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Dear Mr. Zedan,

Referring to your notification of 29 November 2001 on:

Incentive Measures

The Norwegian Action-plan on biodiversity was presented as a white-paper to the Parliament last year. The plan focuses on sector integration, and presents a new knowledge-based management system for biodiversity in Norway.

Improved co-ordination of legal and economic incentives are also given much attention, and in this submission we want to focus on our plans and achievements with regard to economic incentives.

Norway's action plan for biodiversity and economical tools

The action plan for biodiversity concludes that economical means must be coordinated to secure conservation and sustainable use of biodiversity. The challenge is to use taxes and subsidies in such a way that the market reflects not only direct costs and benefits of economic activities, but indirect environmental costs as well. By identifying environmentally destructive governmental subsidies we will try to develop a more sustainable economy.

Subsidies that influence biodiversity in a negative way

A committee has been given a mandate to identify economical contributions and subsidies that influence biodiversity in a negative way. The relevant ministries are going to identify

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their economical contributions, and the Ministry of Finance will co-ordinate and make a report of the findings. The report will also give advice on what can be done with these destructive governmental subsidies. The work is presently at an early stage and the report will be finished by 2003.

All subsidies and loans given to the local authorities and private organisations will also be examined in order to find subsidies that have negative impacts on the biological diversity.

Nature damage tax

The action plan on biodiversity concludes that a report on the effect of a tax on nature damage is to be prepared. The purpose of evaluating a nature damage tax is to examine whether or not such a tax is a good economical instrument compared with other relevant economical and legal instruments for protecting the biological diversity in unprotected areas with high biodiversity value. The purpose is also to find out if the economical tool is a good instrument to reach the national goals Norway has set to protect areas of special importance to biodiversity. It is not easy to put a price/tax on biological diversity, and the committee will be asked to evaluate methods that addresses this challenge. The price/tax may for instance be based on the importance of the area. In cases where more alternatives are possible a nature damage tax should be added to each option so as to secure that the real costs of choosing the best environmental solution also gives the lowest total cost for a developer, thus preventing him from choosing alternatives with larger consequences for biodiversity.

The study of a nature damage tax is presently at an early stage and terms of reference for a committee dealing with this subject is under discussion. It is however clear that the terms of reference will cover the purpose of the tax, boundaries, principals for determine the rate of a tax and the relationship to other tools.

The report will discuss how effective such a tax is as an incentive/economic tool to limit new activities in areas with special importance for biological diversity. The tax is meant to communicate that changed land-use practises of areas might be destructive activities with regard to biodiversity. The Norwegian government is concerned about such changes in land uses, and the consumers in the end will have to pay the price for destructive activities. The tax aims to incorporate the "real" environmental costs.

The evaluation/study/report of a nature damage tax is planned to be finished by the end of 2003.

Commission on Biodiversity Regulation

In addition to work on incentives within specific sectors, we would like to inform you that a third committee was appointed in April 2001. The Commission on Biodiversity Regulation is assigned to examine the total Norwegian legislation, with the aim of strengthening legal measures for the protection of biodiversity in Norway.

Identification of environmentally destructive governmental subsidies

A report, finalised in January 2002, has identified environmentally destructive governmental subsidies that have negative impact on the biodiversity. Such subsidies are found in all sectors, but especially in the agriculture-, forest- and the fishery sector.

We want to mention two examples:

1. From 1988 to 1998, construction of logging roads was by far the activity that caused the greatest loss of wilderness areas in Norway. Although national environmental goals to protect the remaining wilderness areas have been established, logging roads are still strongly subsidised.

2. Another case is the use of subsidies to cut down forest in steep hills and landscapes, which often is in conflict with biodiversity concerns. Without these subsidies, important forests for biodiversity conservation would have been spared. As we now have identified the destructive subsidies, the next step will be to remove them, or to turn them into environmentally friendly incentives. We are moving in the right direction although huge challenges remain.

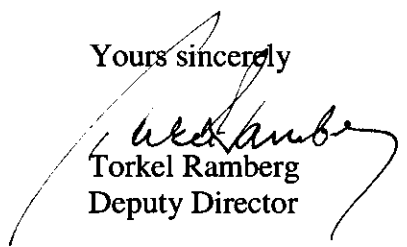
Final remarks

We are awaiting progress on the work on incentives within our country . We are also interested in receiving similar reports from other countries. In our view it is important to share the experiences among the parties in order to improve the management of biodiversity worldwide.

Finally, we would like to quote Lester Brown:

"The challenge is to shift subsidies from environmentally destructive activities to ones that will help build an eco-economy. An economy is sustainable only if it respects the principles of ecology, and satisfies our needs without jeopardising the prospects of future generations to meet their needs, as Brundtland Commission pointed out in 1987."

Yours sincerely



Torkel Ramberg
Deputy Director