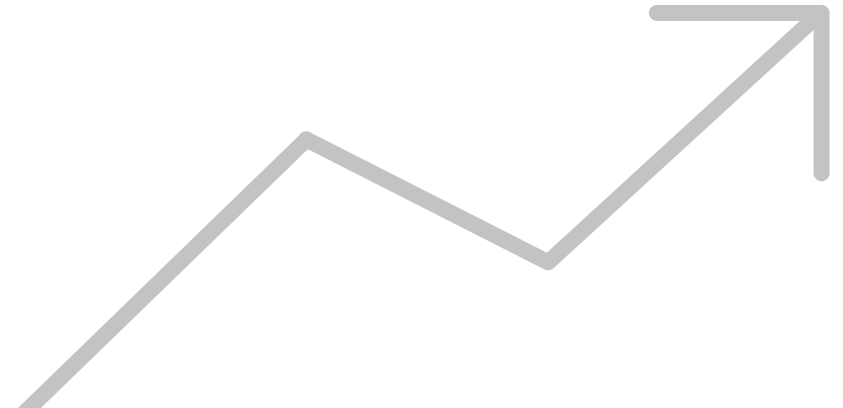
DESTATIS
Statistisches Bundesamt

SEEA CF Update

Issue C6 - Inclusion of potentially environmentally damaging subsidies/related transfers

GN C6 Outline

21 November 2025



Planned Structure of GN C6

- **P** – For what does the “potential” stand in PEDS?
- **ED** - What is “Environmentally Damaging”?
- **S** – What Exactly Are PEDS?
- Criterium of identification
- Links with other accounts (ESST / ETEA)
- Accounting & Timing & Classification

Research Questions (D)

For what does the “potential” stand in PEDS?

- **Option D.1** Keep “potentially”
  - Clarifies that statisticians cannot measure the *actual* effect.
  - We only measure policies that affect prices, not effects compared with the absence of a price instrument.
  - Allows for different identification criteria.
  - Accommodates mixed effects (ESST & PEDS).
  - Makes it easier to convince more countries to apply it.

  - This may soften the political signal expected from the account.

Research Questions (D)

For what does the “potential” stand in PEDS?

- **Option D.2** Drop “potentially”
  - Risk of oversimplifying the level of certainty.
  - Sends a clear political signal.

Research Questions (D)

For what does the “potential” stand in PEDS?

- **Guidance will likely follow Option D.1: Keep “potentially”**
  - Less controversial.
  - Hopefully increases the number of adopters.
  - The discussion could take a very long time, and the only outcome might be a name change that is not widely known and is mainly relevant for the community producing the accounts, not the users.
  - It is more important to integrate this into the SEEA CF than to spend too much time debating the name.

Research Questions (C)

What is environmentally damaging?
Could a list approach be a solution for identifying PEDS activitys and products in an international comparable way? And Could the ETEA Table 1 from the Eurostat ETEA Guidelines (doi: 10.2785/730717) be a starting point for such a list?

- **Definition of the scope:**
  - **All spheres of the environment** (air, water, soil, biodiversity, and energy), not just fossil-fuel use, should be considered.
  - Consider defining “damage” more explicitly and providing examples (feedback).

Research Questions (C)

What is environmentally damaging?

- **Option C.1** Assumed Effect through Internationally Agreed Lists
  - **SEEA CF list from ETEA giving tax basis as starting point (developed by OECD)**
    - Application already tested.
    - Already part of the SEEA CF.
  - Extension of the list as a memorandum outside the SEEA CF (as proposed in C4)
    - Allows updating the list without revising the SEEA CF.
    - The current list has gaps that can be filled after testing by countries or organizations.

  - **Not sensitive to specific circumstances → requires well-designed coordination with the ESST account.**

Research Questions (C)

What is environmentally damaging?

- **Option C.2** Case-by-Case Assessment Based on Circumstances
  - Harder to communicate.
  - Less suitable for international comparison.
  - Less transparent.
  - Requires substantial expertise.

- Guidance will likely follow Option C.1 as the tool for identifying environmental damage (list-based approach).

Research Questions (A)

What exactly are PEDS?

- **Option A.1** Broad definition (all subsidies and similar transfers as in ESST)
  - Could be formulated as in ESST, SEEA CF 2012:
    4.138 “[…]It includes those transfers defined by the SNA as **subsidies, social benefits to households, investment grants and other current and capital transfers**.”

  - **Data collection should include codes for transfer type**
    - Enables users applying other definitions to still use the data.

  - Allows comparison with the ESST account
    - ESST – PEDS ≠ environmental effect.

Research Questions (A)

What exactly are PEDS?

- **Option A.2** Narrow definition only explicit transfers classified as subsidies in SNA

- **Guidance will likely follow Option A.1: Subsidies and similar transfers, as in ESST.**
  - Providing transfer codes allows the data to be used even by users applying the SNA definition.

