

# **Energy Tax, How Far Is It From Idea to Practice?**

## **Lessons learned from its dystocia experience in China**

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# 1. INTRODUCTION

China has planned to levy fuel tax in place of existing toll charge as early as in 1994. However, this instrument embodying both equity and efficiency still stays on paper and does not come out even almost 10 years after. This situation lies in policymakers' failure of coordination of different interests in the developing process.

Unfortunately, China has failed to coordinate relations and balance interests among various stakeholders, and is unable to set forward and apply the equitable and cost-efficient economic instrument. This, in turn, made china have to pay incalculable environmental, economic and even time costs. These are painful lessons that China and other countries in similar situations must learn in the future.

# 2. THE FLEXUOSE PROCESS OF INTRODUCTION OF ENERGY TAX IN CHINA

## (a) Genesis of Energy Tax

## (b) Introduction of Energy Tax in China

(i) *The Necessity and Inevitability of Introduction of Energy Tax in China*

(ii) *The Status of Energy Tax in China*

# **3. GAME BETWEEN CENTRAL AND LOCAL GOVERNMENTS**

- (a) Roles and Interrelation of Central and Local Governments in Fuel Taxation**
- (b) The Reallocation of Interests between Central and Local Governments by the Proposed Fuel Tax**
- (c) Attitudes of Central and Local Governments towards Fuel Tax**
- (d) Suggestions for Coordinating Interests between Central and Local Governments**

# **4. GAME BETWEEN TRANSPORT AND TAXATION DEPARTMENTS**

- (a) Roles and Interrelation of Transportation and Taxation Departments in Fuel Taxation**
- (b) The Reallocation of Interests between Transportation and Taxation Departments by the Proposed Fuel Tax and Their Respective Attitudes**
- (c) Suggestions for Coordinating Interests between Transportation and Taxation Departments**

# 5. GAME BETWEEN DIFFERENT AND VARIOUS TAXPAYERS

(a) Roles and Interrelation of Manufacturers, Vendors and Consumers in Fuel Taxation

(i) *Different Stakeholders involved in Fuel Tax*

(ii) *Pros and Cons of Levying Fuel Tax in Different Stages*

(b) Attitudes to Fuel Tax from Different Consumers

(i) *Taxi Drivers vs. Private Car Owners*

(ii) *Car Oil vs. Non-car Oil*

# 5. GAME BETWEEN DIFFERENT AND VARIOUS TAXPAYERS

(c) Suggestions for Coordinating Interests among Various Taxpayers



## 6. PERSPECTIVES

In addition to above mentioned reasons, the hesitation and blench of China' Government is an unavoidable factor for the delay introduction of fuel tax.

China shall take first steps courageously and identify the first important priorities.



**Thank you!**  
**Dank Schön!**