Forum (Council, Committee, Assembly): General Assembly 2

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TOPIC (1): The question of carbon tax

I. Introduction to the Topic

Carbon tax is a topic that has been a major worldwide challenge for a long time. Carbon tax is when the government of a nation charges money for the amount of greenhouse gases emitted into the air (per ton) that those who live in the nation have to pay legally by abiding by the law. Greenhouse gas emissions are what goes into the air when carbon is emitted. The question of carbon tax is such a debatable issue because governments of some countries have decided to implement carbon taxes because their nations believe it is an effective way to lower the amount of carbon emitted into the air. A majority of the carbon pollution comes from energy producing companies and factories.

Furthermore, carbon taxes are now legally established in about 40 countries, such as Sweden, Finland, Denmark, Canada, etc. The remaining nations are either against the idea or still questioning the idea of enforcing carbon taxes in their nations. This is because, in many countries facing the issues of poverty (also known as LDC countries), the nation's citizens simply cannot afford to pay the carbon tax, and enforcing it would make carbon tax a lot more difficult as it would limit businesses from the overall usage of carbon. Whereas, highly developed countries (MDC), have citizens who can afford to pay a carbon tax and are generally wealthier which makes it easier for the green tax rule to have a positive effect on their country's pollution levels.

This topic holds great significance in GA2 because greenhouse gas emissions and carbon dioxide are among the biggest causes of global warming and climate change. These emissions put many people in grave danger of well-being which is why it is so important for us to review this whole issue and understand it from the member state's point of view.

A carbon tax could be a solution to reducing the amount of emissions going into the atmosphere and reducing global warming, however, it could be detrimental for certain countries economically because of their current financial status.

Some countries believe that establishing a carbon tax could never work in the real world because establishing a carbon tax puts many factorial industries financially locked because of its added tax that they then have to pay resulting in their businesses eventually failing.

On the other hand, countries primarily located in the European continent in which factorial industries have the money to pay carbon tax as their countries are generally more financially stable, not putting them in a difficult position and making it easier for the government to make an impact on their carbon pollution.

II. Definition of Key Terms & Concepts

Carbon tax: to reduce pollution, it is a tax for greenhouse gas emissions and fossil fuels.

Emissions: This is the significant word used for the action of producing/releasing carbon dioxide.

Country financial/economic status: States whether a country is developed financially or economically (MDC and LDC).

Green taxation: taxes on pollution, transportation, resources, and energy.

III. Key Stakeholders

Pakistan: The country is currently facing the crisis of pollution which is causing various deathly hazards endangering the citizens of the nation's health. In 2021 alone Pakistan produced a total of 199.3 metric tons of carbon & fossil fuels. In addition to that, a bunch of tension arises as Pakistan being an LDC country makes it harder for them to establish the law of carbon tax, with the question of "Is carbon tax effective?" arises as well. The Pakistani government has little to no intention of establishing any law to do with carbon tax despite statistics showing that within the next 7 years, it is expected that Pakistan's carbon emission usage will increase by approximately 50%. This raises a huge concern for Pakistani citizens and their government all worried about rising health hazards making Pakistan a key stakeholder.

Niger: Around 40% of this country is in extreme poverty; which would initially make it challenging for businesses that rely on the usage of carbon to even think about having to pay carbon tax. Despite facing extreme conditions of poverty, Niger releases around 82.6 million tons of CO2 per year, mostly for agricultural reasons such as livestock and gas production and oil leakages. Both the government and citizens of Niger are poor so if the green tax rule existed there a lot of businesses would have to shut down. Hence, the economy would decline rapidly, especially because Niger is increasing its CO2 emissions by 0.7% (2016). It's not necessarily that their government does not want to establish the carbon rule, it is that they cannot because it will make their country suffer both economically and financially. For various reasons above, this makes Niger a key stakeholder.

Indonesia: This country being large in geography and having a big population, has many factories that rely solely on carbon for their businesses to run. This has left a huge carbon footprint in Indonesia endangering the lives of many Indonesian residents. The Indonesian government has recognized this and is looking to establish the law of carbon tax as soon as possible.

Sweden: This country has had its carbon tax instituted since 1991 making it one of the first countries to impose the carbon tax. For distinct reasons, the carbon tax in Sweden has prominently increased in importance as it has helped keep Upasala (a city in Sweden) ranked as the 11th city with the cleanest air. Since Sweden imposed the carbon tax, their carbon usage has reduced by a whole 29% percent proving the carbon tax to be effective. As the Swedish government and factories/businesses based in Sweden never suffered much financially, it was very easy for the carbon tax to have an effect there, whereas had Sweden been a poor country (LDC) they would have probably faced a lot more challenges.

