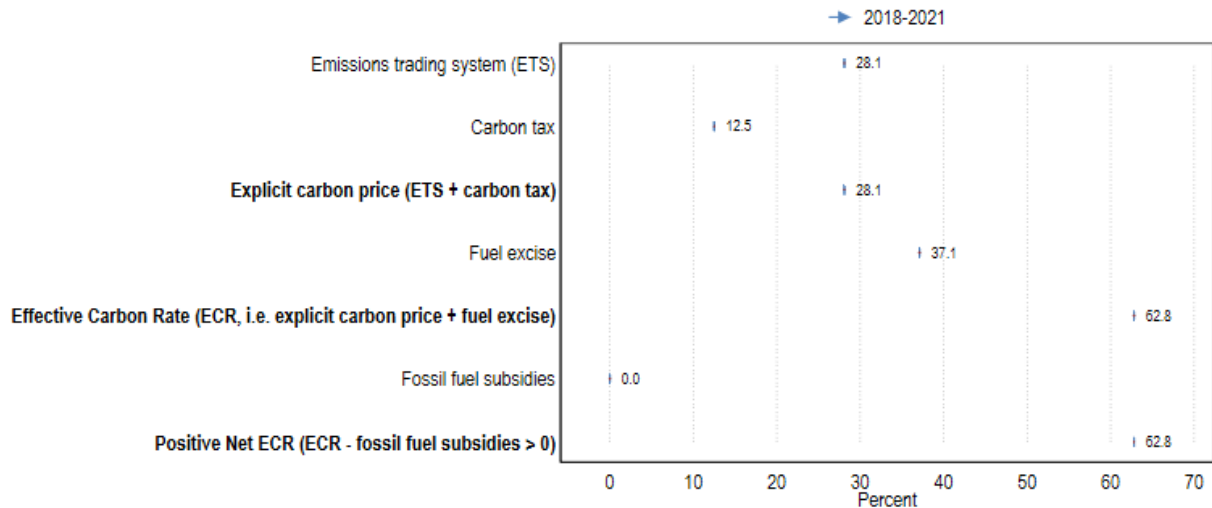


Carbon pricing in the United Kingdom

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

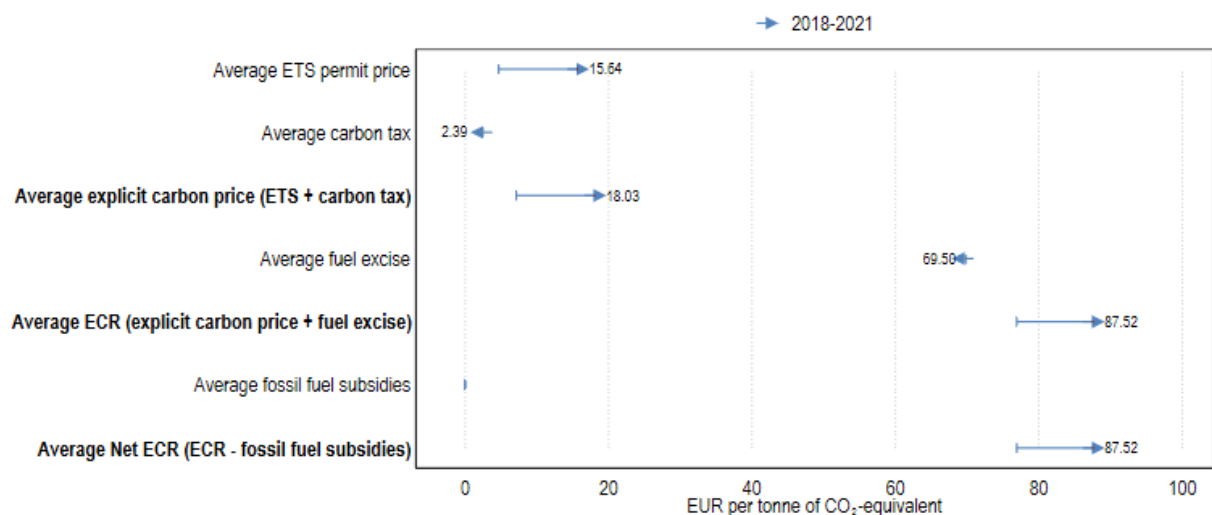
In 2021, explicit carbon prices in the United Kingdom consist of emissions trading system (ETS) permit prices and carbon taxes, which cover 28.1% of greenhouse gas (GHG) emissions in CO₂e. In total, 62.8% of GHG emissions in the United Kingdom are subject to a positive Net Effective Carbon Rate (ECR) in 2021, unchanged since 2018. Fuel excise taxes, an implicit form of carbon pricing, cover 37.1% 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

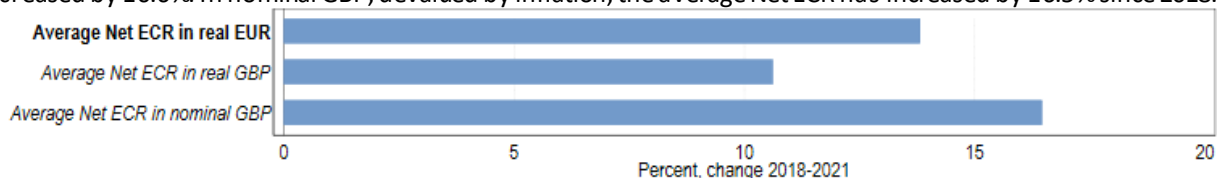
Explicit carbon prices have increased to an average of EUR 18.03 per tonne of CO₂e, up by EUR 10.91 (153.2%) since 2018. In 2021, fuel excise taxes amounted to EUR 69.5 on average, down by EUR 0.28 (0.4%) relative to 2018.



