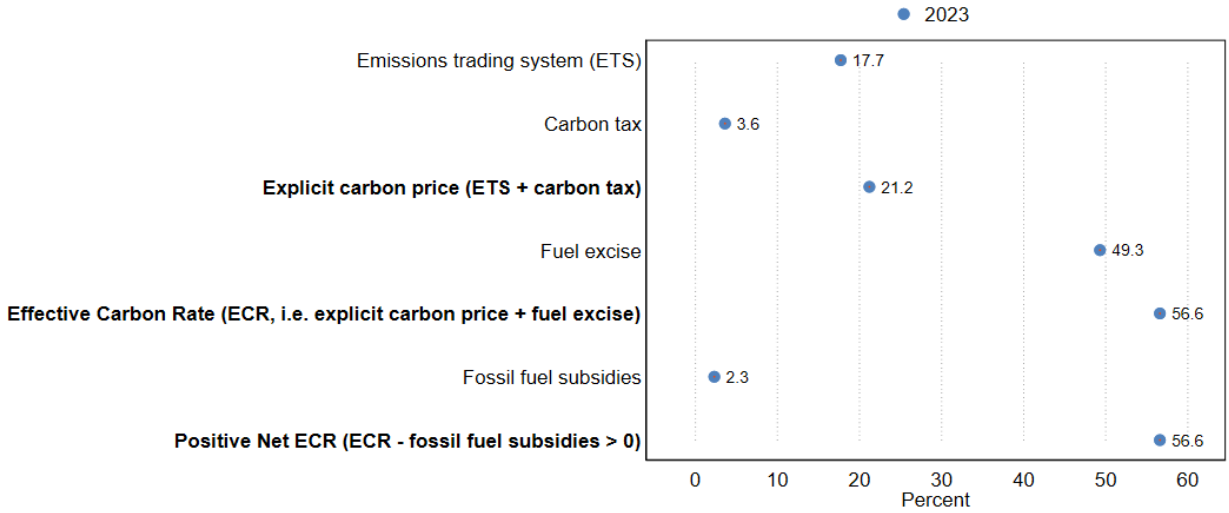
Carbon pricing in Latvia

Share of greenhouse gas emissions subject to a positive price by instrument, 2023 estimates

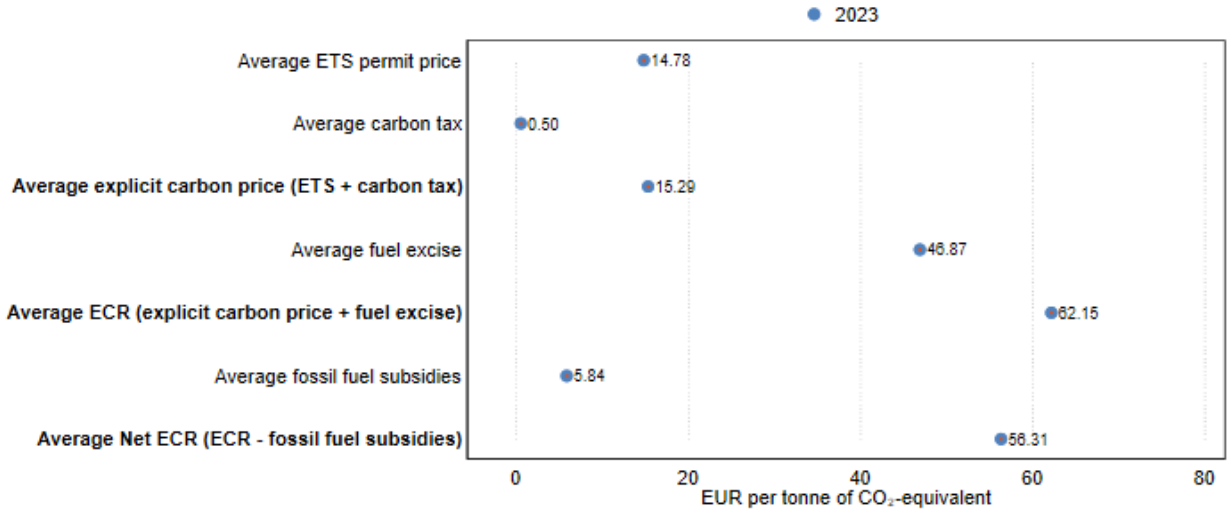
In total, 56.6% of GHG emissions in Latvia are subject to a positive Net Effective Carbon Rate (ECR) in 2023. Explicit carbon prices in Latvia consist of emissions trading system (ETS) permit prices and carbon taxes, which cover 21.2% of greenhouse gas (GHG) emissions in CO_2e. With roughly 17.7% of total GHG emissions, coverage is largest for ETS. Fuel excise taxes, an implicit form of carbon pricing, cover 49.3% of emissions in 2023. Fossil fuel subsidies cover 2.3% of emissions.



Note: Percentages are rounded to the first decimal place.

