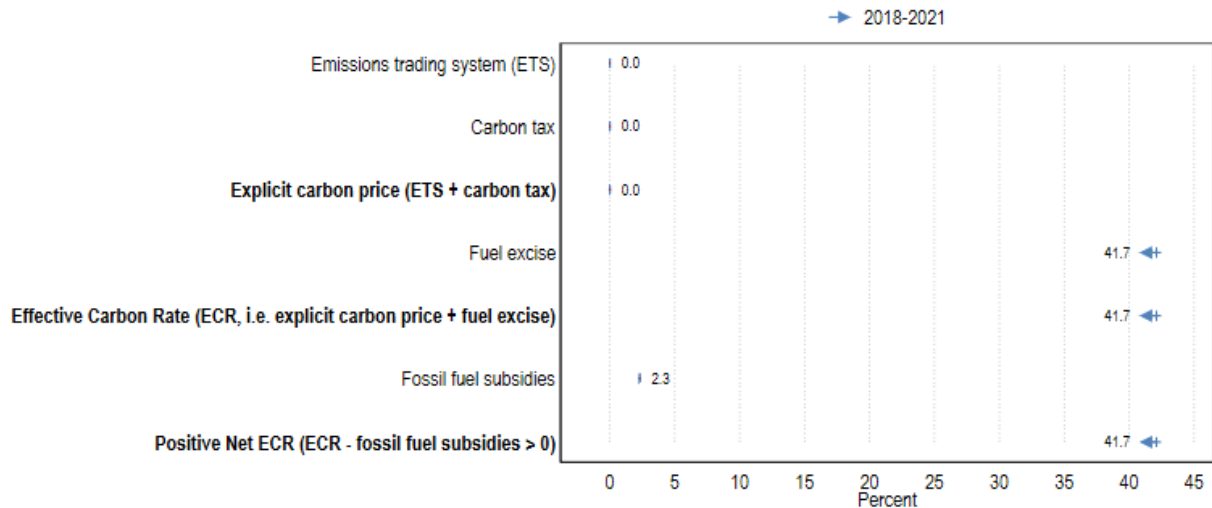


Carbon pricing in Panama

Share of greenhouse gas emissions subject to a positive price by instrument, 2018-2021

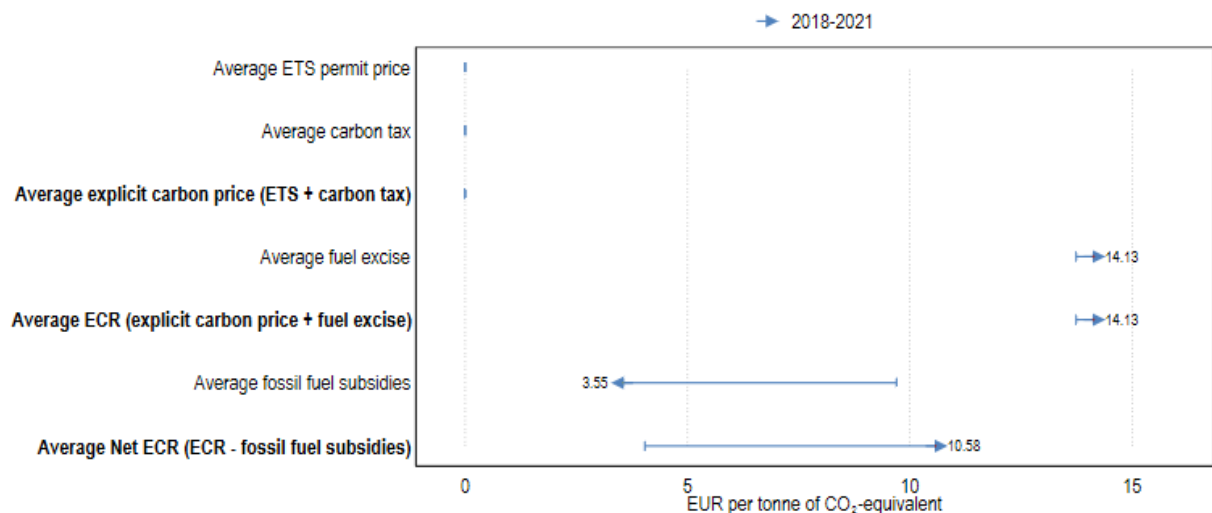
In total, 41.7% of GHG emissions in Panama are subject to a positive Net Effective Carbon Rate (ECR) in 2021, essentially unchanged from 42.1% in 2018. Panama does not levy an explicit carbon price. Fuel excise taxes, an implicit form of carbon pricing, cover 41.7% of emissions in 2021, essentially unchanged from 42.1% in 2018. Fossil fuel subsidies cover 2.3% of emissions in 2021, unchanged since 2018.



Note: Percentages are rounded to the first decimal place.

Average effective carbon prices by instrument, real 2021 EUR, 2018-2021

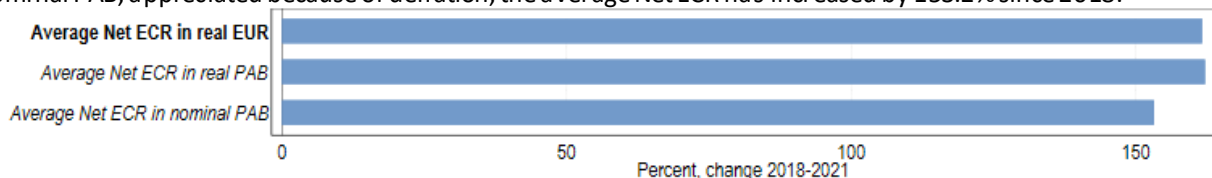
In 2021, fuel excise taxes amounted to EUR 14.13 on average, up by EUR 0.39 (2.8%) relative to 2018. Fossil fuel subsidies have decreased to an average of EUR 3.55 per tonne of CO₂e, down 63.4% since 2018.



