# The French report on Biodiversity Harmful Subsidies

#### **Augustin Vicard**

augustin.vicard@developpement-durable.gouv.fr

**French Ministry of Environment** 

**Head of the Environmental Taxation Unit** 

#### G7 Workshop on Environmental Harmful Subsidies

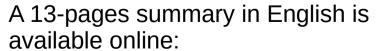
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### A brief overview of the report

- Commission launched by the Secretaries of State for Ecology and Planning in 2010
- Composition: experts in the field, economists, trade union representatives, businesses, environmental NGOs and members of Government
- Final report delivered in 2012:
  « Public incentives that harm biodiversity »
- 400+ pages
- 50+ proposed reforms
- 11 « easy to implement » or « very innovative » recommendations



http://archives.strategie.gouv.fr/cas/system/files/summary\_biodiversite\_traduct ion en 01032012.pdf





## Scope of the report (1/2)

- Five main causes of loss of biodiversity identified in France:
  - 1) destruction and qualitative deterioration of natural habitats;
  - 2) overexploitation of renewable natural resources (fishery resources, water, soil and forests);
  - 3) pollution (nitrates, pesticides, heat pollution and drug residues);
  - 4) invasive exotic species;
  - 5) climate change.



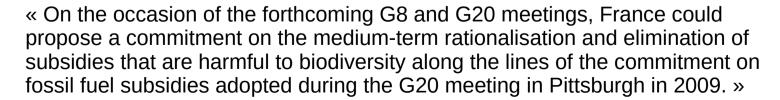
## Scope of the report (2/2)

- Extensive definition of public incentives harmful to biodiversity. Either:
  - transfers of money from the State or regional authorities to private or, on occasion, public actors;
  - a government action likely to deliver an advantage in terms of revenue;
  - failure to internalise certain external effects.
    - => larger than Biodiversity Harmul Subsidies: encompasses subsidies, tax credits, regulatory advantages and the failure to enforce or the partial enforcement of regulations as well as implicit subsidies
- The conceptual reference framework is a price system internalising all costs and advantages:
  - A tax rate that is lower than the external damages caused by the pollution is considered as an implicit subsidy (e.g. water pollutants or air pollutants)



### **Examples of recommendations**

- Most recommendations refer to urban sprawl / land take, or water and air pollution
- Recommendations are often very precise (the devil is always in the details!):
  - Land use and urban sprawl:
    - « Eliminate the 50% tax credit on the value per square meter on which the development tax applicable to warehouses and hangars is calculated, no matter their location. »
- But very general recommendations as well:
  - Transportation:
    - « Reducing public aid for creating new infrastructures in favour of maintaining, requalification and upgrading of the existing transport network would appear to be a solution for mitigating the harmful impacts of public subsidies to transportation. »
- A recommendation that will be of interest to you all:





#### What has happened since 2012?

- Several reform proposals have come into force, e.g.:
  - Tax on industrial air pollutants has been extended to 12 new substances in 2013 and 2014 (arsenic, mercury, benzene...)
  - Implementation of a carbon tax (contribution climat-énergie), whom rate is currently fixed at 30.5€/tCO₂ (goal: 100€/tCO₂ in 2030)
  - Standard VAT tax rate is now applied to chemical fertilizers
- NGOs are asking for an update of the report. My directorate plans to release a paper at the end of 2017 to take stock of the implementation of the report, five years after its release.