India: This country is sceptical about establishing the law of carbon tax because it will make the country's steel exports higher priced, and it will become economically challenging for India. However, next to China and the USA, India is the third largest emitter of carbon dioxide with emitting 7% of the entire world CO2 release, but they are not yet enthusiastic of establishing the law.

ASEAN: This regional organisation is working to bring countries together to address economic and security issues and has a big focus on their usage of carbon. This organisation consists of ten member states: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam. All of these countries being in southeast Asia use an outrageous amount of carbon daily, ASEAN and each country's respective governments have decided to work towards the goal of establishing carbon pricing if they haven't already imposed it in their countries.

International Monetary Fund: This is an organisation made to support economic policies that bring monetary collaboration and financial stability. This organisation addresses information on carbon taxation and carbon emissions. This organisation is designated for people all over the world.

United Nations Framework Convention on Climate Change: The United Nations Framework Convention on Climate Change (UNFCCC or UN Climate Change) is an organisation created to address issues of global climate change. It was founded in Brazil in 1992 and entered forcefully on March 21, 1994. The organisation works to prevent human–caused greenhouse gas inference with the climate. The Paris Agreement, adopted in 2015 Paris set more ambitious goals for reducing greenhouse gases in the atmosphere and limiting global warming. In other countries, the majority of the nations involved in the United Nations are also active in the organisation.

IV. Key Issues including Background Information

Health Hazards caused by carbon pollution: Pollution can harm one's well-being and negatively impact their health. Inhaling pollution regularly can cause strokes, Ischaemic heart disease, Lung cancer, Pneumonia, Heart disease, Respiratory infections, Chronic obstructive pulmonary disease, and many more unpleasant illnesses. Studies prove that both short-term and long-term exposure to pollution can cause deadly illnesses, short term exposure to air pollution can cause various kinds of lung (respiratory) infections which can result in the human body not being able to inhale oxygen. This is why many countries have added the carbon rule (so that factorial industries are cautious about their carbon footprints).

Economic decline: Some countries are against it for various reasons. India, for example, is against the idea of carbon tax because of the government's fear of negative impacts on the country's economic growth. And some other countries actually don't need a carbon tax because they don't pollute the environment as much with carbon dioxide. These countries do not have a carbon tax and do not require businesses and citizens to pay for the CO2 that they release, making the environment bad.

The reason for countries' reluctance to establish carbon tax: One of the big reasons governments could be reluctant to implement carbon prices is the way they would affect welfare. A carbon tax on fossil fuels, for example, is frequently regressive in its impact, harming poorer people more than affluent people. When prices rise and become more expensive for them to purchase, poorer people still lose out on welfare, even in cases where the policy is progressive. Creating transfers to make up for this loss is not an easy task. It could be challenging to identify the injured parties or to get money to them, and compensation schemes might not be well-developed.

Alternative Measure: Alternative approaches to carbon taxation can be considered to address carbon emissions and climate change. Not all countries are fond of a carbon tax. Thus, countries with reluctance to establish carbon tax are determining alternative solutions to carbon emissions and climate change. Some countries have already implemented and established these approaches, including the Emission Trading System, Renewable Portfolio Standards, etc.

V. Timeline of Resolutions, Treaties, and Events

Date	Description of event
1990	The first country to do so, Finland, first announced carbon pricing, using the system: "Sulphur Emission Trading System".
2016	The Paris Agreement happened, and 196 parties attended the 2015 UNFCCC near Paris, deeply negotiating climate change mitigation, finance, and adaptation.
1991	Several EU countries announced carbon tax, such as Norway and Sweden.
2002	New Zealand became deeply aware of climate change and established the law of carbon tax.
2014	After Australia announced carbon tax in 2012, citizens disapproved because a lot of them thought the carbon tax would cause economic decline and a more expensive life. In 2014, Australia repealed the carbon tax.
2021	China implemented ETS, another system of carbon pricing. This was a relief to many countries since China is the largest emitter of carbon dioxide.

VI. Possible Challenges & Solutions

Health Hazards caused by carbon pollution: The citizens in a nation could take more action and try not to burn fossil fuels, use too much gas, etc. These small actions can help un–pollute the environment.

Economic Declines: The government can set a reasonable carbon tax that fits for the country so that not much harm will be done to the country.

The reason for countries' reluctance to establish carbon tax: The government can

Alternative Measure: Write 2-3 sentences about the possible challenges & solutions from a different perspective.

VII. Bibliography

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VII: Additional Information: