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United Nations Counteracting Climate Change: Shifting Focus from Wider to Narrow Angle– The Role of UN Tax (Sub) Committee on Environmental Taxes

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Abstract

The article aspires to capture the United Nations (UN) descend from the highlands of international cooperation frameworks on climate change to plainlands of actual handholding of and enabling developing countries to formulate policies to price carbon emissions and other negative externalities through the mechanism of environmental taxation. It starts off with a broader overview of the UN's pandering towards stitching together and adoption of the United Nations Framework Convention on Climate Change (UNFCCC) and the subsequent commitments by the comity of nations that flowed therefrom–Kyoto Protocol 1997, Paris Agreement 2015, and Glasgow Pact 2021. The article then narrows down its focus to the UN's leveraging carbon pricing and environmental taxes towards fighting climate change in developing countries by optimizing the pre-existing structure of the UN Tax Committee. The extensive appraisal of the work of the UN Tax (Sub) Committee on Environmental Taxes 2017–21, and 2021–25 is undertaken as the main thrust of the study. The scarlet thread of the article is that it is an extremely important initiative in that it heralds a significant shift in the UN's approach to environmental degradation, and if leveraged adequately, it could have significant impact on the international community's efforts towards combating carbonization and abating climate change.

Keywords: Environmental taxes, Carbon taxation, UN Tax Subcommittee, Ecotax, CBAMS, carbon credit offsets

INTRODUCTION

The United Nations (UN) Charter underpins all UN-led efforts to counteract climate change. The UN Sustainable Development Goals (SDGs), particularly SDG 13–"Climate Action,"–in combine with a number of other SDGs specifically SDG 7–"Affordable and Clean Energy," reinforce its concern and commitment to the mega challenge of climatic catastrophe confronting life on planet earth [1]. The UN's indulgence towards the human race's desperate bid to keep the planet earth livable dates back a few decades, but more precisely to 1992, when the UN Framework Convention on Climate Change (UNFCCC) was adopted. In pursuance thereto, some significant milestones in the form of Kyoto Protocol 1997, Paris Agreement 2015, and Glasgow Pact 2021, have been achieved by way of putting together a well-coordinated international response to the challenge. These milestones revolve around and denote high level commitments by State Parties' Nationally Determined Contributions (NDCs) towards decarbonization. In 2017, the UN decided that, in addition, to choreographing high

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level international frameworks and managing multi-stakeholder commitments on climate change, it needed to engage with Member States–particularly developing ones–and help them formulate policies that could fight climate degradation on the ground. The arena selected was that of environmental taxes–by leveraging the pre-existing structure of the UN Tax Committee.

The concept of environmental tax dates back to 1920s when British Economist Arthur C. Pigou theorized a tax–also known as Pigouvian Tax–on all market transactions that generate negative externalities the cost of which is not reflected in the price of goods and services produced, and instead, is borne by the society at large or the individuals not directly involved in the transaction. The key component of the economic toolkit which is used to fight climate change, is the environmental taxes. Theoretically, environmental taxes proffer a double dividend in that, they help expand the tax base to muster additional revenues required to build green and sustainable societies and incentivize cut in CO_2 emissions by giving market actors a suitable economic signal. It is believed that "environmental taxes have the potential to create employment, diversify economy, and improve competitiveness of domestic industries [2]." It has also been stipulated that adequately designed and rigorously enforced environmental taxes can trigger a positive change towards developing just, robust, and substantive societies [3]. Essentially, an environmental tax subsumes market failure, and looks to intervene to insert the unaccounted-for societal costs of the production process into the prices of goods and services produced in the economy. Environmental taxes can be applied to a large number of bases depending on the socio-economic needs and preferences. Carbon tax is one of the policy measures and pricing mechanisms through which countries fight climate change and incentivize sustainable economic behavior. Environmental taxes, in overall terms, are considered to carry the ease of administration, and low compliance costs.

While quite a few developed countries have successfully experimented with environmental taxes for a long time, a number of developing countries have been toying with the idea of deploying environmental taxes–to abate climate change, muster additional revenues, and meet emission targets, but capacity constraints operated upon their intent and action as a pull-back factor. These taxes are also important since those form part of the Addis Agenda for purposes of protecting environment and raising revenue for the achievement of SDGs–particularly by developing countries. The environmental taxes also jell well with the Paris Agreement-prescribed commitments requiring all signatories to UNFCCC to undertake efforts to curb greenhouse gases (GHGs) in the years ahead [4]." There is little doubt that the recent pandemic situation created by COVID-19 and climatic catastrophes–devastating floods, melting glaciers, and potentially sinking sealines–ring alarm-bells and warrant the human kind to put their act together towards reversing the trends of global warming and creating societies that are sustainable and all-inclusive [5]. Navid Hanif, Director, UN Financing for Sustainable Development Office, has aptly remarked: "Moreover, developing countries have to balance revenue mobilization with other short- and long-term objectives. In the short term, they have to ensure taxpayers are cushioned against the pandemic's harsh economic and social impact. At the same time, they have to strengthen the contribution of their tax systems and fiscal policies to their sustainable development efforts over the long term [6]."

The UN's role fits well with the climate change issue given its universal stature, and its abatement design in that though it is a global issue, all countries can make moves to achieve the set targets by 2030. The powerful principle of "common but differentiated responsibilities" vociferously calls upon all nations to contribute towards eliminating the existentialist threat of global warming confront the planet earth [2]. The UN Secretary General's demand for increased "efforts to shift the tax burden from income to carbon, and from taxpayers to polluters" could not be more pertinent, appropriate, or time-sensitive.

The paper is an effort to consolidate, collate, and critically appraise the UN's counteraction to climate change–particularly, through environmental taxes. It is divided into five sections. While the has set the

context, "*UN & CLIMATE CHANGE*" briefly encapsulates the UN's role at the international environmental theatre. *UN Tax (Sub) Committee on Environmental Taxes 2017–21* takes stock of the UN Tax (Sub) Committee 2017–21 and summarizes and critiques its contribution. Likewise, the "*UN Tax (Sub) Committee on Environmental Taxes 2021–25*" covers the UN Tax (Sub) Committee 2021–25, provides a snapshot of its on-going work, and identifies gaps. With a suggested future course of action, wraps off the discussion.

UN AND CLIMATE CHANGE

This section briefly takes stock of the UN-led efforts being undertaken by the international community to counteract climatic degradation.

UN Framework Convention on Climate Change

The Earth Summit, 1992, held at Rio de Janeiro, Brazil, in June 1992, came up with a comprehensive *UN Framework Convention on Climate Change* (UNFCCC), which not only helped nudge and mobilize international consciousness but also laid down a roadmap to counteract the looming existentialist threat to the life-worthiness of the planet earth. The UNFCCC, over the past three decades, has come a long way. Currently, the UNFCCC's membership stands at 197–near-universal (Appendix i). The UNFCCC's main goals are to reduce "dangerous" human interference with the environment and "stabilise greenhouse gas concentrations in the atmosphere." Scientifically speaking, GHGs are naturally produced and are crucial to the existence of life on earth as those help retain some of the sun's heat from refracting back into the atmosphere thereby making the planet earth habitable.

However, due to ruthless industrialization, deforestation, and large-scale agriculture spanning over a century and a half, quantities of the GHGs have risen in the atmosphere to the levels not seen in three million years. At some level, the GHGs' concentration has a positive correlation with population growth, economic activity, and standards of living–internationally. In fact, human footprint could be traced on most climatic degradation–from shifting weather patterns that compromise and threaten food security, to rising sea levels that increase the risk of catastrophic flooding like the one that devastated Pakistan in 2022.

The urgency towards climate protection was fueled by the realization that today's counteraction would be easier and cost-effective than that of tomorrow. Some fundamental scientific realities that underpinned the urgency leading to the adoption of the UNFCCC were that (a) the GHGs' concentration had risen steadily since the industrial revolution lifting along itself the global temperatures; (b) the GHGs' concentration in the atmosphere had a direct correlation with the average global temperatures and, by implication, with life's survival and sustainability on earth; and (c) approximately 2/3rd of the GHGs concentrating in the stratosphere was carbon dioxide (CO_2) that largely was the product of burning fossil fuels. The UNFCCC provides for and supports international engagement in the form of an annual high-level meeting dubbed as Conference of Parties (COP) between signatory states.

Kyoto Protocol 1997

After the UNFCCC had entered into force in 1994, at COP1 held in Berlin, Germany, in 1995, it was decided to initiate negotiations to bring robustness to the global response to the menace of climate change (Appendix ii). In 1997, at COP3, held in Japan, the Kyoto Protocol was adopted legally binding developed countries to emission reduction targets. While the Kyoto Protocol's 1st commitment period got underway in 2008 and ended in 2012, the 2nd commitment period kickstarted in early 2013 and ended in 2020. Currently, the UNFCCC has 197 signatories out of which 192 are also committed to the Kyoto Protocol.

Paris Agreement 2015

At COP21, in 2015, the Paris Agreement was adopted signifying international community's resolve to put in place all what it takes to roll out necessary abatement measures to ensure sustainable low-

carbon future for the planet. The Agreement was significantly inked in New York by 175 world leaders on April 22, 2016–the earth day. Currently, the number of countries that have ratified the Agreement stands at 191, with the remaining few likely to join. The Agreement sought to keep global temperatures "well below" 2.0°C, and "endeavor to limit" them even further down to 1.5°C above pre-industrial times. In order to help developing countries get over the hump of adaptation and transition to renewable energy, the developed countries also made a commitment to contribute substantially by way of "climate finance." The Agreement also warranted rich countries to maintain a funding pledge to the tune of US$ 100 billion per annum beyond 2020.

Glasgow Pact 2021

The Glasgow Climate Pact was reached at the COP26 held at Glasgow, United Kingdom, in 2021. The Glasgow Pact is the first of its kind which explicitly looks to cut on use of coal as fuel. In fact, it was towards the end of the negotiations that the commitment to "phase out" coal was downgraded to "phase down" only due to the position taken by India, China, and other coal-dependent big countries [7]. The main points of the Glasgow Pact included a commitment on part of the developed countries to (i) finance the Climate Fund, and (ii) revisit emission reduction targets in 2022 with a view to keeping 1.5°C Paris Agreement targets achievably on track. Moreover, the number of countries pledging to net-zero emissions touched 140, and another 100 pledging to reverse deforestation by 2030. Likewise, more than 40 countries pledged to transition from coal with India committing to get to 50% renewable energy mix by 2030 [8].

The COP27 held in Egypt on November 6–18, 2022, renewed international commitment to saving the planet's viability for life, and heralded graduation out of the commitments phase into implementation, execution, and delivery phase.

UN TAX (SUB) COMMITTEE ON ENVIRONMENTAL TAXES 2017-21

The UN has been enamoured with environmental taxes as a tool to combat climate change for more than 20 years. In 2001, the Zedillo Report stated that a carbon tax—a tax on the consumption of fossil fuels—at rates that reflect these fuels' contributions to CO2 emissions, "is likely to be more promising [9]."" However, it took the UN one and half decade to practically enter the arena of environmental taxes. The UN chose to operationalize the forum of UN Tax Committee for the purpose. The UN Tax Committee is a structure created under Resolution 1273 of 1967, which reports to the ECOSOC, directly. The UN Secretary General, after receiving resumes from the member states, appoints 25 tax experts (almost equally from developed and developing countries) to a 4-year term. The UNTC divides itself into Subcommittees to attend to various matters of pressing import confronting the international tax system–particularly the developing countries [10–13].

Formation

The UNTC decided to establish a Subcommittee on Environmental Taxes (SET) for the first time at its 15th Session held in October 2017. The SET was established to "help developing countries aligning budgetary policies with the commitments of the 2030 Agenda and the Paris Agreement" and to add momentum to global efforts to combat climate change [2]." Natalia Mora–a UNTC member was appointed as the SET Coordinator, which consisted of 20 top professionals from around the globe on a pro bono basis (Appendix iii). Moreover, about half a dozen other experts in the field helped the SET in its assigned work (Appendix iv). The SET was set the following mandate:

"The Subcommittee on Environmental Taxation Issues has the following specific responsibilities: It shall consider, report on, and provide recommendations on environmental tax issues and possibilities for developing nations.

