

Fossil fuel subsidy inventories vs. net carbon prices

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Price incentives for reducing fossil fuel related carbon emissions are an important component of effective and efficient climate policy. Current incentives stem from a mixture of energy taxes and carbon pricing (incentivizing less emissions) and diverse support measures for fossil fuels (incentivizing more emissions). We develop a net carbon price indicator that complements existing subsidy and carbon pricing indicators. It can be calculated on different aggregation levels and compared across countries. We calculate the different components and our aggregate indicator for the year 2018 and for eight countries including the worlds' six largest emitters. Our analysis reveals large differences in net carbon prices across countries and across sectors within countries. We argue that the sectoral differences can inform about adequate national policy reforms while the aggregate national indicator can be useful for international negotiations about comparable national efforts.

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