



## **SUSTAINABLE DEVELOPMENT**

# **OECD WORKSHOP ON ENVIRONMENTALLY HARMFUL SUBSIDIES**

## **DRAFT AGENDA**

Paris, 7-8 November 2002

Registration is from 8h30-9h30 on 7 November 2002 at the IEA, (International Energy Agency) 9 rue de la Fédération, 75015 Paris.

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## **OECD WORKSHOP ON ENVIRONMENTALLY HARMFUL SUBSIDIES\***

Held at: the IEA (International Energy Agency), 9, rue de la Fédération, 75739 Paris Cedex, 15

An Internet site has been created for this meeting on which documents will be posted as they become available. To access the site, you should proceed as follows: <http://www1.oecd.org/agr/ehsw>

<b>Thursday 7 November</b>	
8h30 - 9h30	<b>Registration</b>
9h30 - 10h00	<p><b>Chair: Robin WILSON, Senior Economic Advisor, (United Kingdom)</b></p> <p><b>Welcome and official opening of the workshop</b></p> <p style="text-align: center;">❖ OECD Deputy Secretary-General Ms. Berglind ÁSGEIRSDÓTTIR</p>
10h00 - 10h30	<p><b>Session 1: Overview and Context</b></p> <p><b>1.1. Setting the scene: Keynote address by David PEARCE, Professor, CSERGE, University College London, (United Kingdom)</b></p> <p style="text-align: center;"><i>“Environmentally Harmful Subsidies: Barriers to Sustainable Development”</i> [SG/SD(2002)14]</p> <p><i>This contribution will outline why it is important to identify and measure environmentally harmful policies and subsidies, in the context of enhancing global sustainable development.</i></p>
10h30 – 10h50	<b>Coffee Break</b>
10h50 – 13h00	<p><b>Session 2: Defining and measuring subsidies</b></p> <p><b>2.1. How have subsidies been defined and measured in sectoral work?</b></p> <p>This Session will be opened by a presentation by <b>Gareth PORTER, Independent Consultant, (United States)</b></p> <p style="text-align: center;"><i>“Subsidies and the environment: An overview of the state of knowledge”</i> [SG/SD(2002)15]</p> <p>This presentation will be followed by an overview of the OECD Secretariat work on subsidies and how it is considering those subsidies that are potentially harmful to the environment by <b>Outi HONKATUKIA, OECD Environment Directorate</b></p> <p style="text-align: center;"><i>“A stocktaking of the on-going OECD work on subsidies”</i> [SG/SD(2002)16]</p> <p>Background papers on measuring subsidies in various sectors (see below), prepared by the OECD Secretariat and external consultants will be available.</p>

\* The draft agenda for the Workshop on Environmentally Harmful Subsidies has been prepared by the OECD Directorates for Food, Agriculture and Fisheries (AGR), Environment (ENV), and Trade (ECH), as well as the Secretariat of the European Conference of Ministers of Transport (ECMT) and the International Energy Agency (IEA).

13h00 – 14h30	<p><b>Lunch</b></p> <p style="text-align: center;"> <b>“Side Events”:</b></p> <p style="text-align: center;">– <b>World Bank: “Measuring the Incidence of Canal Irrigation Subsidies in India”</b></p>
14h30 – 15h40	<p><b>2.1. (continued) How have subsidies been defined and measured in sectoral work?</b></p> <p>Background papers:</p> <p><b>External contributions:</b> (Papers will be presented)</p> <ul style="list-style-type: none"> <li>➤ <b>Transport</b>, Chris NASH, (who will present the paper), Institute for Transport Studies, University of Leeds, (United Kingdom), Peter BICKEL and Rainer FRIEDRICH (University of Stuttgart, Germany), Heike LINK and Louise STEWART (DIW, Berlin, Germany)</li> </ul> <p style="text-align: center;"><i>“The environmental impact of transport subsidies”</i> [SG/SD/RD(2002)1]</p> <ul style="list-style-type: none"> <li>➤ <b>Water</b>, Mona SUR, Economist and Ariel DINAR, Lead Economist, World Bank, (United States)</li> </ul> <p style="text-align: center;"><i>“Water-related subsidies in irrigated agriculture: environmental and equity consequences”</i> [SG/SD/RD(2002)2]</p> <p><b>OECD contributions:</b> (Papers will not be presented, but made available as Room Documents)</p> <ul style="list-style-type: none"> <li>➤ <b>Agriculture</b> (Luis PORTUGAL, AGR) <i>“OECD work on defining and measuring subsidies in Agriculture”</i> [SG/SD/RD(2002)3]</li> <li>➤ <b>Coal/Energy</b> (Kristi VARANGU, IEA) <i>“IEA work on defining and measuring environmentally harmful subsidies in the Energy sector”</i> [SG/SD/RD(2002)4]</li> <li>➤ <b>Fisheries</b> (Anthony COX, AGR/FISH) <i>“OECD work on defining and measuring subsidies in Fisheries”</i> [SG/SD/RD(2002)5]</li> <li>➤ <b>Industry</b> (Frank LEE, DSTI) <i>“OECD work on defining and measuring subsidies in Industry”</i> [SG/SD/RD(2002)6]</li> </ul> <p>The discussion will be opened by <b>Ron SANDREY, Economic Research Coordinator, Economics Division, Ministry of Foreign Affairs &amp; Trade, (New Zealand)</b>.</p> <p><i>Work is underway on measuring subsidies in a range of economic sectors, both within and outside the OECD. The work uses differing definitions, coverage, degree of detail and classification of subsidies, to some extent dependent on data availability. The various definitions of subsidies and methods of measuring them partly reflect the purpose for which they are calculated (for example, to analyse trade effects or to evaluate relative levels of support to domestic industries). Some deal only with explicit monetary transfers, others include implicit monetary transfers to a given sector. Some are adjusted to include other upstream subsidies and taxes, while others attempt to take into account public goods and externalities.</i></p> <p><i>This session will take stock of work in the OECD, other IGOs, NGOs, and national government and research institutes on the methodologies used to measure subsidies for the various economic sectors covered, and of the available data.</i></p>

