

ENSURING THAT POLLUTERS PAY

Spain



Spain's revenue from environmentally relevant taxes was below the EU average. Environmental taxes stood at 1.77 % of GDP in 2019 (EU-27 average: 2.37 %). The largest portion of the environmental taxes were the energy taxes at 1.46% of GDP, also lower than the EU average of 1.84 %. Transport taxes represented 0.24% of GDP (EU average being 0.45%), taxes on pollution and resources represented only 0.08 % (at the EU average of 0.08%). In the same year, the environmental tax came to 5 % of total revenues from taxes and social security contributions (almost mirroring the EU average of 5.76 %).¹

Spain has several economic instruments in place. A very interesting scheme for payment for ecosystem services exists in Catalonia. It is described below.

There is also an effective landfill and incineration municipal waste charge.

Further options

A **water consumption** charge to address water scarcity

Water scarcity is a pressing and growing problem in Spain affecting all sectors. Current institutional arrangements for water management are somewhat dated and are currently being revised. The two main cost recovery instruments in place ("regulation fee" and the "water utilisation rate") do not include environmental criteria, and are unable to apply full cost recovery.

Spain might consider applying externality pricing as well as turning to greater use of water markets. Externality pricing is the less complicated to implement of the options, and tends to be more socially and politically acceptable, so may be preferred. However, without full coverage of all users, and a rigorous commitment to full cost recovery pricing in addition to the application of an externality charge, effectiveness of externality pricing will

be reduced.

Given the existence of water markets in Spain already, it is perhaps the country with greatest potential for further implementation in Europe. Use of a water market could be an effective way to manage river or groundwater basins with particularly large water scarcity issues, many users, and high environmental values.

Modelling suggests that such a charge could have a slightly negative impact on GDP (reduction of 0.065 % in 2030), but when revenues are recycled in the form of investments in water infrastructure, GDP could increase with 0.01%. Employment impacts would be small, showing either a slight decrease (-0.048%) or increase (+0.008% in 2020) depending on the scenario.

Tradeable livestock rights to combat air pollution

In Spain, an important source of air pollution comes from livestock (ammonia emissions). A system of livestock

permit trading has shown to be working to reduce emissions in other countries.

Examples of economic instruments

PAYMENT FOR ECOSYSTEM SERVICES THE SÈLVANS PROGRAMME AND MATURE FOREST CONSERVATION

The Sèlvans programme is aimed at preserving mature forests in Catalonia. A set of agreements/instruments are applied in order to prevent mature forests from timber extraction. Sèlvans raises funds from public sources and private donors to compensate landowners, either public or private, for the non-harvested timber. The instruments/agreements in place include several possibilities ranging from formal figures such as payments for ecosystem services or stumpage rights acquisition, to verbal agreements. Each instrument/agreement entails specific commitments such as duration (3-25 years) and the permitted uses (strict forest reserve, forest bathing, visits, etc.).

What does it do

Sèlvans has established some type of agreement/instrument for the protection of 8.000 ha of mature forests in 466 individual pieces of land across Catalonia.

How did it come about

The programme was designed and led by Jaume Hidalgo i Colomé. His personal leadership along with his scientific contributions has resulted into the consolidation of the programme first hosted by the NGO "Acciónatura" and later as a standalone NGO called Sèlvans. The Girona Provincial Council was key in supporting and articulating the financial dimension of the programme, particularly until 2012, whereas the regional NGO Xarxa de Conservació de la Natura del Territori also supports Sèlvans in terms of fundraising and coordination. <http://www.custodiaterritori.org/news/>

[ca/2018/11/14/0006/jaume-hidalgo-i-colome-de-l-associacio-selvans-quan-veus-un-bosc-centenari-ten-adones-que-no-te-res-a-veure-amb-els-que-veiem-amb-mes-freuencia](https://www.custodiaterritori.org/ca/2018/11/14/0006/jaume-hidalgo-i-colome-de-l-associacio-selvans-quan-veus-un-bosc-centenari-ten-adones-que-no-te-res-a-veure-amb-els-que-veiem-amb-mes-freuencia)

Stakeholder involvement

Stakeholder involvement has been promoted actively and supported with scientific evidence. On the one hand, Sèlvans has been successful in attracting public administration and private donors' attention to the instrument and its purpose, and on the other hand in engaging with landowners and establishing a varied and flexible range of instruments and agreements. Furthermore, engagement with the public has become increasingly important, along with the range of forest-related services supplied (e.g. forest bathing). Sèlvans' most recent achievement is having its mission (mature forest conservation) acknowledged within regional regulation and strategic documents in Catalonia, which states the programme's relevance.



