

Revisiting Environmental Kuznets Curves for NO₂, SO₂ and CO: Evidence from OECD Countries

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To cite this article:

Asma Sghaier, Zouhayer Mighri. Revisiting Environmental Kuznets Curves for NO₂, SO₂ and CO: Evidence from OECD Countries. *International Journal of Economy, Energy and Environment*. Vol. 8, No. 1, 2023, pp. 1-11. doi: 10.11648/j.ijeee.20230801.11

Received: July 18, 2022; **Accepted:** August 29, 2022; **Published:** February 27, 2023

Abstract: This study investigates the position of the environmental Kuznets curve in 25 OECD countries for three pollutants (SO₂, NO₂ and CO) and analyses the impacts of Environmental Policy Stringency and energy consumption per capita on the environmental quality. Therefore, the originality of this paper lies in the attempt to better understand theoretically and empirically the specificities of the concept related to the environmental Kuznets curve. The study used a dynamic panel model with the system Generalized Method of Moments (GMM) estimator and an autoregressive distributed lag (ARDL) model with alternative panel estimators. We consider that the results of this paper are very interesting. The found results confirm that: i) firstly, the Environmental Kuznets Curve (EKC) hypothesis is well supported for all three major pollutant emissions in OECD. ii) Secondly, the positive effects of energy consumption on various pollutant emissions are confirmed. iii) Finally section analyses the Environmental Policy Stringency negatively effects the pollutant emissions. We consider that the results of this paper are very interesting. The policy instruments will help in realizing a balanced environment. Public authorities are encouraged to implement more and more of the regulatory instruments to protect the environmental quality.

Keywords: Environment Kuznets Curve, Environmental Policy Stringency, Energyj 7. iik Consumption, ARDL, GMM, OECD, Dynamic Panel Model

1. Introduction

The concern given to environmental problems (global warming, deforestation, loss of biodiversity, soil salinization, etc.) is increasingly important, and occupies a very important media space. Indeed, global warming, due to the accumulation of Greenhouse Gas (GHG), is the main threat to humanity, and could cost the global economy up to 550 billion dollars if governments do not take drastic measures. An important strand of literature searches for relationships between several pollutants and gross domestic product (GDP), energy consumption growth, or both variables simultaneously. Indeed, most empirical studies seek to verify the environmental Kuznets curve hypothesis: the relationship between the pollutant and the income level takes the inverted U-shaped. This relationship suggests that emissions of

pollutants increase with the GDP per capita in the first stages of economic development up to a turning point, after which emissions begin to decline.

The analysis of the environmental Kuznets curve seems to check whether the wealth accumulation stimulates the environmental degradation, or on the contrary it contributes to improving the environmental quality [55]. According to the theory, if GDP per capita is less than the level of the turning point, the wealth accumulation stimulates the environmental degradation; on the contrary, if GDP per capita is higher, it improves the environmental quality. The ambiguity of the conclusions of earlier studies lies in the value of the turning points, as highlighted [34]. In fact, several studies have concludes that the estimated turning

points are beyond the sample income levels: the increasing in the income stimulates the environmental degradation [2, 47, 59]. In the others studies, the authors have concludes that the turning points calculated are lower than the sample income levels and the increasing income improves the environmental quality [25, 47, 69].

In more the two factors incorporated in the standard form of the environmental Kuznets curve (per capita income and pollutant emissions), several empirical studies have introduced other factors that may affect the quality of the environment in order to mitigate the omitted variables bias in previous studies EKC. In this perspective, energy consumption, international trade and urbanization illustrate some frequent variables that researchers introduce into the EKC study [32, 47, 49].

Work on the relationship between economic growth and CO₂ emissions has become increasingly abundant in recent years. Indeed, the increased interest granted by researchers to this problem is explained by their desire to change the growth models that dominated at length and which, finally, showed their limits and failures on several aspects: in distributive terms [44-46], in terms of social costs and in terms of the degradation of the quality of the environment measured by greenhouse gas emissions [16].

However, the techniques and models used have not, until then, answered many questions that are still unclear. For example, the study of the causality that is established between growth and CO₂ emissions, although it can give us an idea of its nature (total absence of causality, unidirectional or bidirectional causality), it cannot answer so many important questions: is causality, if it exists, immediate, or it exists a delay or a phase advance recorded by one of the variables on the other (GDP in advance compared to CO₂? or the opposite)? What is the nature of causality (linear or non-linear, strong or weak)?