- Identify and consider the most pressing issues where guidance from the Committee may most usefully assist developing countries in this area and initially report to the Committee on such issues at its sixteenth session in 2018;

- Pay particular attention to the application of carbon taxes, and report on current country practices, policy considerations and administrative issues;
- Provide draft guidance on such issues as are approved by the Committee at its sessions.

In carrying out its work, the Subcommittee will consult widely and seek to engage with other stakeholders active in the field. At each session, the Subcommittee shall report on its activities."

The SET undertook extensive deliberations over the life of the mandate of four years 2017–21 (Appendix v). Its work was thematically split into various Workstreams to make parallel progress on multiple topics and the UNTC was regularly updated in its subsequent sessions, that is, 16th to the 22nd– held between 2017 and 2021.

Output

The most important result of the SET is the United Nations Handbook on Carbon Taxation for Developing Countries (the Handbook). The Handbook, comprising 10 full length chapters, gives out a broad-brush to most of the burning environmental tax issues (Appendix vi). Chapter 1 titled *Introduction to the Handbook on Carbon Taxation for Developing Countries* deals with climate change as an existentialist threat and encapsulates all what the Handbook contains converging primarily on application of carbon taxes as a policy option geared towards (a) curbing carbon-based emissions that are responsible for climate change; and (b) living up to the commitments made by countries under the Paris Agreement. Chapter 2 introduces to developing countries' policy makers all the elements required to make an informed decision when considering the induction of a carbon tax and evaluating its pros and cons vis-à-vis other carbon pricing instruments [2].

Chapter 3 entitled *How to Generate Public Acceptability for Carbon Taxes* stipulates that while introducing a carbon tax, policymakers ought not only to consider the best possible technical design, but also to ensure its public acceptance [2]. In Chapter 4, "General Issues in Designing a Carbon Tax," the essential components of a carbon tax design—the tax base, the taxing authority, the tax incidence, and the regulation point—are broken down in more detail. Chapter 5 entitled *Setting the Tax Rate* looks at various dimensions of an adequate tax rate and appraises different theoretical frameworks and their practical approaches. The preference being made here is in favour of starting with rather sub-optimal rate than delaying the rolling out of carbon tax in search of an optimal rate [14].

Chapter 6 entitled *Carbon Tax Design Approaches in Practice* surveys two main approaches, that is, (a) the Fuel Approach; and (b) the Direct Emissions Approach. The Fuel Approach takes after the Swedish model, while the Direct Emissions Approach is significantly inspired by the Chilean experience [2]. Chapter 7 entitled *Addressing Undesired Effects on Households and Firms* looks to highlight potential negative fallouts of carbon taxation including but not limited to competitiveness, and carbon leakage [2]. Chapter 8 titled *From Design to Administration: Practical Application of a Carbon Tax* deals with the administrative challenges posed by introduction of carbon tax in various way. Chapter 9 entitled *Revenue Use* explores into "the complexities of revenue use in the context of the political economy of carbon tax design and implementation [2]." Chapter 10 *Interactions Between the Carbon Tax and Other Instruments* looks to lend a helping hand to developing country policymakers towards being able to identify complementary, overlapping or countervailing nature of various policy options [2].

Handbook's Critique

The Handbook helped to fill "a gap in guidance on carbon taxation tailored to the needs and situations of developing countries [15]." It was well-received and has generated a stir of awareness inside developing countries as regards the challenge of climate change and the availability of the tool of environmental taxes to fight it, and the support that it could potentially lend towards the international

community's climate action. However, given the constantly evolving nature of the phenomenon that it captures–policy response to climate change–it needs to be updated and improved–continually.

UN TAX (SUB) COMMITTEE ON ENVIRONMENTAL TAXES 2021–25

The Secretary General notified the new UNTC for the 2021–25 period on July 21, 2021. At the UNTC's 1st meeting (23rd Session) held virtually on October 19–28, 2021, a new "multi-stakeholder, multidisciplinary" SET was constituted by stipulating that it "was well placed to continue to work on environmental taxation" as a UN body…that "was experienced in providing guidance…to the needs of developing countries, which "were "especially affected by climate change [16]." The role of the SET's Co-Ordinator was assigned to Muhammad Ashfaq Ahmed (Pakistan) with (a) Pande Putu Oka Kusumawardani (Indonesia); (b) Aleksandr Smirnov (Russia); (c) Ingela Willfors (Sweden); (d) and Yan Xiong (China) being appointed as its members (Appendix vii and viii). Subsequently, Susanne Akerfeldt (Sweden) was also appointed as SET's Co-Coordinator. The SET was soon expanded to include about two dozen top professionals including academics, civil servants, and professionals from all over the world (Appendix ix).