MUNICIPAL WASTE LANDFILL AND INCINERATION CHARGES



The Catalan landfill and incineration tax on municipal waste charges municipalities for the landfilling and incineration of municipal solid waste in private and public facilities. The rationale behind the instrument is “the polluter pays principle”, so that the more waste is landfilled and incinerated by municipalities, the more they pay. This creates a stimulus for the deployment of more efficient waste collection schemes, increasing separate collection and waste prevention. The tax rates have risen gradually since 2004, reaching 47.1 €/t in 2020 for landfilling and 23.6 €/t for incineration.

The tax is earmarked to a specific fund. This fund is devoted to several goals (e.g. increasing separate collection of biowaste), establishing a set of criteria to refund tax revenues to the municipalities. For example, municipalities will be compensated with 34 € per ton² of biowaste separately treated.

What does it do

The tax aims at increasing the separate collection of

municipal solid waste with a specific focus on biowaste. Since 2004 separate collection rates increased from 25.4% to 44.9 in 2019. In the same period, the landfilling of untreated waste reduced from 2.1 to 0.5 Mt, whereas incineration of untreated waste dropped from 0.7 to 0.2 Mt. The separate collection of biowaste collection has more than doubled from 0.2 in 2004 to 0.5 Mt in 2019. Furthermore, the tax has facilitated the deployment of door-to-door collection schemes.

Stakeholder involvement

The creation of the tax was government-driven. The instrument lasted more than 10 years to be implemented due to, among other reasons, the expected creation of a nationwide landfill tax in 1998, which did not occur eventually. One of the key elements to the success and acceptability of the tax has been its graduality and having a clear plan about the evolution of the tax rates. Having this information in advance has permitted the taxpayers to adapt to the new context in terms of, for example, adapting waste collection schemes and revising prices across the value chain. Moreover, transparency about tax rebates has contributed to predictability on budgets.

Key stakeholders

Academics working in this field (universities, thinktanks research institutes, independent researchers)

[Observatory on waste taxation](#) - [Ignasi Puig] This observatory regularly updates the state of the art regarding waste taxes at municipal, regional and national level in Spain.

[Xavier Labandeira](#) – is one of the most relevant researchers on the ecological tax reform in Spain. Besides a strong publication record he has participated in numerous governmental reports and events related to this issue.

[Jaume Hidalgo](#): researcher within Sèlvans programme. He has led of the most relevant activist-driven conservation programmes in Spain, along with a complete scheme of payment for ecosystem services.

Francesc Giró: Waste Agency of Catalonia. He has designed and led a great number of waste-related policies in Catalonia, including the landfill tax and the deployment of the separate collection of biowaste

NGOs (environmental, consumer, green business networks, citizen science groups, etc)

Greenpeace Spain has been campaigning for green tax reform. <https://es.greenpeace.org/es/noticias/fiscalidad-ecologica-una-reforma-fiscal-muy-necesaria/>

[Sèlvans](#) Association is a NGO devoted to facilitate conservations through PES , and they have created [Sèlvans cooperative](#), which is a cooperative organising forest bathing and other services complementing conservation in order to raise funds.

Links to:

Newspaper articles

Why is it necessary to promote an Ecological Tax Reform?

<https://diario16.com/necesario-impulsar-una-reforma-fiscal-ecologica/>

Xavier Labandeira: “Spain is one of the countries most vulnerable to climate change”

https://cincodias.elpais.com/cincodias/2020/12/07/economia/1607374849_064442.html

The necessary environmental taxation

<https://www.lavanguardia.com/natural/contaminacion/20201111/49402321154/diesel-fiscalidad-ambiental-mikel-gonzalez-eguino.html>

The Government prepares a tax of 40 euros per ton of waste

<https://www.eleconomista.es/empresas-finanzas/noticias/10901112/11/20/El-Gobierno-prepara-un-impuesto-de-40-euros-por-tonelada-de-residuos.html>

Xavier Labandeira, economist: “Diesel taxation is an anomaly, very low compared to the European average”

https://www.eldiario.es/ballenablanca/economia/xavier-labandeira-economista-fiscalidad-diesel-anomalia-baja-respecto-media-europea_128_6373886.html

News videos, campaign videos

3 videos summing up a workshop on ecological tax reforms for Spain: <https://www.fundacionalternativas.org/noticias/sostenibilidad/labandeira-es-necesario-gravar-la-energia-para-la-transicion-ecologica>

¹ https://ec.europa.eu/eurostat/databrowser/view/env_ac_tax/default/table?lang=en

² It refers to “net” tonnes, discounting rejects.

Linguistic version	Media/Volume	Catalogue number	ISBN	DOI
EN PDF	PDF/Volume_01	KH-03-21-296-EN-N	978-92-76-39078-7	10.2779/647850