This paper contributes to the literature on the EKC studies in three points. Firstly, we introduce three pollutants (SO₂, NO_x, CO) other than CO₂ emissions frequently used in the majority of anterior work. Secondly, we introduce the Environmental Policy Stringency index to check the hypothesis of environmental Kuznets curve which predicts that substitution and income effects in response to the Environmental Policy Stringency changes exert a major influence on the relationship between GDP and CO₂ emissions. Finally, we used the ARDL modeling for analyzed the dynamic of the variables. In this regard, the study of the specification lagged dependent variable dynamic EKC has been largely unexplored in the literature. Gold, the quality of the environment changes cumulatively over time: the quality of the environment today is likely to be linked to that of yesterday, making it appropriate to consider a dynamic specification that EKC has shifted dependent variable.

Our paper is organized in the following manner: Section 2 reviews the literature on the EKC hypothesis; Section 3 presents the data employed and econometric methodology; Section 4 introduces the econometric results and some further discussion; finally, Section 5 summarizes the paper's

conclusions and its main policy implications.

2. A Summary of Theoretical Literature

The EKC concept was introduced and popularized in the early 1990s with [38] work on the potential environmental impacts of NAFTA, and the 1992 World Bank Report. However, the idea that economic growth is necessary in order for environmental quality to be maintained or improved is an essential part of the sustainable development argument promulgated by the World Commission on Environment and Development (1987).

Many recent studies studied the various position of the Environmental Kuznets Curve (EKC) on different countries, applying different methods of investigations and amidst varying economic circumstance. So, the U-shaped inverted of Kuznets curve is not proved for several authors [2, 3, 35, 41]. In this perspective, Yang et al (80) have rejected the environmental Kuznets curve hypothesis in the China country by examining the revisited relationship between economic performance and emission related indicators such as CO₂ emission, SO₂ emission, industrial waste etc. however, several studies have used the cross-section analyses to check the (EKC) relationship; we can mention for example, the studies by Lean and Smyth for the ASEAM countries, Georgiev, E., & Mihaylov, E. in OECD, Wang [36, 61] for 138 developed and developing countries. Also by uses of time series, several authors have about is to conclude the existence of the environmental Kuznets curve for many countries we can mention for example the study of Mongelli and al. in Italy; Ang in France; Jalil and Mahmoud, Shiyi and Dhakal in China; Halicioglu in Turkey; Alam and al. in Bengladech; Fodha and Zaghdoud in Tunisia; Shahbaz and al. in Romania; Kanjilal and Ghosh in India [4, 34, 39, 48, 56, 65, 71, 72].

In addition to that, the position of EKC hypothesis was found to be a well-established concept that is common in the developed nation's and emerging market economies. This assertion can be traced in the studies of Ozturk and Acaravci, Cho et al., Farhani et al., Al-mulali et al. and Ozturk and Al-Mulali [72, 20, 31, 5, 72]. To support their results, several authors used different indicators and ecological footprint ranging from CO₂ emission, SO₂ emission, NO_x emission, and have introduced different variable that have a relationship with the environmental degradation which mainly: trade (Suri and Chapman, 1998), financial development [11], for investigate the EKC in their studies.

Based on the data of the Organization for Economic Cooperation and Development (OECD), Georgiev and Mihaylov [36] tested the hypothesis of Environmental Kuznets Curve, with income and air pollutants. Their results confirm the existence of environmental Kuznets Curve and inverted U- shaped relationship between income and pollutant is confirmed. The verifying of the existence of an inverted U-shaped curve is also confirmed by Duarte and al. [26] who have analyzed the shape of the relationship

between the income and water usage by using regression approach. Also, in the same perspective, Kanjilal and Ghosh [55] used the annual data of carbon emissions, energy consumption, economic and commercial activity in the opening during the period 1971 – 2008 in China for tested the existence of Environmental Kuznets Curve and the relationship between macro level environmental variables and economic performance. The authors concluded the existence of Environmental Kuznets Curve in India for the relationship between carbon emission and per capita income.

Kris Aaron Beck [57] have re-evaluated whether the EKC exists for CO₂ emissions in OECD, non-OECD, Latin America, Asia, and Africa countries. They used the econometric technique of Arellano-Bover/Blundell-Bond Generalized Methods of Moments (GMM) estimator. In this study, authors used five groups for compare and determine how various factors like economic growth, population, trade, urbanization, and energy use influence CO₂ emissions. The results confirm that the OECD countries have an N-shaped curve with income growth whereas the regions of Asia and Africa experience an income-based EKC pattern. The results further reveal that population growth has a mixed impact on CO₂ emissions, increased trade and urbanization contribute to CO₂ emissions for most areas, and increased energy use actually helps to decrease CO₂ emissions.

