

Friedrich Ebert Foundation  
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Financing for Development Office, UN-DESA

## **Carbon Taxes - A Tool for Managing Climate Change or a Threat to the World's Poor?**

**June 17, 2008  
3.00 p.m. - 6.00 p.m.  
Conference Room 9  
United Nations, New York**

**Speakers:** **Tariq Banuri**, Senior Fellow and Director of the Future Sustainability Program, Stockholm Environment Institute  
**Michael Keen**, Division Chief, Fiscal Affairs Department, IMF  
**Gilbert E. Metcalf**, Professor of Economics, Tufts University

**Chair:** **Ambassador Byron Blake**, Permanent Mission of Antigua and Barbuda to the UN

*The challenge of financing climate change adaptation and mitigation will need to be addressed by the international community in the two-year period culminating in the UN Copenhagen climate change conference scheduled for the end of 2009. Therefore, the preparatory process to the Follow-up International Conference on Financing for Development and the Doha Review conference itself provide an important opportunity to discuss potential additional financing mechanisms that would allow countries to cope with climate change.*

*It has been recognized that the distribution of causes and effects of climate change is highly uneven across developed and developing countries and this is reflected by the principle of 'common but differentiated responsibilities' in the UN Framework Convention on Climate Change (UNFCCC) and the Kyoto protocol. Some experts have argued that carbon taxes might be an effective instrument for the mitigation and adaptation to climate change. They could result in a stable price for emissions, provide for great flexibility in the face of changing economic conditions, create revenues for development and enhance efficiency and equity. Carbon taxes may, however, be associated with the cost of redistributing income from the poor to the rich. Expenditure on energy, particularly for heating and cooking, weighs more heavily in low-income budgets, so that higher energy prices redistribute income in disfavor of the poor.*

*Against this background, the event will discuss the feasibility of carbon taxes to control climate externalities and the potential they might have in generating revenues for development purposes. Further, it will be examined how the negative distributional impact of the instrument could be tackled in order to enhance political acceptability. The event will bring UN government representatives together with experts from multilateral institutions, civil society and the private sector.*