



Carbon tax linked to economic growth

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THE INTRODUCTION of a carbon tax could lead to economic growth and increasing competitiveness, according to a leading think-tank on the environment.

Comhar, the sustainable development council, yesterday called on the Government to introduce a carbon tax in the budget. It said the tax should be set at €20 per tonne of CO₂ emitted (or the equivalent of about 5c per litre of petrol). The average household would pay annual taxes of €246.

In its pre-budget submission, Comhar contends that if revenues from the tax were used in targeted

ways the result would be a growth in GNP, an increase in employment and investment in energy-efficient technologies. This would also lead to a reduction in fuel poverty.

"The council believes that any revenues raised should be used to reduce labour tax, compensate low-income groups and promote further emissions-savings activities."

It says the proposed tax is approximately the same rate as the price currently facing industry under the EU Emission Trading Scheme (ETS).

Comhar's director of research Dr Lisa Ryan said the immediate introduction of a tax would serve as a price signal that the cost of

carbon would have to be met.

"The incentive for introducing a carbon tax has been strengthened in recent times because of the economic downturn and the revelation that Ireland's carbon emissions from transport and agriculture are going to be far higher than previously expected over the next five years.

"We need to act now to make sure we can meet our climate change targets. We also need to view the introduction of a carbon tax as an opportunity to stimulate our flagging economy," she said.

Elsewhere, Labour's environment spokesman Joanna Tuffy yesterday called on the Government

to quickly establish a national forum on climate change. Given the alarming rise being predicted in emissions, a forum would allow everyone with a stake in the issue to contribute to a solution.

"It is time for Government, the public, local government, business, industry, farmers, the energy sector, the forestry sector and others to come together to decide what we can do more of – what we can do more efficiently – in order to make real progress on our carbon emissions."