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Improvements of the Recording of Environmental Policy Measures

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In order to make the NA more relevant for policy analysis in relation to environmental issues there is a need to improve the links between SNA and SEEA. There is also a need to improve the recording of economic environmental policy measures undertaken by governments in order to reduce the impact of economic activities on nature.

The using up of scarce natural resources is currently not recorded as a cost in the compilation of GDP. In environmental accounts this is the other way around which makes the SNA lack a link to SEEA. If depletion would be included this would reduce the value of GDP against the use of inventories of natural resources. This would improve the income concept of SNA and make it closer to the maximum consumption possible without reducing future consumption possibilities.

Currently the recording of cap and trade schemes also seems to be a challenge to NA. The somewhat simplified recording proposed by the ISWGNA was partly motivated by the small impact such schemes have on important balancing items in the NA. Primarily due to the commitment countries have made to reduce the emission of greenhouse gases, focus have been on how to achieve this goal. It will therefore be highly probable that cap and trade schemes are going to be used at a larger scale in the near future. For NA still to be relevant it is therefore necessary to improve the recording of such schemes.

Cap and trade schemes are examples of market based policy measures. Market based measures can also be used to stimulate the introduction of new technology. New environmental friendly technology is regarded as a corner stone of economic policy to reduce man's impact on nature. Governments might use several policy tools for this purpose and in the NA they all need a proper recording.

This paper mainly explores a common Norwegian-Swedish market based scheme for the stimulation of electricity production with renewable energy sources. By the issuing electricity certificates to green electricity producers, instead of paying subsidies, there will be no impact on the government budget. At the same time, the government demands certificates to be cancelled in relation to sales of electricity. This creates a market for certificates, in the same fashion as for emission permits, for the benefit of green electricity producers. The paper discusses similarities and differences between the two policy tools and makes some proposals for the improvement of the emission permits recording.