Key messages
2\textsuperscript{nd} meeting

Noriko Fujiwara, CEPS
CEPS Task Force on the carbon market
after Copenhagen, 3\textsuperscript{rd} meeting,
27 October 2010
Key message (1)

I. A comprehensive international agreement needs to be supported by innovative flexible mechanisms and their links with a domestic cap-and-trade scheme.

- The global carbon market will likely build on a combination of cap-and-trade schemes.
- On the side new flexible mechanisms could expand the coverage of GHG emissions and scale up finance.
- The EU could move forward in pilot sectoral projects.
Key message (2)

II. Treatment of international offsets in domestic legislation will impact the size of demand during a transition period and have future implication for indirect linking.

• The EU could enhance its outreach with international aviation and international offsets or sectoral credits.

• In absence of an international agreement, acceptance of the same international offsets or credits could catalyse indirect/informal linking.
Key message (3)

III. A comprehensive international agreement and/or domestic legislation can bring predictability to the carbon market.

• Regulatory uncertainty or arbitrariness is a major concern for the private sector.

• In absence of an international agreement, domestic legislation can bring some predictability to the market, but to a limited extent.