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We call upon governments to take the low price of oil as a window of opportunity to act against fossil carbon emissions!

There has rarely been such an opportunity for the global community to take action against fossil carbon emissions and global warming as there is now, in January of 2015. The North Sea Brent oil price has plummeted from 110 USD per barrel last summer to around 50 USD now, a fall of more than half, which will dramatically affect energy markets. All users of oil products at market prices around the world will now perceive their diesel, petrol and fuel oil as cheap.

This gives us a unique opportunity to introduce and raise fees and taxes on carbon dioxide emissions in all countries, keeping it painless for citizens. It represents also a chance to abolish subsidies for fossil fuels in countries with governmentally guaranteed fuel prices. The best strategy would of course be to agree a minimum carbon emission fee in the UN, but it is difficult to reach consensus by negotiation between so many countries. Therefore every government should consider urgently acting on its own, not waiting for global agreement. There are three types of country that should take action as soon as possible:

1. Countries that already have carbon fees or taxes should take the opportunity to raise these. As an example, in Sweden, petrol and diesel prices have decreased by over 2 SEK per litre (20 euro cents) and there is a clear opportunity to raise fuel duty by up to half that amount, without much consumer reaction. The situation is similar in all European countries, many urgently need to strengthen their state budgets by increasing revenues. Higher carbon fees, duties or a tax is one way to do it.

2. Countries with no fees or taxes on carbon emissions should introduce such measures now, both on fossil transport fuels and on fossil fuels for heating. They can introduce such taxes at a lower level, but with the current drastic fall in oil prices, even relatively high carbon dioxide fees may be accepted by consumers. The important thing is to act now, before oil prices climb again.

3. Finally, countries with fixed and state-guaranteed prices on fuels, many of which are oil-producing nations, should take away the guarantee. Guaranteed prices vary between country, but total subsidies are very high at the global level. When world market prices for oil were climbing some years ago this resulted in budget problems for many countries. One example is Nigeria, where President Goodluck Jonathan tried to abolish the country's fixed fuel prices, resulting in protests and rioting. Now, these countries have a chance to abolish such policies and even introduce a low carbon fee. When oil prices start to climb again, it will mainly be attributed to market prices.

There is convincing research showing that carbon emission fees are the most efficient general method to combat climate change. The main reasons why carbon fees are so efficient are:

• Carbon dioxide fees raise the price of fossil emissions and thereby penalise fossil fuels for their negative effects on the climate. Consequently carbon dioxide fees also favour renewables and energy efficiency.

• Carbon dioxide fees are fair and logical because they are proportional to the actual emissions. Increased costs on emissions thus help individuals and enterprises to make better decisions for our common future. They can calculate new profitable investments or change behaviour to improve their economy, e.g. buy a more efficient car, insulate the house, take the bike instead of the car, or use public transport. Businesses can develop new products that can be competitive on a market where more efficient products are in demand, etc.





• Carbon dioxide fees increase energy bills for poor and rich people, however it is predominately wealthy people who use the most energy. They drive larger cars, heat larger houses, and travel farther. Poor people do not travel as much; they take the bus and cannot afford to use as much energy. Therefore carbon taxation also makes sense from an economic justice perspective. Government may choose to use part of the revenues from the fees to support poor people who get higher energy bills.

• Carbon dioxide fees do not reduce economic growth. They change the profitability balance between different energy sources and carriers, creating new opportunities for investments in energy efficiency and renewable energy, without the need for subsidies. Governments can choose to use the income from the fees for other investments, e.g. in infrastructure or to reduce other taxes, like income tax, to promote job creation and growth.

Sweden was one of the first countries to introduce a carbon tax in 1991. During the 20-year period from 1991 to 2011, oil consumption in Sweden has continuously been reduced. At the same time, renewable energy use has gradually increased, and in 2013 renewable energy sources accounted for 51 percent of all energy use. Most imported fossil oil has been substituted with domestic biomass fuels, and according to Energy Agency statistics, bioenergy increased from 70 to 132 TWh during the period, an increase of 62 TWh (5.3 Mtoe, corresponding to 1,8 billion dollar annually at the oil price 50 USD per barrel).

The current drop in oil prices sends market signals to millions of consumers to use more fossil oil, as it is cheap. This leads to higher CO₂ emissions and counteracts all global efforts to mitigate climate change. A new global approach to tax fossil fuels would be the best preparation of the decisive UN climate conference in Paris this year. UN bodies and International Bodies like the European Commission are hereby asked to issue a public call to governments worldwide to take the fight against climate change seriously and use this historical window of opportunity to eliminate fossil subsidies where they exist, to introduce carbon taxes in cases where they don't exist, and to increase any existing carbon taxes.

Carbon dioxide fees have the potential to give many countries a better trade balance and energy security, and at the same time drastically reduce dependency on fossil fuels and reduce carbon emissions to mitigate climate change.

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