

ABSTRACT

This study aims to determine the effect of carbon tax policy on competitiveness in an economic activity. In this study the variables used are carbon tax, GDP per capita, FDI, and Average Labor Wages as independent variables. On the other side, the level of competitiveness of Denmark, Finland, and Norway stand as dependent variables. The research years used in this study are from 1992-2023.

The datas used in this study come from the World Bank for carbon tax (CT), GDP per capita (GDP_PER_CAP), and FDI (FDI). Data also come from the Organisation for Economic Co-operation and Development (OECD) for Average Labor Wages (AVG_WAGE) and World Integrated Trade Solution for the data of Revealed Comparative Advantage. The method used in this study is panel data regression analysis through fixed effect model.

Based on the estimation results that have been carried out in this study, it shows that partially the carbon tax (CT) and Average Labor Wages (AVG_WAGE) variables have a negative and significant effect on competitiveness, while the GDP per capita (GDP_PER_CAP) has a positive and significant effect on competitiveness, however, the FDI variable (FDI) does not have a significant effect on competitiveness. Simultaneously all variables have an effect on competitiveness.

Keywords: Carbon Tax, Competitiveness, Panel Data, and Panel Data Regression Analysis.