Note: Prices are rounded to the nearest eurocent.

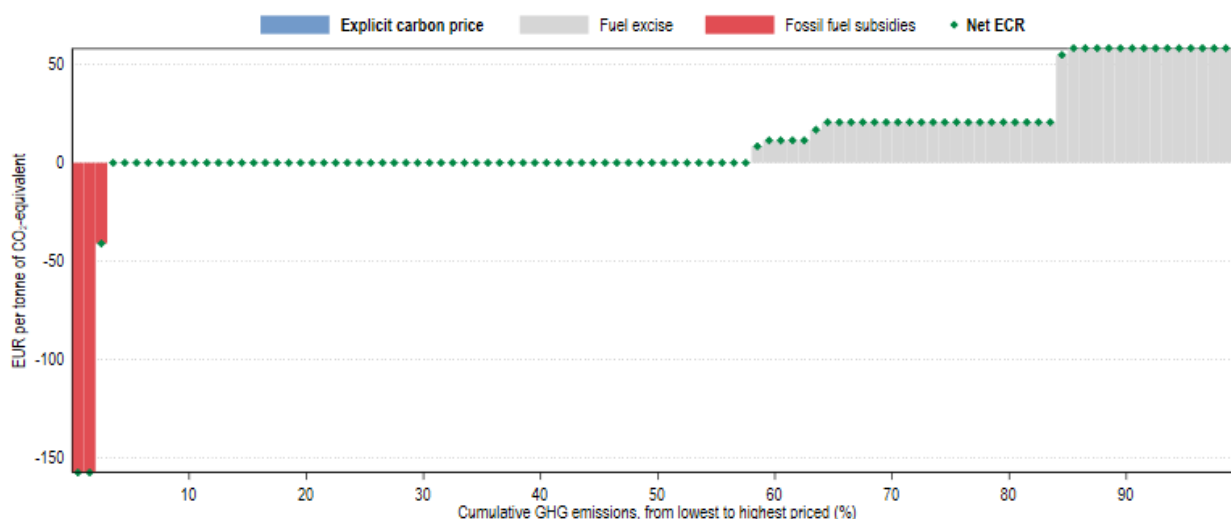
Percentage change in the average Net ECR by reference price, 2018-2021

The change in carbon prices in Panama was mainly affected by deflation. The average Net ECR on GHG emissions has increased by 161.6% since 2018 when measured in real 2021 euros. In real Panamanian balboas (PAB), which has depreciated relative to the euro between 2018 and 2021, the average Net ECR has increased by 162.1%. In nominal PAB, appreciated because of deflation, the average Net ECR has increased by 153.2% since 2018.



Distribution of effective carbon prices across GHG emissions, 2021

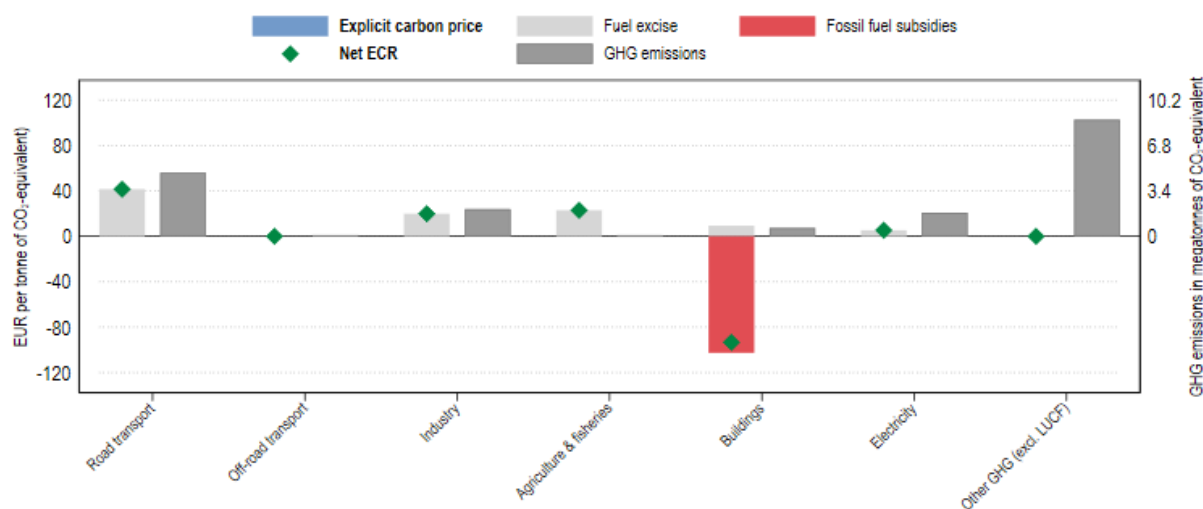
No GHG emissions have a Net ECR above EUR 60 per tonne of CO₂e, a mid-range estimate of current carbon costs.



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

Average effective carbon prices (left axis) and GHG emissions (right axis) by sector, 2021

Net effective carbon rates are highest in the road transport sector, which accounts for 26.5% of the country's total GHG emissions. The Net ECR is zero or negative in the buildings, other GHG emissions and off-road transport sectors. Together, these sectors account for 52.2% of GHG emissions.



Want to know more?

- Access the report *Pricing Greenhouse Gas Emissions* (OECD 2022): <https://oe.cd/pricing-greenhouse-gas-emissions>.
- Which domestic policy instruments are included as carbon pricing instruments? View the background information: www.oecd.org/tax/tax-policy/carbon-pricing-background-notes.pdf
- Access the data shown in the country notes: <https://stats.oecd.org/Index.aspx?DataSetCode=ECRS>

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