Average effective carbon prices by instrument, real 2023 EUR, 2023 estimates

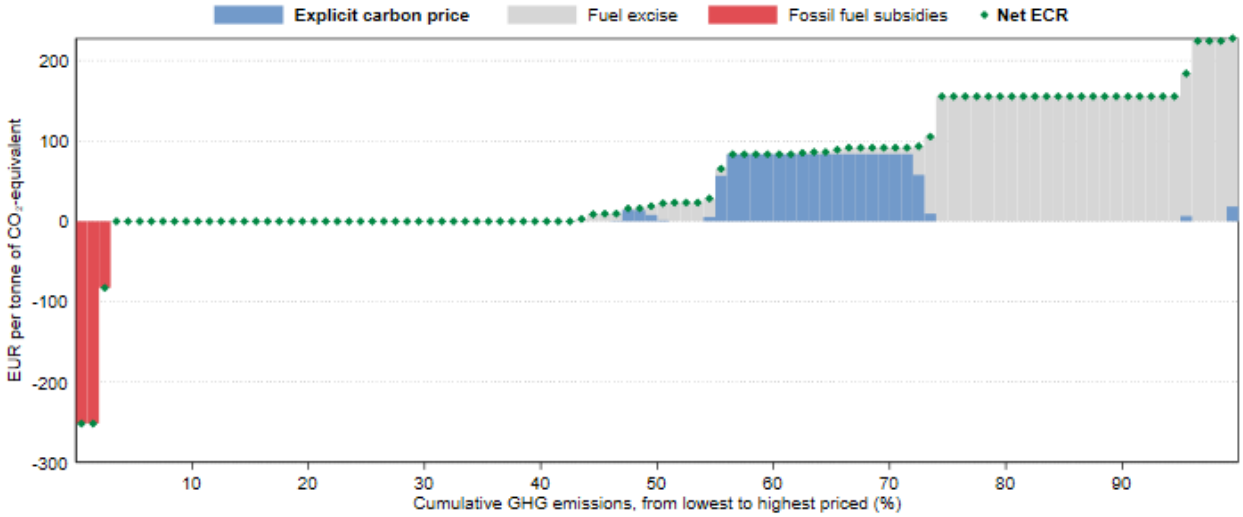
When measured in real 2023 euros, Net Effective Carbon Rates are EUR 56.31 per tonne of CO_2e on average in Latvia in 2023. Explicit carbon prices reach an average of EUR 15.29. Fuel excise taxes amount to EUR 46.87 on average. Fossil fuel subsidies average EUR 5.84 per tonne of CO_2e.



Note: Prices are rounded to the nearest eurocent.

Distribution of effective carbon prices across GHG emissions, 2023 estimates

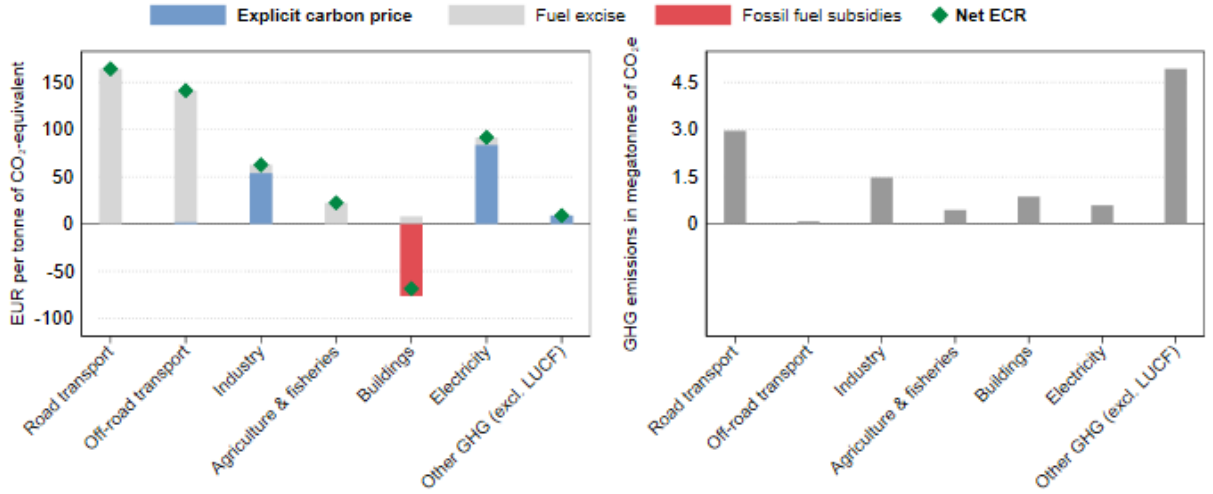
About 57% of GHG emissions are subject to a positive Net ECR in Latvia. About 45% of GHG emissions have a Net ECR above EUR 60 per tonne of CO_2e, a mid-range estimate of current carbon costs.



Note: Simplified for illustration (the average price for each percentile bracket is shown).

Average effective carbon prices (left panel) and GHG emissions (right panel) by sector, 2023 estimates

Net Effective Carbon Rates are highest in the road transport sector, which accounts for 26.1% of the country's total GHG emissions. The Net ECR is on average negative in the buildings sector. The buildings sector accounts for 7.7% of GHG emissions.



Notes on all figures: Tax rates applicable on 1 April 2023, Emission Trading Systems operating in 2023 with ETS coverage estimates based on the OECD's Effective Carbon Rates 2023, i.e. coverage year 2021, and adjustments to account for new systems. Fossil fuel subsidy estimates are based on the OECD's Inventory of Fossil Fuel Support, where available, and original research for the other countries. Due to data availability, fossil fuel subsidy estimates for 2023 are based on data for 2022. GHG emissions are the sum of fossil-fuel related CO2 emissions, calculated based on energy use data for 2021 from the IEA 's World Energy Balances 2023 and other GHGs from Climate Watch 2024.

Want to know more?

- Access the report *Pricing Greenhouse Gas Emissions* (OECD 2024): https://oe.cd/pricing-greenhouse-gas-emissions-2024.
- Which domestic policy instruments are included as carbon pricing instruments? View the background information: https://www.oecd.org/content/dam/oecd/en/topics/policy-sub-issues/carbon-pricing-and-energy-taxes/carbon-pricing-background-notes.pdf
- Access the data shown in the country notes: http://data-explorer.oecd.org/s/he

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