Jebli MB and al. [50, 53] analyzed the causal relationships between per capita CO₂ emissions, gross domestic product (GDP), renewable and non-renewable energy consumption, and international trade for a panel of 25 OECD countries over the period 1980–2010. The results of the Short-run indicate bidirectional causality between: renewable energy consumption and imports, renewable and non-renewable energy consumption, non-renewable energy and trade (exports or imports); and unidirectional causality running from: exports to renewable energy, trade to CO₂ emissions, output to

renewable energy. In the long-run, the causality is bidirectional between all our considered variables. The authors concluded also that the inverted U-shaped environmental Kuznets curve (EKC) hypothesis is verified for this sample of OECD countries. Karp LS, Liu X., and al. [56] examined the environmental Kuznets curve in the panel of selected developed countries, over the period of 2000–2013. The authors used panel Generalized Method of Moments (GMM) estimate for robust inferences and have conclude the existence of EKC hypothesis in the energy-resource depletion model; the relationship between energy-resource depletion and GDP per capita take an inverted U-shaped.

Despite the relative abundance, noted in the last decades, concerning the frequency of the studies on the relationship between CO₂ and economic growth, no consensus had been reached. Indeed, the exam of literature review linked to this relation leads to four groups of results (see table 1).

The first group, support the idea stipulating the existence of unidirectional causality from CO₂ to economic growth or from economic growth to CO₂. [1, 6, 7, 17-19, 27-30, 72]

The second group had found a bidirectional relation between the two variables as proved by the following set of papers [18, 27-30, 49].

The third group had negated the positive correlation between CO₂ and economic growth as showed by Bai et al. [15] who converged to the result that economic growth had negative effects on CO₂. This result, while its strangest, can draw a novel condition and transformation of the relation between the two variables and will lead to an ewer a in which the wealth of nations will be invested to reduce a pollutants and to edify a green world.

The fourth set of work shad tried to combine the couple of variables (CO₂, economic growth) with other variables and to determine the effects. The results are mitigating. [15, 23, 27, 28, 34, 74]

Table 1. Literature review.

First Group

Author	Data	Model	Variables	Results
First Group				
Kraft & Kraft (1978)	1947-1974	Log-distribution regression	GEI, GNP	Unidirectional causality follow from GNP to GEI
Coondoo & Dinda (2002)	America, Europe, Africa and Asia countries	Cross countries panel data	CO ₂ , GDP	Unidirectional causality between GDP and CO ₂ , from America and western Europe
Ang (2007)	France 1960-2000	VECM	CO ₂ , EC, GDP	GDP exerts a causal influence CO ₂ Unidirectional causal from GDP to CO ₂
Apergis & Payne (2010)	Commonwealth of independent states 1992-2004	Panel VECM	CO ₂ , EC, GDP	Unidirectional causality EC, GDP to CO ₂
Dogan & Seker (2016b)	40 courtiers 1985-2011	FMOLS, DOLS	FDI, EC, CO ₂ , GDP, REC	Variables cointegrated and have a long-run relationship
Asongu et al. (2016)	24 African countries	Pmg-ARDL	EC, CO ₂ , GDP	Unidirectional causal from (CO ₂ to GDP) and (CO ₂ to EC)
Jebli (2016); Jebli & Belloumi (2017)	Tunisia 1980-2011 1990-2011	ARDL	CO ₂ , GDP, CR	Unidirectional causal from GDP to CO ₂ GDP contribute to decrease CO ₂
Odhambo (2011, 2017)	Sub sahara Africa South Africa	Dynamic panel data ECM ARDL	CO ₂ , GDP	Unidirectional causal flow from GDP to CO ₂
Ben Mbarek et al.	18 countries	VECM	NE, CO ₂ , RE,	Unidirectional relationship running GDP to CO ₂

Author	Data	Model	Variables	Results
(2018)	1990-2013		GDP	
Ben Jebli & Hadhri	10 tourism destination	VECM	CO ₂ , Tour,	Unidirectional causality running from CO ₂ to GDP
(2018)	1995-2013		GDP	Economic growth leads to the increase of CO ₂