Note: Prices are rounded to the nearest eurocent.

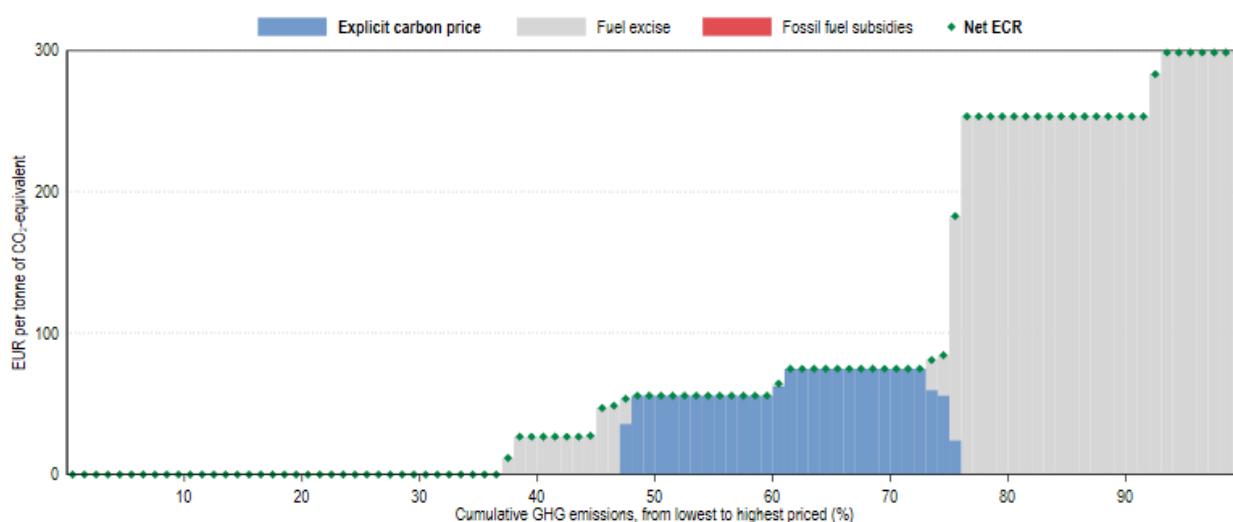
Percentage change in the average Net ECR by reference price, 2018-2021

The change in carbon prices in the United Kingdom was affected by exchange rate appreciation and inflation. The average Net ECR on GHG emissions has increased by 13.8% since 2018 when measured in real 2021 euros. In real British pounds (GBP), which has appreciated relative to the euro between 2018 and 2021, the average Net ECR has increased by 10.6%. In nominal GBP, devalued by inflation, the average Net ECR has increased by 16.5% since 2018.



Distribution of effective carbon prices across GHG emissions, 2021

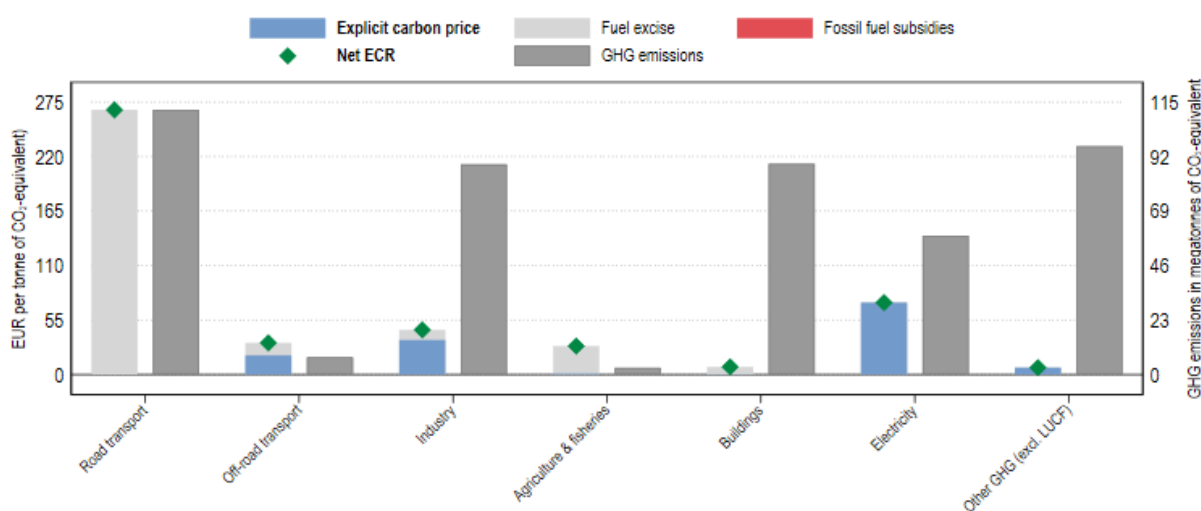
Less than 39.5% of GHG emissions have a Net ECR above EUR 60 per tonne of CO₂e, a mid-range estimate of current carbon costs.



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 24.6% of the country's total GHG emissions. The Net ECR is positive in all sectors.



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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