



Perspective on Plans for Modeling Work in Brazil

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Considerations

- Three phases in the development of an instrument: different objectives leads to different modeling approaches

✓ Policy initiation → acceptance of the idea;

✓ Decision making for itself → adoption and design of the system;

✓ Implementation → practical application.

Purposes of the Analysis at This Stage

- To assess the costs and understand the potential impact of a new price in the economy (tax or ETS):
 - ✓ Macro-economic impacts (including competitiveness);
 - ✓ Distributional impacts (particularly on households) and recycling revenues.

- Analysis of multiple scenarios is a critical prerequisite to the scenario-planning process:
 - ✓ Multisectoral;
 - ✓ Time perspective;
 - ✓ Environmental data base: GHG emissions based on fuel fossil combustion and production activities.

Brazil's Modeling Approach

- Two process for hiring consultant services (PMR Support):
 - ✓ Macro-economic assessment: CGE Model;
 - ✓ Analysis of International Experience on the Use of Carbon Tax and perspectives on application in Brazil

- Other Initiatives in the Federal Government:
 - ✓ Global Environment Facility (GEF) Project: *Mitigation Options of GHG Emissions in Key Sectors in Brazil*;
 - ✓ Green Fiscal Policy (UK Embassy).

Main Challenges

- Improve institutional capacity: “*Economic Modeling Team*”?
- Two moments: up to 2020 and post-2020
- To solve the lack of data in order to:
 - ✓ better inform stakeholders and decision makers;
 - ✓ reduce misconceptions and speed up the decision making process.

Thank you!

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