15h40 – 16h00	<b>Coffee Break</b>
16h00 - 17h00	<p><b>2.2. Can common definitions and methods for measuring subsidies be established?</b></p> <p>The objectives of this session are twofold. First, drawing on the discussion in Session 2.1, an attempt will be made to reach consensus on a definition of a subsidy that can be applied generally, across different sectors. Emphasis will be put on developing a common framework for describing and classifying subsidies, which can serve multiple purposes, including identifying and assessing those that are potentially environmentally harmful. The discussion will be based on a background study and presentation by <b>Ronald STEENBLIK, OECD Trade Directorate</b></p> <p style="text-align: center;"><i>“Subsidy measurement and classification: developing a common framework”</i> [SG/SD(2002)17],</p> <p>followed by comments from a discussant, <b>Doug KOPLOW, Earth Track Inc., (United States)</b>.</p>
17h00 – 18h00	<p><b>Session 3: Defining and Measuring Environmentally Harmful Subsidies</b></p> <p><b>3.1. What is an environmentally harmful subsidy?</b></p> <p>The session will be opened by a conceptual paper presented by <b>Jan PIETERS, Senior Economic Advisor, Ministry of Housing, Spatial Planning and the Environment, (Netherlands)</b></p> <p style="text-align: center;"><i>“What makes a subsidy environmentally Harmful: Developing a checklist based on the conditionality of subsidies”</i> [SG/SD(2002)18]</p> <p>followed by comments from a discussant, <b>Gian SAHOTA, Professor, Vanderbilt University (United States)</b>.</p>
18h00	<b>Cocktail hosted by the OECD</b>
<b><i>Friday 8 November</i></b>	
9h30 – 11h00	<p><b>3.1. (continued) What is an environmentally harmful subsidy?</b></p> <p>The session will continue with the general discussion. <b>Ragnar ARNASON, Professor, University of Iceland (Iceland)</b> will make some concluding comments following the coffee break at 11h20.</p> <p><i>While there are different definitions of subsidies, there are even greater difficulties in distinguishing subsidies that are potentially harmful to the environment from those that have no negative impact — or benefit the environment. The aim of this session is to develop a workable checklist of characteristics that can be used to provide a first-approximation ranking of subsidies in terms of their environmental harmfulness.</i></p>
11h00 – 11h20	<b>Coffee Break</b>
11h20 – 11h35	Concluding comments by <b>Ragnar ARNASON</b> .

11h35 – 13h00	<p><b>3.2. From theory to practice: developing an operational framework to measure and analyse environmentally harmful subsidies</b></p> <p>This session will seek to establish the extent to which the checklist of characteristics of environmentally harmful subsidies (developed in Session 3.1) can be applied in practice. The discussion will be opened with a presentation by <b>Anton MEISTER, Professor, Resource and Environmental Economics, Massey University (New Zealand)</b>. This will be followed by comments from <b>Dr. Akira HIBIKI, Senior Researcher, National Institute for Environmental Studies, (Japan)</b> and <b>Aimee GONZALEZ, Senior Policy Adviser, Interim Trade and Investment Unit, WWF International, (Switzerland)</b> to introduce the <b>general discussion</b>.</p> <p><i>This session will draw on the previous sessions and will seek to establish to what extent the checklist of characteristics of environmentally harmful subsidies (developed in Session 3.1) can be applied in different sectors, in light of the classifications used in the sectors, taking into account the data and information gaps. The session will also address the question of using a classification framework for environmentally harmful subsidies as a tool for policy analysis, including the scope for modeling work to assess environmental impacts. The applicability of the framework to countries where information on subsidies is scarce and their environmental effects are often difficult to assess will also be considered.</i></p>
13h00 - 14h30	<b>Lunch</b>
14h30 – 17h00	<p><b>Session 4: The way forward for addressing environmentally harmful subsidies in the OECD</b></p> <p><b>Wilfrid LEGG, Head of the Policies and Environment Division, OECD Food, Agriculture and Fisheries Directorate</b>, will introduce this session, followed by a discussion led by a panel comprising <b>Anton MEISTER, Jan PIETERS</b> and <b>Gareth PORTER</b>.</p> <p><i>The session will outline a possible way forward for the OECD in measuring environmentally harmful subsidies, ranking policies and using the data in policy analysis. The session will highlight the key policy issues, the trade-offs and win-win outcomes regarding the economic, environmental, and social dimensions of sustainable development. The session will also identify data needs and modelling requirements.</i></p>
17h00 - 17h15	<p><b>Session 4.1. Summing-up</b></p> <p><i>The workshop rapporteur <b>Michel POTIER, Consultant, (France)</b> will sum-up the discussion, draw the main conclusions from the workshop and identify further actions that could be taken by the OECD in contributing in the reduction of environmentally harmful subsidies. The report, together with relevant workshop material, will subsequently be presented to the Ad Hoc Group on Sustainable Development.</i></p>
17h15	<b>Final remarks by Chair and Secretariat</b>
17h30	<b>End of the Workshop</b>