

## EFFECTIVE CARBON PRICES

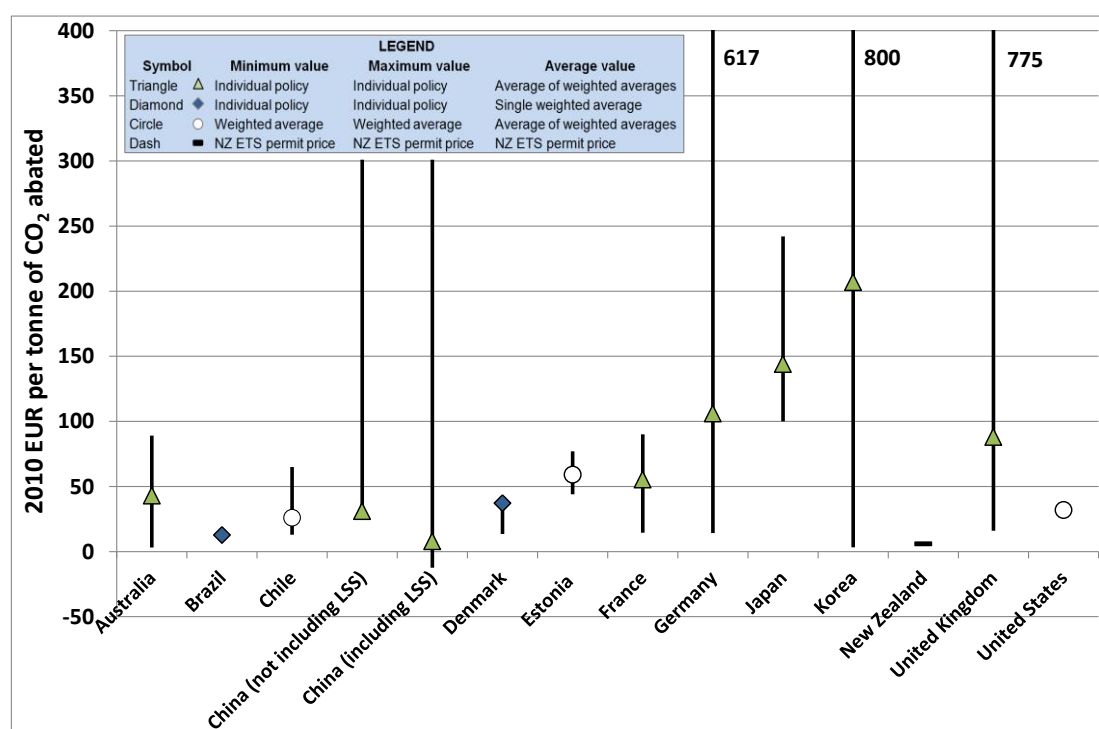
### Country note on FRANCE: Very high costs of biofuel mandates in road transport

These country notes present a brief synthesis of the costs to society of reducing CO<sub>2</sub>eq emissions in selected countries. They are based on an examination of a broad range of policy instruments used in the electricity generation, road transport, pulp and paper, cement and household energy sectors.

The 2013 OECD report on *Effective Carbon Prices* found wide variations in the costs of abating each tonne of CO<sub>2</sub>eq within and among countries.<sup>1</sup> Effective carbon prices arise either explicitly via carbon taxes or emission trading systems, or implicitly via the abatement incentives embedded in other policies that influence greenhouse gas emissions. When interpreting the results, it is important to be aware that high effective carbon prices can stem from either ambitious policy or from ineffective policy. These case studies found that taxes and trading systems are generally more cost-effective than other policy instruments such as capital subsidies or feed-in tariffs.

The average estimated abatement cost in the electricity generation sector in France is in the mid-range of the countries covered (Figure 1). Unlike in several other countries, no effective carbon prices higher than EUR 100 per tonne of CO<sub>2</sub>eq abated were estimated.

**Figure 1. Estimated average effective carbon prices in the electricity sector, by country**



Note: The estimate for Estonia includes only supply-side abatement. For China, "LSS" refers to the "Large Substitute for Small" programme.

1. The countries covered in the book are Australia, Brazil, Chile, China, Denmark, Estonia, France, Germany, Japan, Korea, New Zealand, South Africa, Spain, United Kingdom and United States.

In road transport, the effective carbon prices in France are in the mid-range found for the countries studied (Figure 2). The estimated costs of the biofuel tax preference for ethanol do, however, exceed EUR 170 per tonne of CO<sub>2</sub>eq abated (Figure 3).