Research Questions (B)

It seems unlikely that PEDS can be assessed using the same intention- or purpose-based approach as ESST. Would a different criterion—such as effect, which is already applied to environmental taxes—be more appropriate?

- **Option B. 1 Intention-Based Criterion**
  - Vulnerable to greenwashing.
  - Could create conflicts with the ESST account.
  - The intention could only be to reduce the price of harmful products, not to harm the environment.
    - Even this criterion would still differ from the one used in ESST.

Research Questions (B)

It seems unlikely that PEDS can be assessed using the same intention- or purpose-based approach as ESST. Would a different criterion—such as effect, which is already applied to environmental taxes—be more appropriate?

- **Option B.2 Effect-Based Criterion**
  - Criterion is consistent with the ETEA account *(no conflict with E)*.
  - Strong match with **Option D.1** (“keep ‘potentially’”),
    - enables assuming an effect regardless of specific circumstances.
  - Strong match with **Option C.1** (assumed effect via internationally agreed lists).
  - An effect-based criterion is required to compare PEDS with environmentally harmful tax abatements, which must align with ETEA.

  - **Guidance will likely adopt Option B.2 (effect-based criterion), as in ETEA.**

Research Questions (E)

How do PEDS relate to environmental taxes?

- Highly dependent on the choices in:
  - **C** (identification of environmental damage)
  - **B** (criterion)

- No conflict arises if the following options are chosen:
  - **Option C.1:** Assumed effect through internationally agreed lists
  - **Option B.2:** Effect-based criterion

Research Questions (F)

f) **How do PEDS interacts with "Environmental Subsidies and Similar Transfers"?**

- “4.143 The determination of primary purpose should not be based on whether the use of the resources by the recipient of the transfer results in positive outcomes for the environment. While it is reasonable to consider that the purpose of the government in making the transfer and the purpose of the recipient are the same**, it may not be the case that the expenditure of the transferred resources results in beneficial environmental outcomes, even if this was the intent**.”

- Linkage also depends on choices in:
  - D - For what does the “potential” stand in PEDS?
  - C - What is “Environmentally Damaging”?
  - A - What Exactly Are PEDS?
  - B – Criterion (intention vs. effect)

Research Questions (F)

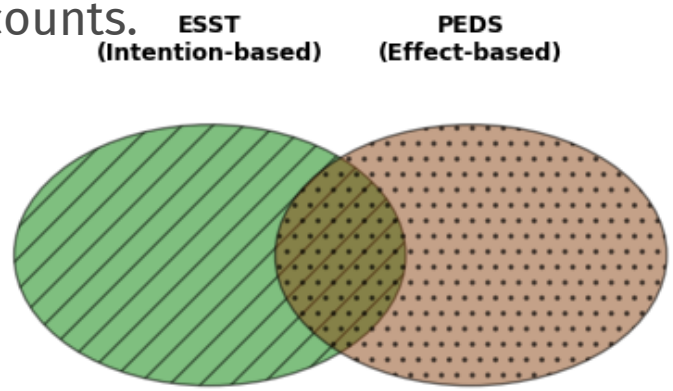
f) **How do PEDS interacts with "Environmental Subsidies and Similar Transfers"?**

- **Four theoretical options for ESST–PEDS interaction:**
  - **Option F.1**: Priority to ESST when both criteria apply
  - **Option F.2**: Priority to PEDS when both criteria apply
  - **Option F.3**: Allow and display overlap
  - **Option F.4**: Split allocation between ESST and PEDS accounts

Research Questions (F)

f) **How do PEDS interacts with "Environmental Subsidies and Similar Transfers"?**

- **Option F.3: Allow and display overlap**
  - This could be done while still maintaining mutually exclusive accounts.
    - Introduce **bridging items in the ESST** tables.
    - Allows for exclusive accounts.
    - Allows the primary purpose to be the main criterion.



- **Option F.4: Split allocation between ESST and PEDS accounts**
  - Would require case-by-case analysis (Option C.2).

Research Questions (G, H)

Accounting

- **Not discussed in detail by the draft team**

- **How should PEDS be accounted for?**
  - The GFS community prefers an approach similar to the SNA.
  - This may not clearly show the relationships that are important for the SEEA CF.
- **When should PEDS be accounted for?**
  - **If aligned with ETEA**, it would also be consistent with tax abatements, which must be coherent with ETEA. This would then allow for a combined analysis.

Research Questions (I)

Could a classification improve the communication of PEDS?

- **So far, this has not been discussed by the draft team.**

- **General options:**
  - **Option I.1**: Use the existing ETEA classification directly
  - **Option I.2**: Develop a dedicated PEDS classification

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