

# The French report on Biodiversity Harmful Subsidies

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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

■ A 13-pages summary in English is available online:

[http://archives.strategie.gouv.fr/cas/system/files/summary\\_biodiversite\\_traduction\\_en\\_01032012.pdf](http://archives.strategie.gouv.fr/cas/system/files/summary_biodiversite_traduction_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 Harmful 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:**
  - « On the occasion of the forthcoming G8 and G20 meetings, France could propose a commitment on the medium-term rationalisation and elimination of subsidies that are harmful to biodiversity along the lines of the commitment on fossil fuel subsidies adopted during the G20 meeting in Pittsburgh in 2009. »

# 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), whose rate is currently fixed at 30.5€/tCO<sub>2</sub> (goal: 100€/tCO<sub>2</sub> 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.