SET's Mandate

The SET's mission statement stated that it was responsible for "considering, reporting on, and proposing guidance on environmental and ecologically related tax concerns and possibilities, in particular for developing nations." The SET was particularly focused on:

- "Produce practical guidelines on specific, extra, and emergent carbon taxation challenges, which are not covered or completely explored in the United Nations Handbook on Carbon Taxation for Developing Countries. Relevant topics may include: (a) how a carbon tax interacts with other environmental taxes and levies relating to the environment; (b) how a carbon tax fits into a larger budgetary picture reform, taking into account distributional consequences; (c) working with the Subcommittee on Extractive Industries Taxation to develop workable tax policies, measures, or incentives that may support efforts by nations to switch from fossil fuel to renewable energy sources.
- Pay close attention to the needs, priorities, and challenges that developing nations confront, and report on instances of existing country practises, policy considerations, and administrative concerns that are pertinent.
- Work on any additional relevant environmental taxation issues as requested by the Committee [17]."

The SET was also mandated to consult all key stakeholders and report progress on its work to the UNTC at its each session [18]. The SET's outputs were initially to be released as stand-alone papers, and subsequently published as a compendium.

At the UNTC meeting, the SET was mandated to take into account the topics that were either not covered in the Handbook, or were partially covered but could not be fully expanded, such as (a) carbon tax within the framework of a broader tax reform; (b) co-benefits of a carbon tax on non-climatic environmental protection, health and economy; (c) carbon border adjustment mechanisms (CBAMs) and their implications for trade and investment for developing countries; (d) interactions between carbon tax and other energy taxes; (e) possibilities of a carbon tax in countries that subsidize fossil fuels; and (f) interaction of carbon taxes with emission trading system and the creation of hybrid instruments [19]." There appeared a visible bias in the UNTC's deliberations in favour of carbon taxes that have a direct relationship with global warming as compared to environmental taxes that may have relevance for developing countries' non-climatic degradation dimensions–water management, waste management, deforestation, land use priorities, air pollution, specie-extinction, and excessive water-mining [20].

SET's Work

The SET virtually met twice in the intervening period to firm up its specific workplan in view of the broader UNTC-assigned mandate. Extensive deliberations led to finalization of five workstreams which

improvised upon and expanded the scope of the topics covered in the Handbook already. The workstreams decided were: (i) the interaction of carbon taxation with other national measures; (ii) the role of carbon taxes and other measures to support energy transition; (iii) the interaction between carbon taxes and carbon offsetting programs; (iv) Carbon Border Adjustment Mechanisms (CBAMs) and how developing countries can avoid undesired spillover effects of implementation of such measures by other jurisdictions; and (v) environmental taxes other than carbon taxes [21]." This, on the very face of it, appeared to be an ambitious work plan.

SET's Modus Operandi

The SET's strategy to approach the expanded agenda was by (a) optimally utilizing expertise of its professional members towards devising a ready-reckoner of guidelines for developing countries; (b) splitting up the SET membership into Workstreams led by Lead Drafters; (c) deliberating upon the work, ideas and outputs of various Workstreams collectively to garner a holistic worldview; (d) consulting with State Parties (particularly developing ones) seeking their inputs on issues of import and relevance to them–particularly vis-à-vis Workstream 5 "Environmental Taxes;" and (e) liaising with other Subcommittees to fill the gaps and eliminate overlaps, if any.

Workstreams Progress Update

A rundown of the work being done and the progress achieved is summarized in succeeding paragraphs.