Second Group

Author	Data	Model	Variables	Results
Second Group				
Coondoo & Dinda (2002)	America, Europe, Africa and Asia countries	Cross countries panel data Granger-causality	CO ₂ , GDP	Bidirectional causality between GDP and CO ₂ from Asia and Africa countries
Wang et al. (2011)	28 china provinces 1995-2007	Panel VECM	CO ₂ , EC, GDP	Bidirectional causal from (CO ₂ to EC) and (EC to GDP) In long run: EC and GDP cause CO ₂ CO ₂ will not decrease in a long period of time
Shahbaz, Hye, et al. (2013)	Indonesia 1975Q1-2011Q4	ARDL, VECM	GDP, EC, FinDev, Tr, CO ₂	GDP increases CO ₂ Bidirectional causal from GDP to CO ₂
J.-H. Chen & Huang (2013)	N-11 1981-2009	FMOLS, DOLS	EC, CO ₂ , GDP	Bidirectional causality between CO ₂ electric consumption and GDP Positive long-run relationship among CO ₂ , energy consumption and GDP
Zeb et al. (2014)	SAARC countries 1975-2010	Panel data FMOLS	RE, CO ₂ , GDP	Bidirectional Granger-causality from CO ₂ and GDP Increase in energy production leads to decrease in CO ₂ emission
Ben Jebli et al. (2015)	24 sub-Saharan Africa 1980-2010	Panel cointegration technic	GDP, CO ₂	Bidirectional Granger-causality from CO ₂ and GDP
Jammazi & Aloui (2015)	GCC countries 1980-2013	Maximal Overlap Discrete Wavelet Transform	CO ₂ , GDP, EC	-directional lead/ CO ₂ ' emissions, EC, and GDP
Dogan & Turkekul (2016)	USA 1960-2010		CO ₂ , EC, GDT, Tr, Urb, FinDev	Not support the validity of EKC hypothesis GDP increase the level of CO ₂ Bidirectional causal from CO ₂ to GDP
Wang et al. (2018)	170 countries 1980-2011	VECM	GDP, Pop, EC, CO ₂	Bidirectional causal from GDP to CO ₂

Third Group

Author	Data	Model	Variables	Results
Third Group				
Richmond & Kaufmann (2006)	OCDE 1978-1997	Panel data	EC, CO ₂ , GDP	Increase in income probably will not reduce energy use and CO ₂ emission
Akbostancı et al.(2009)	Turkey 1968-2003 1992-2001	Time Series Panel data	CO ₂ , GDP, PM, SO	Monotonically increasing relationship CO ₂ /GDP in the long run Not support the EKC hypothesis
He&Richard (2010)	Canada 1948-2004	Cubic parametric model Hamilton's model	GDP, CO ₂	No evidence of an EKC Relationship monotonically increasing Positive correlation between CO ₂ , GDP
Shahbaz, Tiwari,&Nasir (2013)	South Africa 1965-2008	ARDL ECM	FinDev, GDP, CC, Tr, CO ₂	Relationship among variables GDP increases CO ₂ According EKC hypothesis
Leitão (2013)	18 countries 1990-2010	GMM-sys	CO ₂ , GDP, EC, Glob	Relationship between GDP and CO ₂ has increased Inverted U-Shaped relationship between GDP and CO ₂ Does not have the EKC of CO ₂ emission under GDP
Y. Chenetal. (2019)	China 1980-2014	ARDL, VECM	CO ₂ , GDP, NRE, RE, Tr	GDP increase CO ₂ CO ₂ have a negative correlation with GDP

Fourth Group

Author	Data	Model	Variables	Results
Fourth Group				
Selden & Song (1994)	30 countries 1973-1984	Panel data (RE, FE, CS)	Sulfur, oxid, carbon, gdp	Emission decreases in the long run
Galeotti et al. (2009)	OCDE 1960-2002	Panel data	SO ₂ , CO ₂ , GDP	The EKC hypothesis remain a fragile concept
Diao et al. (2009)	China (diaxing city) 1995-2005	Linear, quadratic, cubic functions	GDP, EQ	The relation GDP/EQ is more complex The pollutants will gradually decrease with further economy development
Tiwari et al. (2013)	India	ARDL	CC, GDP, Tr, CO ₂	Presence of EKC in long-run Feedback hypothesis between GDP and CO ₂ Granger causes GDP, CO ₂
Dogan & Seker (2016a)	EU 1980-2012	DOLS	GDP, CO ₂	EKC hypothesis is supported Unidirectional causality running from GDP to CO ₂
Dogan & Aslan	EU	FMOLS, DOLS	GDP, CO ₂	Low-way causality between CO ₂ and GDP

