic panels, renewables
- energy restructuring of existing buildings
- high efficiency of new buildings
- replacement of industrial engines
- high efficiency lightening of street shops
- replacement of polluting fridges (with A+)
- plastic bags quality
- waste traceability
- ...
GREEN FISCAL REFORMS IN ITALY

Attempts:
- 1990-91 Integrated Package of Economic Instruments within the Financial Law (Minister of Environment Ruffolo) ---> plastic bag tax only survives Government & Parliament processes

- 1992 SECA Commission at the Ministry of Environment (Strumenti Economici in Campo Ambientale) (Minister of Environment Ripa di Meana) ---> anticipated elections

- 1994 White Paper by the Ministry of Finance including a fiscal reform with shift from labour and capital taxation towards energy and natural resources (Minister of Finance Tremonti) ---> anticipated elections

- 1997 1st National Conference on Environmental Fiscal Policy ---> CO2 component in the fuels excise (1999); Ministers of Environment Ronchi and of Finance Visco
Use of Economic Instruments in Italy
- A preliminary assessment (end 2013)

**Instruments:**
- Environmental taxes: modest (except fuel excise)
- Environmental charges: average
- Market creation: average
- Subsidies (incentives, aids, exemptions, tax credits) environmentally favorable: average-high
- Elimination of environmentally harmful subsidies (incentives, aids, exemptions, tax credits): a timid start (company cars)

**Level (effectiveness) of incentives/rates:** modest

**Shift of taxation from labour/firms towards pollution/natural resources:** limited-nul

*Wide potential for improvement…*
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KNOWLEDGE WINDOWS OF OPPORTUNITY

- OECD (e.g. GTRs, EHSs, Green Growth)
- UNEP (e.g. Green Economy, Resources)
- EUROPEAN ENVIRONMENT AGENCY (e.g. EFR studies, Country workshops)
- EUROPEAN COMMISSION (e.g. MBI White Paper, MBI Forum, EREP, Europe 2020, White Paper Delors, European Semester Recs)
- EAERE-ISEE-GCET Scientific Conferences
- GREEN BUDGET EUROPE (support to EU Country Presidencies and EC, annual conferences, researches CETRIE)
• Nicholas **Stern** (2006), "**The Economics of Climate Change** - The Stern Review", HM Treasury, London

• Nicholas Stern and James Adams (2009), “The Global Deal: Climate Change and the Creation of a New Era of Progress and Prosperity”, Library Edition


• E. **Von Weizsaecker** et al. (2009), “A Long-Term Ecological Tax Reform”, ch.7 in “**Factor 5** - Transforming the Global Economy through 80% Improvements in Resource Productivity”, Earthscan, London
10 Planet Ecosystems to be kept under control:

1. Climate change
2. Biodiversity loss
3. Nitrogen cycle
4. Phosphorus cycle
5. Stratospheric ozone depletion
6. Ocean acidification
7. Global freshwater use
8. Land system change
9. Atmospheric aerosol loading
10. Chemical pollution

Source: Rockstrom et al (2009)