Work Stream 1

At any given point in time, a carbon tax is introduced not in a vacuum but against a pre-existing policy backdrop. It is, therefore, imperative that all carbon tax related interventions are designed meticulously by anticipating their expected interactions with existing national economic structures, and carefully assessing their implications for the tax system. Accordingly, Workstream 1 "Interaction of carbon taxation with other national measures in the context of a broader tax reform and particular attention to fossil subsidies," was established with Stefan Weishaar in Lead Drafter's role (Appendix x). The Workstream was further trifurcated into: one, assessing and streamlining the interaction between carbon taxes and other taxes; two, dissecting the interactions between carbon taxes and other environmental measures–emissions trading and climate policy; and three, phasing out of fossil fuel subsidies [22]. The Workstream looks to draw and build on the topics already covered in the Handbook by "taking incentives of market participants as a central theme [23]." The Workstream also plans examining advantages and disadvantages of various instrument templates, take stock of multiplicity of instruments available and put to use in different countries and examine the way the instruments are designed, and highlight the pitfalls to be avoided by policy makers–particularly in developing countries.

Admittedly, up until now the focus has been on interaction between carbon taxes and other environmental measures, that is, emissions trading and climate policy, but it soon needs to shift to other environmental taxes, too. The initiation of Workstream 5 "Environmental Taxes" would supply the requisite amount of the fuel that it needs. The future work on assessing and correcting the interaction between carbon taxes and other taxes and phasing out of subsidies–particularly, in developing countries, sounds exciting.

Work Stream 2

The Workstream on the "role of carbon taxes and other measures in supporting energy transition" was established with Anna Theeuwes in Lead Drafter's role (Appendix xi). It is understood that energy transitioning is the key cog in the wheel of climate action. The Workstream intends to explore into how environmental taxes can modify behaviour of economic actors and incentivize activities that support energy transition and chart out imperatives for developing countries' fiscal policy in an energy transition-driven environment [22]. It has been stipulated that energy transition provides a broader context than just carbon reduction, as it considers how to decarbonize existing energy production and

also how to ensure availability of "new," clean, and renewable energy [22]. The Workstream plans considering archetype countries to assess what environmental taxation options could be available. The Workstream on energy transitioning would interact closely with its counterpart Workstream in the Subcommittee on Taxation of Extractive Industries–with the former focusing on *energy consumption* and the latter on *energy production.* While environmental tax templates on energy transition could be used from developed and developing countries alike, the intent remains to bring in the archetype countries that are developing countries themselves.

There is little doubt that the SET's output would sensitise developing countries on the matter and help them rollout policy measures that cut on fossil fuel-based energy production and make moves towards improving their energy mix by producing more and more of the clean renewable energy. However, simultaneously the developed countries commitments to contribute to the proposed Climate Fund geared to adequately finance developing countries transitioning to renewable energy needs a greater focus.

Work Stream 3

The Workstream on "interaction between carbon taxes and carbon offsetting programmes," was established with Maria Amparo Grau Ruiz assuming the Lead Drafter's role (Appendix xii). The carbon offset is a credit which a business can purchase to abate its carbon emissions. When the value of carbon offset credits purchased equals the business's carbon emissions, it is reckoned carbon neutral. The Workstream would (a) offer a critical overview of the existing landscape and how it justifies the tax authorities' action; (b) raise awareness and understanding of the framework provided by Article 6 of the Paris Agreement; (c) highlight the problems currently being faced and suggest solutions; and (d) come up with a coherent approach towards the qualification and valuation of credits [22]. The carbon offset credits could also be relevant in the context of corporate income tax regime in that they can result in deductible expenses in the case of a company that has bought them or in taxable profits in the case of a company that has sold them. The fact that potentially the seller and buyer of carbon credits can be based in two different taxing jurisdictions, pulls the international taxes principles into the equation with full force. Therefore, the Workstream would coordinate and interact closely with the Subcommittee on Transfer Pricing to help developing countries' tax authorities better understand the process and come up with a set of robust solutions.

