

Comments to  
“REVISION OF THE SYSTEM OF ENVIRONMENTAL-ECONOMIC  
ACCOUNTS (SEEA) Draft version for Second Round of Global Consultation  
October 2011”  
Submitted by Statistics Norway

**Discussion on the “purpose” approach**

All economic activity relates to minimizing costs / maximizing output at given prices and policies. The EPEA and the EGSS aim to summarise transactions “that relate to environmental activities, i.e. those economic activities whose primary purpose is to reduce or eliminate pressures on the environment or to make more efficient use of natural resources”, cf. paragraph 1.110. The “*Environmental activities*” are grouped into *Environmental protection activities* (activities whose primary purpose is the prevention, reduction and elimination of pollution and other forms of degradation of the environment) and *Resource management activities* (activities whose primary purpose is preserving and maintaining the stock of natural resources and hence safeguarding against depletion) , cf. paragraph 4.12-13.

Clearly, the categorization creates numerous definition problems. E.g, the activities include “..the prevention, reduction of treatment of waste (...) the prevention, reduction or elimination of air emissions..” (cf. paragraph 4.12). All actors facing economic restrictions in terms of e.g. pollution taxes or waste charges, will contribute to prevent emissions and waste generation. Due to CO<sub>2</sub> taxes, energy intensive industries and households will prevent, reduce and may even eliminate their air emissions. Another example can be taken from the sectors defined within the SEEA “environmental activities”, such as waste water and waste treatment. These activities attract significant economic interests; the turnover within water supply, waste water and waste treatment in Norway amounted to NOK 22 bill in 2010 – 0,9 % of GDP. Businesses within this sector face a range of environmental regulations and taxes. Within these general terms, the businesses main objectives are to maximize profits, while reducing the environmental pressure is a side effect of the external prices and regulations.

The intention of measuring these expenditures is to “allow for analyses of the impacts of policy instruments to prevent and eliminate environmental pressures and preserve and maintain the stock of natural resources” (p. 4). The accounts of environmental protection activities will not be useful for this kind of analyses. Econometric analyses of the effects of policy instruments require detailed policy information with respect to sectoral tax rates and regulations. The SEEA proposal does not offer such detailed statistics, but represents an aggregation of activities with more or less environmental impact. Generally, increasing activities in environmental protection and resource management only reflects better economic conditions for such activities, and do not indicate any effects on changes in environmental damages.