**Figure 2. Estimated effective carbon prices in the road transport sector, by instrument type**

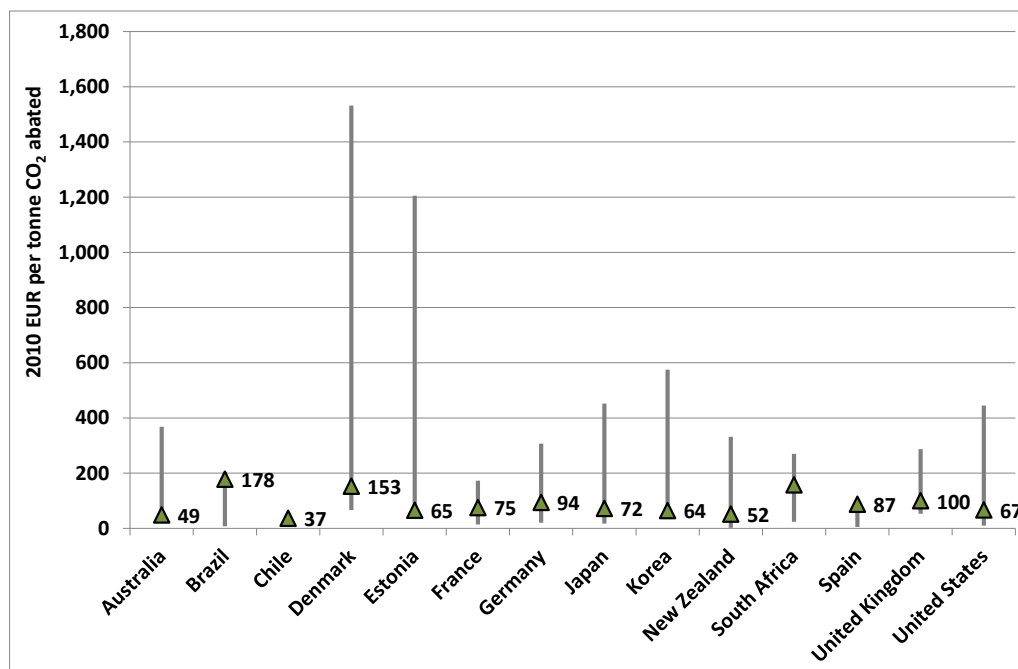
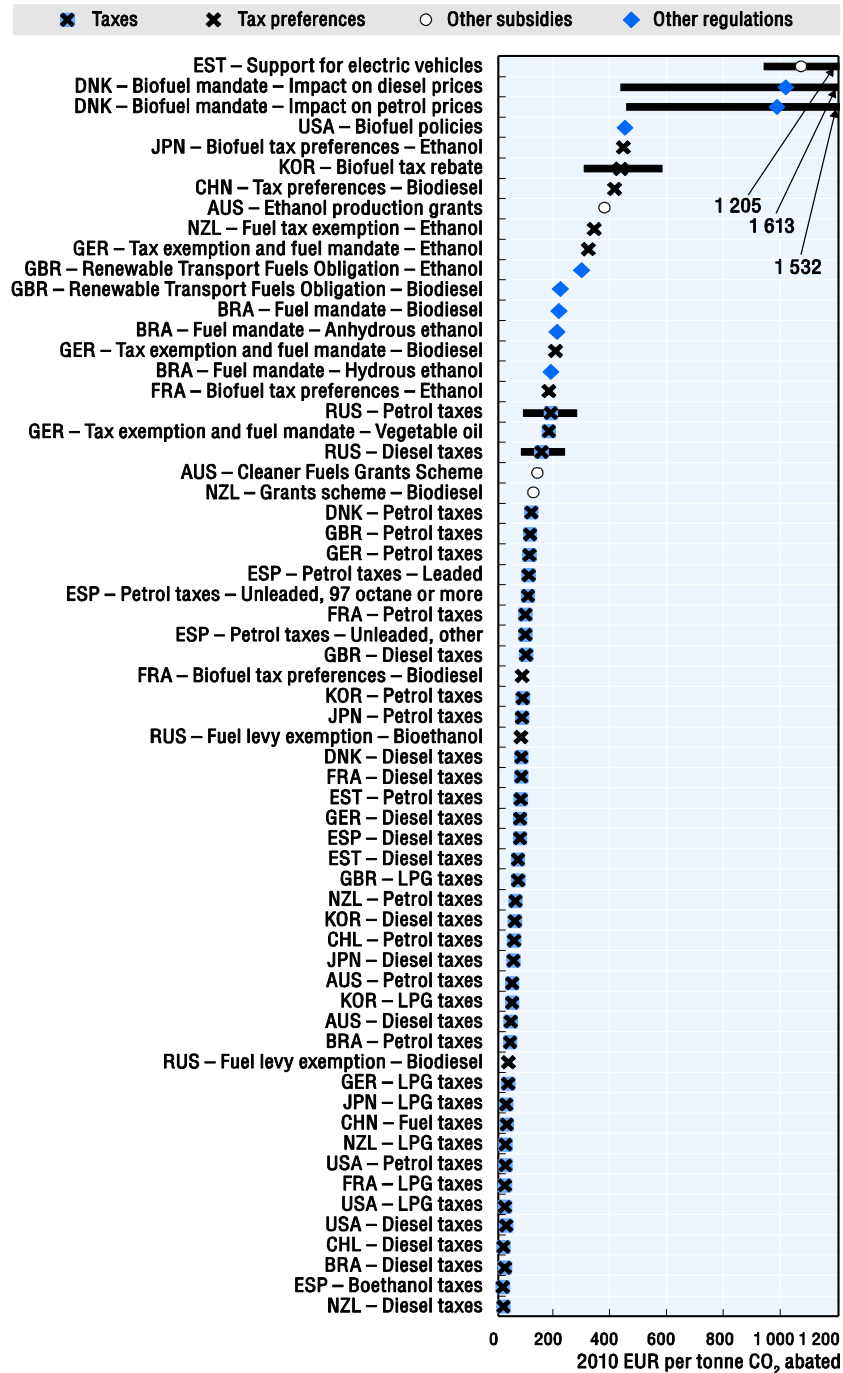
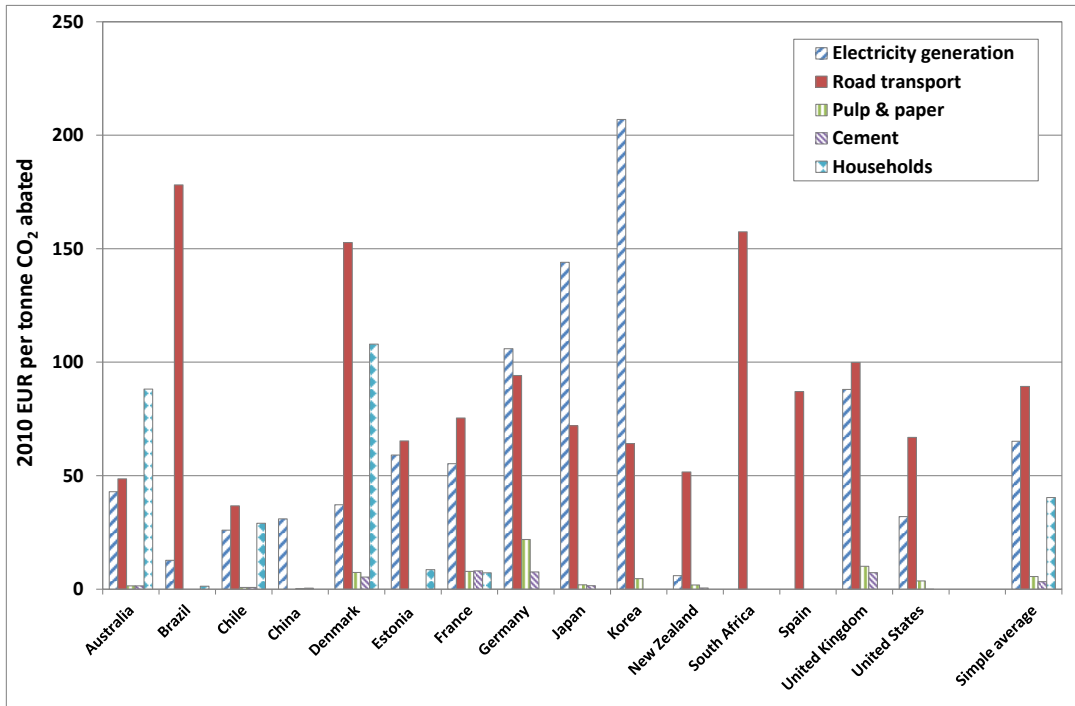


Figure 3. Estimated effective carbon prices in the road transport sector, by instrument



In the two industrial sectors, pulp & paper and cement, the effective carbon prices found in France are much lower than in the other parts of the economy that have been studied – consistent with the analysis of almost all the countries examined (Figure 4).

Figure 4. Estimated effective carbon prices in the different sectors, by country



The effective carbon prices in relation to households' energy use in France are among the lowest across the countries studied (Figure 5). As noted above, the differences in effective carbon prices found across countries can be due to variations in the level of ambition as well as in the cost-effectiveness of the instruments applied. In the case of France, the level of ambition in the policies applied to limit GHG emissions in the household sector seems to be relatively modest.

Figure 5. Estimated effective carbon prices in the household sector, by country