Author	Data	Model	Variables	Results
Fourth Group				
(2017)	1995-2011			
Salahuddin et al. (2018)	Kuwait 1980-2913	ARDL	GDP, CO ₂ , EC, FDI, FinDev	GDP stimulate CO ₂ GDP strongly Granger-causality CO ₂
Zhang et al. (2017)	Pakistan 1970-2012	ARDL, VECM	RE, NRE, EC, CO ₂	Presence of EKC hypothesis
Pao & chen (2019)	G-20 1991-2016	VECM	GDP, CO ₂ , FF, Ren, Hyd, Nuc	Relationship between CO ₂ , GDP
Bai et al. (2019)	China (64 cites) 2006-2013	2SLS	Pop, GDP, Urb, CO ₂	GDP negative effects on CO ₂
Churchill et al. (2019)	90 countries 2001-2010	OLS, 2SLS, IV, ME	GDP, Ethnic, CO ₂	Ethnic reduce GDP/ CO ₂
Kahouli (2017)	6South Mediterranean countries (1995 – 2015)	Bound tests for cointegration, ARDL approach and VECM method		In the long run: EC ↔ GDP In the short run: EC → GDP: except Egypt.
Ahmad and Du (2017)	Iran (1971 – 2011)	ARDL approach		In the long run: GDP → CO ₂ EC → GDP
Appiah (2018)	Ghana (1965 – 2015)	Toda-Yamamoto and Granger causality tests		In the long run: GDP → CO ₂ EC → GDP EC → CO ₂ In the long run: COR → GDP COR → CO ₂ COR → EC
Sekrafi and Sghaier (2016)	MENA Countries (1984 – 2012)	Static and dynamic panel data		
Nurunnabi. M & Sghaier. A (2018),	1979 - 2015 the determinants of terrorism in Tunisia	Co integration method; (ARDL)	TI, GTD, GDP / P, HPI, FDI, GER	Poverty affects positively the phenomenon of terrorism
Ben Jabeur. S & Sghaier. A (2018),	1996–2012 16 MENA countries	PLS-SEM.	CO ₂ ; GDP COR; TAX; EC	Results from PLS-SEM show a positive relationship between economic growth and pollution.
Sekrafi & Sghaier (2018)	1974-2014 Tunisia	co-integration, ARDL model and Granger Causality Tests	CO ₂ , GDP, corruption	The results indicate that tourism has a direct impact and statistically significant effect on the consumption of energy for the future of the Tunisian economy.
Sekrafi & Sghaier (2018)	1984 - 2012 Tunisia	autoregressive distributed lag (ARDL)	CO ₂ , GDP, corruption	(1) a positively and significant relationship between control of corruption and economic growth (2) a negatively and significant relationship between control of corruption and environmental quality (CO ₂) (3) a negatively and significant relationship between control of corruption and energy consumption

Notes: EC→GDP means that the causality runs from energy consumption to growth. GDP→EC means that the causality runs from growth to energy consumption. GDP→CO₂ means that the causality runs from economic growth to pollution. EC↔GDP means that bidirectional causality exists between energy consumption and growth. CO₂↔GDP means that bidirectional causality exists between pollution and economic growth. COR↔GDP means that the causality runs from corruption to economic growth. COR→EC means that the causality runs from energy consumption to corruption. COR→CO₂ means that the causality runs from corruption to pollution.

3. Research Methodology

3.1. Data Collection and Processing

This paper employs data for 25 OECD countries (Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States) for the period 1990-2018. The variables are (CO) carbon monoxide emissions per capita (Kilograms per capita), (NO₂) Nitrogen oxides emissions per capita (Kilograms per capita), Sulphur oxides (SOx) emissions per capita (Kilograms per capita), GDP per capita (current US\$), the

GDP per capita squared, (EPS) Environmental Policy Stringency and energy consumption per capita. Data are extracted respectively from the OECD statistics and World Bank database.

3.2. Methodology

The EKC hypothesis is the old and gold theory which is related with the work of Kuznets (1955) who presented the novel relationship between GDP per capita & income inequality and found the inverted U-shaped relationship between the variables. The author has identified different forms of the relationship between income inequality and per capita GDP i.e., (i) inverted U-shaped relationship, (ii) U-shaped relationship, (iii) no relationship between the variables, (iv) monotonic increasing function, and (v) monotonic decreasing function. The form of EKC is deducted in the after years to analysis of the relationship

between CO₂ emissions per capita and GDP per capita [47]. The reduced form of EKC is presented in Eq (1):

$$\ln(\text{pollutant})_{it} = \beta_0 + \beta_1 \ln(\text{GDP})_{it} + \beta_2 \ln(\text{GDP})_{it}^2 + \beta_4 Z_{it} + \varepsilon_{it} \quad (1)$$

Where, pollutant is the per-capita pollution indicator, represented alternatively by (CO) carbon monoxide emissions per capita, (NO₂) Nitrogen oxides emissions per capita, (SO_x) Sulphur oxides emissions per capita, GDP captures the level of per capita income and Z is a vector that contains the variables which have an effect on the quality of the environment represented by (EPS) Environmental Policy Stringency and (EC) energy consumption per capita.

Under the specification in Eq. (1), the EKC hypothesis is supported if $\beta_1 > 0$ and $\beta_2 < 0$. to capture the short-run contemporaneous effects of various variables on environmental quality, the Eq(1) is estimated in the first step through the employ the GMM approach put forth by Hansen [39] and later refined into the difference GMM estimator by Arellano and Bond [8]. Indeed, Arellano and Bover and Blundell and Bond [9] argued that the weak instrumental

variable problem may be unavoidable for difference GMM and further proposed the system GMM estimator, which builds a system containing both the original level equation and the transformed difference equation.