Work Stream 4

The Workstream "CBAMs: Impact and relevance for developing countries," was established with Christopher Morgan in Lead Drafter's role (Appendix xiii). The Workstream is geared to do a holistic analysis of the proposed CBAMs and their spillover effects for developing countries [22]. Through CBAMs the problem of carbon leakage is targeted (Appendix xiv). Thus, the main focus of the Workstream is on the potential impact of CBAMs on developing countries and the way they can respond to maintain a level playing field, that is, by ensuring that their industries are not adversely impacted and their tax base is not eroded [22]. The Workstream looks to highlight that CBAMs is not the only mechanism that can be applied to address carbon leakage, and catalogue alternative methods that can achieve the purpose and help abate the problem. The Workstream is also important as more and more developing countries introduce or strengthen carbon pricing and emissions regulations, they will also be impacted by the issue of carbon leakage from their own jurisdictions–resulting taxbase shift and job loss. Since this is an important and sensitive matter for developing countries, the UNTC has more than once cautioned against the SET leveraging the UN pedestal to endorse or validate CBAMs–explicitly or implicitly. The SET being mindful of this dimension of the matter, continues to grapple with the Workstream on CBAMs as a forewarning and capacity building of developing countries [24].

Work Stream 5

The Workstream on "environmental taxes other than carbon taxes" though extremely important yet is rather a later-starter. The Workstream broadly looks to analyse environmental taxes that relate to

deforestation, water management, waste disposal, wastewater, land use, specie-extinction, waste gas, and plastics [22]. The feedback received from developing countries indicates towards the need for comparative analysis on such measures across countries and regions and the way they can be used not only to generate additional revenues but also to abate climate degradation [22]. The SET is now geared to prioritize the work on this Workstream by appointing its Lead Drafter and members.

CONCLUSION

Three interrelated and mutually reinforcing the "Conclusions" flow from the foregoing debate. One, that the SET is a remarkably important initiative in that it is imperceptibly backstopping climate action by a significantly large number of countries–particularly the developing ones. Two, the UN, multilateral institutions, as well as the international community ought to attain better cognition of the critical role that the SET is playing so the same could be optimally utilized towards achievement of 1.5°C targets. Three, the SET ought to have a smart secretariat of its own to leverage itself into a well-coordinated network of environmental tax policy units to be established within developing countries' tax administrations, to help them formulate, legislate, and enforce needed tax policy interventions, monitor progress, and fine-tune them on a recurrent basis. Ostensibly, this initiative of humble beginning has the potential to make a massive difference towards the future of the world.

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APPENDIX

i. Although, an international treaty in every respect yet it is non-binding in nature as it does not warrant any punitive measures against the non-compliant member states.
ii. Thus far 28 Conferences of Parties (COPs) have been held, namely; COP1, Berlin, Germany, 1995; COP2, Geneva, Switzerland, 1996; COP3, Kyoto, Japan, 1997; COP4, Buenos Aires, 1998; COP5, Bonn, Germany, 1999; COP6, Hague, Netherlands, 2000; COP6, Bonn, Germany, 2001; COP7, Marrakech, Morocco, 2001; COP8, New Delhi, India, 2002; COP9, Milan, Italy, 2003; COP10, Buenos Aires, Argentina, 2004; COP11, Montreal, Canada, 2005; COP12, Nairobi, Kenya, 2006; COP13, Bali, Indonesia, 2007; COP14, Poznan, Poland, 2008; COP13, Copenhagen, Denmark, 2009; COP16, Cancun, 2010; COP16, Durban, South Africa, 2011; COP17, Doha, Qatar, 2012; COP17, Durban, South Africa, 2011; COP13, Warsaw, Poland, 2013; COP20, Lima, Peru, 2014; COP21, Paris, France, 2015; COP22, Marrakech, Morroco, 2016; COP23 Bonn, Germany, 2017; COP24 Katowice, Poland, 2018; SB50 Bonn, Germany, 2019; COP25 Madrid, Spain, 2019; COP26 Glasgow, UK, 2021; & COP27 Sharm-ul-Sheikh, Egypt, 2022.
iii. The SC consisted of (i) Susanne Akerfeldt; (ii) Stefan Agne; (iii) Robin Damberger; (iv) Jorge Antonio Deher Rachid; (v) Alvaro de Juan Ledesma; (vi) Tatiana Falcao; (vii) Dang Ngoc Minh; (vii) Maria Amparo Grau Ruiz; (viii) Sverker C. Jagers; (ix) Gregory Leshchuk; (x) Eike Meyer; (xi) Christopher Morgan; (xii) Gabriela Mundaca; (xiii) Marlene Patricia Nembhard-Parker; (xiv) Rodrigo Pizarro; (xv) Carlos E. Proto; (xvi) Aart Roelofsen; (xvii) Karl-Andres Stigzelius; (xviii) Anna Theeuwes; (xix) Kurt Van Dender; & (xx) Ingela Willfors.
iv. The experts who contributed to the deliberations, drafting, or review of the SET's work included (a) Niklas Harring; (b) Simon Matti; (c) Christian De Perthius; (d) Dhruv Sanghvi; & (e) Attiya Waris.
v. The SC held six meetings: (a) in March 2018 at Brussels-hosted by the European Commission; (b) in January 2019 at Paris-hosted by the International Chamber of Commerce; (c) in August 2019 at Brussels-hosted by the European Economic & Social Committee; (iv) in February 2020 at Paris-hosted by UNESCO; (d) in September 2020-virtually; & (e) in January-February 2021-virtually.
vi. The Handbook chapters are: Chapter 1: Introduction to the Handbook on Carbon Taxation for Developing Countries; Chapter 2: An Introduction for Policymakers; Chapter 3: How to Generate Public Acceptability for Carbon Taxes; Chapter 4: General Issues in Designing a Carbon Tax; Chapter 5: Setting the Tax Rate; Chapter 6: Carbon Tax Design Approaches in Practice; Chapter 7: Addressing Undesired Effects on Households and Firms; Chapter 8: From Design to Administration: Practical Application of a Carbon Tax; Chapter 9: Revenue Use; & Chapter 10: Interactions Between the Carbon Tax and Other Instruments.
vii. The current Subcommittees are: (i) UN Model Tax Convention between Developed & Developing Countries; (ii) Transfer Pricing; (iii) Update of the UN Manual for the Negotiation of Bilateral Tax Treaties Between Developed & Developing Countries; (iv) Environmental Taxation Issues; (v) Relationship Between Tax, Trade, and Investment Treaties; (vi) Taxation of the Digitalized and Globalized Economy; (vii) Increasing Tax Transparency; (viii) Wealth and Solidarity Taxes; (ix) Health Taxes; (x) indirect Taxation; (xi) Extractive Industries.

