

Foreword

Environmental taxation (or environmental tax reform) includes not only the reform of carbon and energy taxes but also reform of taxation on environmental pollutants and resource use that is not related to energy. Along with environmental taxation, green fiscal reform is also important. Governments should provide companies with stronger incentives to pursue the innovation of low-carbon processes and low-carbon products while shifting the focus of government expenditures from subsidies for fossil energy and nuclear energy toward support for renewable energy and reducing spending on the highly politicized construction of large-scale dams, roads and other questionable energy projects.

Environmental taxation and green fiscal reform are challenges that are difficult to achieve based on a short-term perspective. Necessary first steps are to present to the public a long-term vision for greening fiscal measures in an understandable manner and to gain public support for environmental sustainability.

Governments can deal with industrial pollution, urban environmental issues, and other environmental problems with market based instruments such as taxes and fees. It is difficult to say, however, that companies and other economic entities are sufficiently motivated to act in a responsible way by the current level of taxes and fees. Also, revenues collected by environmental taxes and fees are often earmarked for other than environmental purposes.

Environmental sustainability requires strong conviction and leadership that cannot be swayed by short-term economics. Governments must persistently provide the public with appropriate education and accurate information on the limits of an economy dependent on fossil energy, on the need for internalizing environmental pollution by proper means and on the risks associated with the use of nuclear energy. Volume XIV of *Critical Issues in Environmental Taxation* expands the discussion of these topics and explores the various ranges of environmental and energy policy for an environmentally sustainable future.

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