In addition to estimating the short-run relationship between various variables, we estimate the dynamic EKC specification in Eq. (1). We study another specification that allows us to estimate the long-run EKC relationship. To this end, we recast (1) into the general autoregressive distributed lag (ARDL) (p, q) model:

$$\Delta \ln(\text{pollutant})_{it} = \gamma_i + \sum_{j=1}^p \lambda_{i,j} \ln(\text{pollutant})_{i,t-j} + \sum_{j=0}^q \delta_{i,j} X_{i,t-j} + \varepsilon_{it} \quad (2)$$

Where $X_{i,t} = (\ln(\text{GDP})_{i,t}, \ln(\text{GDP})_{i,t}^2, \ln(\text{EC})_{i,t}, \text{EPS})$

We estimate Eq. (2) by employing the Pooled Mean Group (PMG) estimator proposed by Pesaran et al. [79]. The PMG estimator is used also, by Martinez-Zarzoso and Bengochea-Morancho [63] to confirm the long-term EKC relationship for CO₂ emissions in a panel of 22 countries in the OECD.

4. The Estimation Results and Discussion

Table 2. Unit root test.

	LLC				IPS			
	in level		in difference		in level		in difference	
	Statistic	Prob.	Statistic	Prob.	Statistic	Prob.	Statistic	Prob.
EPS	1.84404	0.9674	-8.25210	0.0000***	5.74226	1.0000	-9.92820	0.0000***
LnEC	-1.20823	0.1135	-4.14330	0.0000***	0.72403	0.7655	-7.61235	0.0000***
LnGDP	-5.44906	0.0000***	-7.06722	0.0000***	0.76673	0.7784	-7.59284	0.0000***
LnGDP2	-5.11592	0.0000***	-7.20253	0.0000***	0.98679	0.8381	-7.69219	0.0000***
lnNO ₂	4.27971	1.0000	-6.22178	0.0000***	6.84532	1.0000	-7.47809	0.0000***
lnSO ₂	0.22453	0.5888	-4.67189	0.0000***	4.64277	1.0000	-7.17050	0.0000***
LnCO	-0.61681	0.2687	-4.91767	0.0000***	4.27943	1.0000	-8.18001	0.0000***

***Significant level for 1%.

Table 1 shows the results of unit root test of the variables. We can notice that the LLC test indicates that all variables are non-stationary in level with the exception of GDP and by GDP2 against the results of the IPS test indicates that all variables are non-stationary in level. However, in the case of small sample, the results of the IPS test are less robust. Thus, we can conclude

that the stationarity hypothesis is rejected for all variables. In level, we notice that the two tests confirm the stationarity of all variables. The conclusion drawn is that all variables are integrated I (1). After to verify the stationarity of the variables in level, we verify the cointegration relationship between the variables.

Table 3. Pedroni Residual Cointegration Test.

	F(LNCO/ LNGDP LNGDP2 LNEC EPS)		F(LNNO ₂ / LNGDP LNGDP2 LNEC EPS)		F(LNSO ₂ / LNGDP LNGDP2 LNEC EPS)	
	Statistic	Prob.	Statistic	Prob.	Statistic	Prob.
Panel v-Statistic	1.970801	0.0244**	2.198521	0.0140**	2.109749	0.0174**
Panel rho-Statistic	0.236728	0.5936	0.054608	0.5218	0.136543	0.5543
Panel PP-Statistic	-4.876241	0.0000***	-3.789241	0.0001***	-4.179355	0.0000***
Panel ADF-Statistic	-4.023523	0.0000***	-4.224669	0.0000***	-4.804509	0.0000***
Group rho-Statistic	1.778861	0.9624	1.642786	0.9498	2.170317	0.9850
Group PP-Statistic	-6.474245	0.0000***	-4.351725	0.0000***	-4.153636	0.0000***
Group ADF-Statistic	-4.735695	0.0000***	-5.875992	0.0000***	-5.087224	0.0000***

Significant level for 5%, *Significant level for 1%.

Table 3 shows the results of Pedroni co-integration test. In this perspective, Pedroni [75, 78] proposed various tests to

understand the null hypothesis of no intra-individual co-integration for both homogeneous and heterogeneous panels.

The critical values in this work is related to the presence of a single regressor in the cointegrating relationships, Pedroni [62, 63] proposes an extension if the cointegration relationships include more than two variables. In fact, the Pedroni tests take into account the heterogeneity of parameters that may differ between individuals. Thus, under the alternative hypothesis, there is a cointegration relationship for each individual, and the parameters of this

relationship are not necessarily the same for each individual panel. In our analysis, we can notice that four of seven statistics are statistically significant at the 5% level, which confirming the existence of at least one co-integrating relationship between the variables.

