

ETR in Vietnam

Vietnam on its way to support climate change resilience via environmental tax strategies

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Green Budget Germany

NGO, founded Nov. 1994, Members welcome!

Commitment to Market based Instruments (MBI)

Ecological Fiscal Reform (Green Budget)

More Ecological Tax Reform (ETR)!

More Emission Trading (ETS)!

Subsidies: more positive / less Environmentally Harmful Subs
and other Market-Based Instruments

Target groups: economy, science and politics

Projects of particular relevance:

Green Budget Europe (GBE) since 2008

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Environmental Setting

- **will be heavily affected by climate change**
- **realises that its past environmental policy instruments are not that effective**
- **Several environmental scandals popped up in the early 2000s.**

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Political Process

- In 2004, the Vietnamese Prime Minister, Nguyen Tan Dung, asked for an ETR to be introduced by 2011.
- GTZ is supporting the MoF to design it.
- A framework environmental tax law was adopted by the Government in April 2010
- It is now under discussion at the National Assembly which is due to decide in November 2010
- In 2012 it shall enter into force
- In addition, an air emission charge decree shall be adopted in 2011 entering into force in 2012, too.

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Tax objects and rates in the draft law

No.	Taxable Object	Unit	Tax rate (VND per unit)
I	Gasoline and oil		
1	All types of gasoline	liter	1.000 – 4.000
2	Jet fuel	liter	1.000 – 3.000
3	Diesel	liter	500 – 2.000
4	Paraffin	liter	300 – 2.000
5	Mazut	kg	300 – 2.000
6	Lubricating oil	liter	300 – 2.000
7	Grease	kg	300 – 2.000
II	Coal	Ton	6.000 – 30.000
III	HCFC	Kg	1.000 – 5.000
IV	Soft plastic bags	Kg	20.000 – 30.000
V	Restricted-used plant protection chemical substances		
1	Agricultural chemical substances	Kg	500 – 2.000
2	Anti-termite chemicals	Kg	1.000 – 3.000
4	Preservatives for forest products	Kg	1.000 – 3.000
5	Disinfectant chemicals used for warehouses	Kg	1.000 – 3.000

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China

- **China Council for International Development on Environment and Development proposes to introduce a long-term oriented carbon/energy tax in predictable and small steps and a comprehensive environmentally-related tax reform – in the Annual General Meeting in November 2009.**
- **A carbon tax (instead of an energy tax) is thus now under intensive discussion to be included in the next 5-Year-Plan (2011-2015). The State Council may likely suggest it, but in March 2011 the China People's Party Congress has to approve it.**
- **Hence, the earliest date of its introduction could be mid 2011 or early 2012.**
- **It may be rather a carbon than an energy tax not least given the „threats“ of a border tax adjustment from the USA, the EU and France.**
- **The German development agency GTZ supported this process**
- **<http://www.foes.de/publikationen/studien/?lang=en/#franz3>**

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Conclusions

- After European countries had led for many years, Asian countries are now showing strong interest, though implementation is still to be done.
- While Indonesia and Thailand are still in an exploratory phase, China and Viet Nam are more advanced.
- Vietnam is very likely to be the first Asian country to introduce a comprehensive environmental taxation.
- Instead of binding caps, these countries might rather go for environmental fiscal instruments.
- Much appreciation that Asian countries move
- Asian countries becoming a driver for Europe to accelerate its efforts again?

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Thank you for your attention!

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