

Time Bomb Climate Change - What Role for Ecotaxes?

Study Presentation: Environmental taxes and their application in developing countries.

When? Thursday, 22 November 2018, 18:00 - 20:00
Where? WU Vienna University of Economics and Business
Teaching Center (TC), TC.0.04, Ground Floor
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Study Presentation

„A Climate of Fairness: Environmental Taxation and Tax Justice in Developing Countries“

Jacqueline Cottrell, international environmental policy consultant, UK

Tatiana Falcão, tax lawyer, School of Transnational Governance, European University Institute, Italy

Comments:

Clement Okello Migai, WU Institute for Austrian and International Tax Law, Vienna

Margit Schratzenstaller-Altzinger, Austrian Institute of Economic Research WIFO, Vienna

Welcome: Sigrid Stagl, WU Institute for Ecological Economics, Vienna

Moderation: Martina Neuwirth, VIDC

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Language: English.

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Background

In 2015, under the Paris Agreement, countries agreed to keep global temperatures well below 2 degrees and to pursue efforts to limit the temperature further to 1.5 degrees. They committed themselves to reduce their carbon emissions and to report regularly about their “nationally determined contributions”. But the 2018 report of the Inter-Governmental Panel on Climate Change is alarming: Limiting temperature to 1.5 degrees will require more “rapid, far-reaching and unprecedented changes”. Actions will have to be taken in the coming years.

But how should the necessary climate mitigation and adaption measures be funded? Developing countries are especially challenged because they already need large resources for building up basic social services, infrastructure and for their (sustainable) economic development. According to recent UN calculations, developing countries could face climate adaptation costs of 300 billion USD per year by 2030 and 500 billion USD by 2050. Public-sector loans and grants as well as private sector investments will not cover these costs, countries will have no choice but to mobilize domestic sources of revenue. Moreover, credit-financed environmental investments may cause spiraling debts.

Even the poorest countries have begun to endow their domestic environmental funds with money from their state budgets, thus creating a pressing demand for additional tax revenues. Environmental taxes have so far not been very popular. OECD and emerging countries tax emissions at rates that are far too low to bring about the radical change required to mitigate climate change, and at the same time fossil fuels continue to be subsidized. But the threat of climate change makes the need to price carbon ever more urgent.

Is there potential for implementing eco taxes in developing countries? Could they discourage environmentally harmful behavior? Do they have the potential to raise significant amounts of revenue? Or would such taxes increase inequalities? What role might environmental taxes play in establishing a fair and progressive tax system that is economically, environmentally and socially sustainable?

„*A Climate of Fairness: Environmental Taxation and Tax Justice in Developing Countries*“, a study launched by the VIDC, refers to these questions. Jacqueline Cottrell und Tatiana Falcão give a comprehensive overview about environmental taxes and their ecological, economic and social impact in a development context. As domestic factors are important for the success or failure of implementation, the study also contains short country studies (China, Mexico, Morocco and Vietnam, as well as a special chapter about the challenges of Low Income Countries).

About the Speakers

Jacqueline Cottrell is a freelance environmental policy consultant working for numerous international organizations, including the German development agency GIZ, the United Nations Office for Sustainable Development, the United Nations Institute for Training and Research and the German Development Institute (DIE). Jacqueline Cottrell specializes in environmental fiscal policy advisory and research, and capacity development for green economy policies. She is a Senior Policy Advisor at the German CSO Forum Ökologisch-Soziale Marktwirtschaft and Vice-President of the CSO Green Budget Europe. Jacqueline Cottrell is on the international program committee of the Global Conference on Environmental Taxation. She has published widely in the field of environmental economic policy, including studies for UNOSD, the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), GIZ and DIE. Jacqueline studied at the University of Edinburgh and King's College London, and has an M.A. in International Peace and Security.

Tatiana Falcão is Policy Leader Fellow at the School of Transnational Governance, European University Institute in Florence (Italy) and Visiting Professor at the Fundação Getúlio Vargas. She is also member of the UN Tax Committee's Subcommittee on environmental taxation. She worked as tax expert consultant for the World Economic and Social Survey and as Economic Policy Adviser for the United Nations and at the Secretariat of the UN Tax Committee of Experts. She regularly publishes articles on tax issues in emerging economy countries for Tax Notes International as well as for Valor Econômico. Tatiana Falcão studied at the University of Cambridge and the New York University School of Law. She wrote her doctoral thesis at the Institute for Austrian and International Tax Law at the WU Vienna in which she proposed a Multilateral Carbon Tax Treaty.

Clement Okello Migai is Teaching and Research Associate at the am Global Tax Policy Centre of the Institute for Austrian and International Tax Law at the WU Vienna since 2016. Before that he worked in the Kenya Revenue Authority for, inter alia, the taxation of the Extractive Industries sector in the Office of the Commissioner General as well as for the Large Taxpayers Office. He won the Cedric Sandford Medal for the paper De Jong/Migai/Owens, "The Sharing Economy: Turning Challenges Into Opportunities for Tax Administrations". The tax lawyer studied at the Moi University in Kenya and the Robert Gordon University in Aberdeen, Scotland. He is a Certified Public Accountant and Certified Public Secretary in Kenya.

Margit Schratzenstaller-Altzinger is research staff member for public finance and Deputy director of the Austrian Institute of Economic Research. She holds lectures at the University of Vienna and is member of the Austrian Fiscal Advisory Council at the Austrian National Bank. She participates in the EU-financed „Fair Tax“ project that searches for sustainability-oriented future EU funding. In the project's Working Papers she elaborated, inter alia, border carbon adjustments for the European emission trading system, a nuclear power tax and a carbon-based flight ticket tax. The economist and expert on public finance studied at the University of Gießen (Germany) and the University of Wisconsin (USA).