In the after step, we estimate the dynamic short-run relationship between the variables to using the GMM and the long-run relationship to using the ARDL modeling.

Table 4. The GMM estimations of dynamic EKC for per-capita NO₂, CO and SO₂ emissions.

	F(LNNO ₂ /lngdp, lngdp2, lnec, EPS)			F(LNSO ₂ /lngdp, lngdp2, lnec, EPS)			F(LNCO/lngdp, lngdp2, lnec, EPS)		
	Coef.	z	P>z	Coef.	z	P>z	Coef. Std.	z	P>z
Pollutant (-1)	.9713436	50.17	0.000***	1.000131	47.47	0.000***	.9505198	69.98	0.000***
lngdp	1.682379	6.38	0.000***	1.36953	1.96	0.050**	1.775743	4.89	0.000***
lngdp2	-.0879844	-6.47	0.000***	-.0717878	-1.97	0.049**	-.0923584	-4.95	0.000***
lnec	.076691	2.11	0.035**	.2433129	1.98	0.048**	.0891173	2.16	0.031**
EPS	-.0091801	-2.06	0.039**	-.0025019	-0.21	0.832	-.0062379	-0.96	0.338
_cons	-8.520045	-6.56	0.000***	-8.554764	-2.35	0.019**	-9.020968	-4.88	0.000***
turning point		14195,303			13887,407			14962,868	
AR(1)		-7.97			-8.45			-9.69	
Pr >z		0.000***			0.000***			0.000***	
AR(2)		-1.39			-0.99			1.77	
Pr >z		0.166			0.323			0,161	
Hansen test		19.32			20.80			22.68	
Chi2		[0.200]			[0.409]			[0.305]	
Difference in Hansen test		13.89			18.75			18.15	
Chi2		[0.239]			[0.226]			[0.255]	

The p-value of the serial correlation tests in Arellano and Bond (1991) and the p-value of the Hansen tests of over-identification are reported in square brackets. **Significant level for 5%, ***Significant level for 1%.

The table 4 gives the results of our regression for three pollutants. Firstly, we note that the coefficients of the lagged dependent variable (pollutant (-1)) are positive and highly significant in all regressions. Indeed, we can conclude that a dynamic EKC specification in our study is justified and the pollutants emissions are positively serially correlated. Also, we note that the correlation test and the over-identification test do not reject the validity hypothesis of lagged variables in level and difference as instruments. On the other hand, the autocorrelation test does not reject the hypothesis of no autocorrelation of second order [81].

Secondly, the coefficient of ln (gdp) is positive and the coefficient of (ln(gdp))² negative, both of which are significant at 1% level, consistently across all estimations. These results thus confirm the existence of an inverted U-shaped EKC for emissions in OECD countries. thus, we can conclude that the NO₂ emissions (respectively SO₂ and CO) initially increase and then decrease after reaching with a turning point which is equal to 14195,303 (13887,407, 14962,868) in economic development. The comparing the value of the turning point and the average level of GDP in our sample shows that the countries of the panel reached a

turning and are in the third phase of the curve. However, the comparison with GDP levels in each country shows that some countries are still in their first phase of the curve.

Furthermore, we can notice that the coefficients associated with energy consumption are significantly positive for the three pollutants. The 1% increase in energy consumption is increasing respectively; the NO₂ emissions of 0.0766%, SO₂ emissions of 0.243% and CO emissions of 0.089%. Energy consumption is a major degradation source of environmental as is already checked in earlier work [6, 7, 10, 69]. Finally, we note that the coefficient associated the variable (.) is positive for all three pollutants, which confirms that any policy of control and requirement causes improved environmental quality. Public authorities are encouraged to impose more regulation on environment.

After checking the existence of the environmental Kuznets curve in short-run, we next study the validity of long-run EKC relationship using a panel ARDL model. Specifically, we apply PMG estimators to estimate Eq. (2) in order to deduce the long-run relationship among different pollutant (SO₂, NO₂, CO), per-capita output, energy consumption and Environmental Policy Stringency. The estimation results are reported in Table 5.

Table 5. The PMG estimations of EKC in ARDL model for NO₂, SO₂ and CO emissions.

