

TABLE OF CONTENTS

ABSTRACT	7
<i>Chapter 1. INTRODUCTION AND BACKGROUND</i>	9
Background on carbon tax and trading programmes	10
Overview of the tax and trading approaches.....	10
Compliance cost savings from emissions tax and trading programmes.....	11
Distributional impacts	11
Issues in distributive analyses.....	12
Factors affecting the comparability of distributive effects	12
Objectives of this study	13
Overview of the report	14
<i>Chapter 2. DISTRIBUTIVE IMPACTS OF NATIONAL CARBON TAX AND TRADING PROGRAMS</i>	15
Global warming damages	15
U.S. damage studies by sector	15
Geographic variability	18
Income and other population groups	18
Costs of carbon taxes	19
Approaches to cost estimation	19
Government revenues	20
Income distributional impacts.....	21
Empirical results for developed countries.....	21
Empirical results for developing countries	24
Additional considerations	25
Energy sector impacts.....	26
Market conditions.....	26
Empirical studies	28
Alternatives to a carbon tax	28
Impacts on other domestic sectors	28
Impacts on imports and industries tied to international markets	29
Impacts on regions	30
Carbon trading programmes	30
Allocation formula	30
Carbon trading programmes and government taxes	31

<i>Chapter 3. DISTRIBUTIVE IMPACTS OF INTERNATIONAL CARBON TAX AND TRADING PROGRAMMES</i>	33
Global warming damages	33
Damages by region of the world	33
Other international damage estimates	34
Costs of international carbon taxes	36
Global system of national carbon taxes	36
Changes over time in regional impacts	37
Global tax scheme	38
Energy use impacts	39
International carbon trading programmes	41
Costs of international programmes	42
Cost savings from emissions trading	43
Joint implementation	43
Importance of initial allocation	45
Other issues affecting distributive effects	47
Cost-benefit comparisons	48
<i>Chapter 4. AVOIDING ADVERSE DISTRIBUTIONAL IMPACTS</i>	51
Mitigation versus compensation	51
Mitigation options for carbon tax and carbon trading programmes	51
Carbon taxes	52
Carbon trading	53
Compensation options	54
Carbon taxes	54
Carbon trading programmes	55
Prospects for mitigation or compensation	56
<i>Chapter 5. CONCLUDING REMARKS</i>	57
Tentative results	57
Next steps	58
REFERENCES	61
NOTES	67