viii. The Working Group formed are (a) Dispute Avoidance and Resolution; (b) Taxation and Coronavirus Disease (Covid-19); (c) Digitalization and Improvement of Tax Administration; & (d) Procedural Issues for the Committee.
ix. The SET's Participation was expanded to include (i) Kurt Van Dender; (ii) Tatiana Falcao; (iii) Sharlin Hemraj; (iv) Angela Naneu Churie Kallhauge; (v) Lena Hiort af Omas Leijon; (vi) Eike Meyer; (vii) Christopher Morgan; (viii) Hira Nazir; (ix) Egwuatu Ifeanyi Obiora; (x) Emmanuel Podaire; (xi) Jim Robertson; (xii) Maria Amparo Grau Ruiz; (xiii) Abid Qaiyum Suleri; (xiv) Anna Theeuwes; & (xv) Stefan Weishaar.
x. The members of the Workstream are (i) Christopher Morgan; (ii) Stefan Weishaar: (iii) Ezera Madzivanyika; (iv) Lena Hiort af Omas Leijon; (v) Tatiana Falcao; (vi) Ifeanyi Egwuatu; (vii) Sharlin Hemraj; (viii) Anna Theeuwes; (ix) Abid Suleri.
xi. The members of the Workstream are (i) Jim Robertson; (ii) Christopher Morgan; (iii) Sameera Khan; (iv) Anna Theeuwes; & (v) Stefan Weishaar.
xii. The members of the Workstream are (i) Amparo Grau; (ii) Ezera Madziyanyika; (iii) Tatiana Falcao; (iv) Anna Theeuwes; & (v) Angela Churie Kallhauge.
xiii. The members of the Workstream are (i) Janet Milne; (ii) Christorpher Morgan; (iii) Stefan Weishaar; (iv) Kurt Van Dender; (v) Tatiana Falcao; (vi) Elke Meyer; (vii) Anna Theeuwes; (viii) Emmanuel Christopher Podaire; (ix) Hira Nazir.
xiv. What is carbon leakage? A country can control its CO2 emissions through (a) regulations; and (b) car