Variable	Selected Model: ARDL (2, 3, 3, 3, 3)		Selected Model: ARDL (1, 3, 3, 3, 3)		Selected Model: ARDL (1, 3, 3, 3, 3)	
	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic
Adjust coef	-0.185663	-1.982284**	-0.198600	-2.787537***	-0.143912	-3.183149***
Long Run Equation						
LNGDP	4.015307	8.680416***	-47.82415	-19.04951***	4.427924	2.699860***
LNGDP2	-0.253941	-10.76647***	2.018564	17.55653***	-0.342187	-4.129442***

Variable	Selected Model: ARDL (2, 3, 3, 3, 3)		Selected Model: ARDL (1, 3, 3, 3, 3)		Selected Model: ARDL (1, 3, 3, 3, 3)	
	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic
LNEC	1.160320	27.57809***	4.839023	21.17775***	1.401769	5.171076***
EPS	-0.040265	-5.129250***	-0.247379	-15.76859***	-0.195657	-7.014104***
Short Run Equation						
D(LNNO ₂ (-1))	-0.151761	-1.558428				
D(LNGDP)	32.98630	1.908179*	-126.5339	-2.481625**	1.780406	0.086363
D(LNGDP(-1))	-10.13803	-0.432256	-37.26745	-0.859848	12.13661	0.694967
D(LNGDP(-2))	29.36518	2.099243**	-62.93047	-1.653439*	-6.866804	-0.467152
D(LNGDP2)	-1.577706	-1.894434**	6.327837	2.518806**	-0.073581	-0.073817
D(LNGDP2(-1))	0.531968	0.473549	1.738296	0.828686	-0.555826	-0.670090
D(LNGDP2(-2))	-1.433137	-2.109025**	3.031827	1.664163	0.387048	0.539697
D(LNEC)	0.545885	2.346818**	-0.025498	-0.071917	0.404557	3.367093***
D(LNEC(-1))	-0.027176	-0.138982	-0.243735	-0.700345	-0.058753	-0.509775
D(LNEC(-2))	0.087155	0.394138	-0.267842	-0.854772	-0.134042	-1.213500
D(EPS)	0.008097	0.429335	-0.010562	-0.187457	-0.037272	-1.754959*
D(EPS(-1))	0.007840	0.501394	-0.029274	-0.625185	-0.005621	-0.374968
D(EPS(-2))	0.012494	0.694836	-0.030068	-0.545031	0.012581	0.625972
C	-3.977557	-2.020754**	47.78262	2.786690***	-2.667999	-3.141872***
Akaike info criterion			-3.879798	-1.966224	-3.186829	
Schwarz criterion		-1.009700	0.714554		-0.506052	

*Significant level for 10%, **Significant level for 5%, ***Significant level for 1%.

Table 3 presents the estimation results of Eq (2). We notice that the estimated adjustment coefficient is negative and significant in all regressions, indicating that the economic dynamics converge to a long-run equilibrium relationship between the different pollutant and its determinants. Following the confirmation of the existence of a long-term relationship between the variables, we determine later the shape of the relationship between different pollutants and economic growth. We remark that the coefficient of $\ln(\text{gdp})$ is positive and the coefficient of $(\ln(\text{gdp}))^2$ negative and both of which are highly significant at 1% level in all estimations. We conclude there exists a long-run, inverted U-shaped EKC between the variables. For the coefficient associated with energy consumption, we can notice that it persists and remains significantly positive in the long-run. In addition, the comparison of the short-run values obtained by the GMM (table 3) and long-run values obtained through the ARDL model (table 4), we can conclude that the negative effect of energy on the environmental quality is increasingly growing over time. For the environmental policy stringency (EPS), we remark that the associate's coefficients to this variable are significantly negative. At one point increase in the environmental requirement degree reduces the pollutant emissions of 0.04 point for NO₂, 0.247 for SO₂ and 0.19 point for CO. in fact; the OECD countries are engaged in various environmental protection strategies including mainly the historic decision taken by the Council of OECD in 1972 about the "polluter-pays principle" Completed by the "user-pays principle".

5. Conclusions and Implications

This paper investigates the validity of Environmental Kuznets Curve (EKC) hypothesis for SO₂, NO₂ and CO emissions using a panel of 25 OECD countries over the period 1990–2018. The current paper empirically estimated the dynamic relationship between pollutant emissions and

economic development, while controlling for the impacts of energy consumption and environmental policy stringency. our results from estimating a dynamic panel model by the GMM estimator, well as estimating the ARDL model by the PMG estimators,, have all supported EKC hypothesis for the three major pollutants in the short and long run.

The short-run outcomes identified by the GMM method indicate that energy consumption positively and significantly affects the environmental quality; energy consumption strengthens environmental degradation. However, regulations policies have a negative and not significant impact in the short term. The policy makers are encouraged to pressure on energy consumption and stimulate the energy conservation strategy and alternative energy sources.

In the long term, the results of ARDL model indicate that the effect of energy consumption persists and becomes more important. The associated coefficient with the environmental policy stringency variable becomes significantly negative. Thus, we can deduce the following implication: an awareness policy on energy efficiency is not sufficient and the authorities are encouraged to implement regulatory policies to protect the environment (taxes, emission permits, quotas can be introduced as an example).

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