

The Economic Impact of Carbon Tax in Japan.

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Outline

- The proposal of Japan.
- Discussions for carbon tax in Japan.
- Economic impacts of Carbon tax.
- Double dividend effect.

Environmental Tax in European Countries

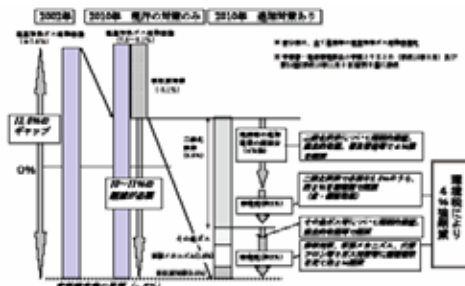
Finland	1990	Carbon Tax
Sweden	1991	Carbon Tax
Norway	1991	Carbon Tax
Denmark	1992	Carbon Tax
Holland	1990	Energy Tax
Germany	1999	Energy Tax
Italy	1999	Energy Tax Reform
UK	2001	Climate Change Tax
Switzerland	2005	Carbon Tax

Source: Adachi(2004), p.37 fig. I-II
 (足立治郎, 『環境税—税財政改革と持続可能な福祉社会』築地書館, 2004年)

Proposal of Japanese Government

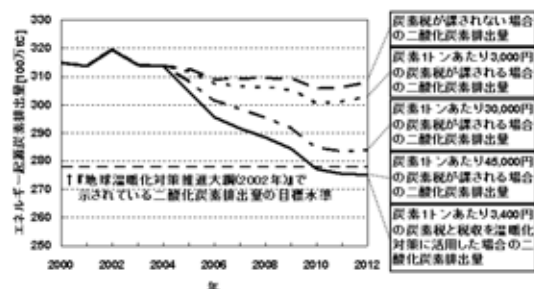
- Carbon Tax
- Tax rate: 2400 yen / C-ton
 (3000 yen / household / year)
- Financing Climate Change Mitigation
 340 bill. Yen for mitigation
 150 bill. Yen for tax abatement
- 4% of carbon reduction from base year emissions
- Small impact for GDP (-0.01%/year from BaU)

Reduction Plan with Tax



Source: Ministry of Environment (2004)

Sample Simulation



Source: National Institute for Environmental Studies
 http://www.nies.go.jp/osirase/koramu/050608.html

Double Dividend:definition

- If the Environmental tax income are used to reduce other tax.
- Environmental Taxes are usually introduced as neutral taxation.
- Two Dividend
 - Environmental improvement
 - Employment effect

Discussions on Double Dividend

- The size of factor input elasticities of substitution
- International Competitiveness
- The interaction effect of labor tax abatement
- Strong/Weak Dividend