

## NRP'S ASSESSMENT REPORT ON NATIONAL AND INTERNATIONAL INSTRUMENTS FOR GREENHOUSE POLICY

### Transcript of discussion

1. Mr. Michaelowa (HWWA institute for Economic Research, Hamburg) informs to which project included the case study on joint implementation in the cement industry.

Mr. Verbruggen answered that this was the case in the "Ecotax study" study of the University of Limburg. This was however only a very limited part of this study and it was therefore not paid separate attention to in his presentation.

2. Mr. Metz (Ministry of VROM) asked Mr. Bruggink was meant with the term *global embedding*.

Mr. Bruggink answered that he introduced the term. He meant that in light of the increasing dependency of global markets and the strong international competition as a result of the opening-up of domestic economies, the relation between environmental policies and the problems related to international mobility of capital and trade balance deficits become more and more important.

Mr. Metz asks whether this calls for international agreements, f.i. fixed standards?

Mr. Bruggink replies that this could be an outcome, but that in many cases only a few companies are involved and that it might be sufficient to take their reactions into account when designing the policies.

3. Mr. Midden (Eindhoven University of Technology) asks Mr. Verbruggen for clarification of the link between certainty and the choice of policy.

Mr. Verbruggen clarifies the issue by example: As long as the problem is unclear, soft instruments are preferred over economic instruments.

4. Mr. Metz states that the conclusion of tax reform project (University of Limburg) that earmarked taxes by environmental agencies are to be preferred, is rather opposing to the current practise. He asks what can be learned from this without radically changing course?

The researchers emphasise that they only looked at the acceptability of the new taxes by the public. This acceptability is greater when a direct link between paying and receiving is introduced.

5. Mr. Metz asks how come that in the Climate Fund project capital transfers between the North and the South are of negligible importance? This result opposes other studies, and is also contra-intuitive.

Mr. Tol (Institute for Environmental Studies, Amsterdam) answers that in the Climate Fund model each region has an own incentive in reducing emissions. This incentive follows from their intertemporal utility optimizing behaviour, and ultimately is based on the presumed utility functions. Utility functions are presumed to be equal among regions, implying that developed countries incentives to invest in emission abatement are not stronger than developing countries incentives.

7. Mr. Michaelowa (HWWA institute for Economic Research, Hamburg) asked whether in the deforestation project land reform could be a useful instruments to avoid deforestation.

Researchers (Leiden University) confirm this.