



Entreprises pour  
l'Environnement

## ***Towards a global carbon market***

***CEPS Task force : The carbon market after Copenhagen***

Disclaimer: These slides only present the views of their author

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# A global carbon market is a remote possibility

**Despite its well recognized advantage :**

- Environmental integrity
- Economic efficiency
- Source of finance
- Technology pull
- **Level playing field**

# Creating STEPPING-STONES is a second best

## National carbon markets with different prices

### Why not yet done ?:

- Growth ?
- Transparency ?
- Crowding out of credits?



### Could it be facilitated ?

- Index based scheme?
- MRV ?
- Sunset schemes ?

## Market pockets with a global price

### ➤ Limited in scope

- Projects
- Programs
- Sectors

### ➤ Limited in efficiency



**A first step**

# What can developed countries do or not do ?

## Developed countries cannot (nor should ?) foot the whole bill

- Not enough money
- Disincentive to change

## Developed countries can (should ?) provide additional new types of help to emerging countries

- Beyond their own efforts
  - E.g. sectoral crediting
  - E.g. sectoral trading
- Contingent upon both parties evolution
- Decreasing over time (e.g. multiplier)

# What are the key parameters for business ?

## Two types of décisions

### Production allocation (swing capacities)

Environmental  
policy  
instrument  $\gg$  carbon price  
(real or shadow)

- Short term
- Fairly easy

### Investment

carbon price  
(real or shadow)  $\gg$  Environmental  
policy  
instrument

- Choice of process : absolute price
- Choice of location : relative price

- Long term
- Difficult

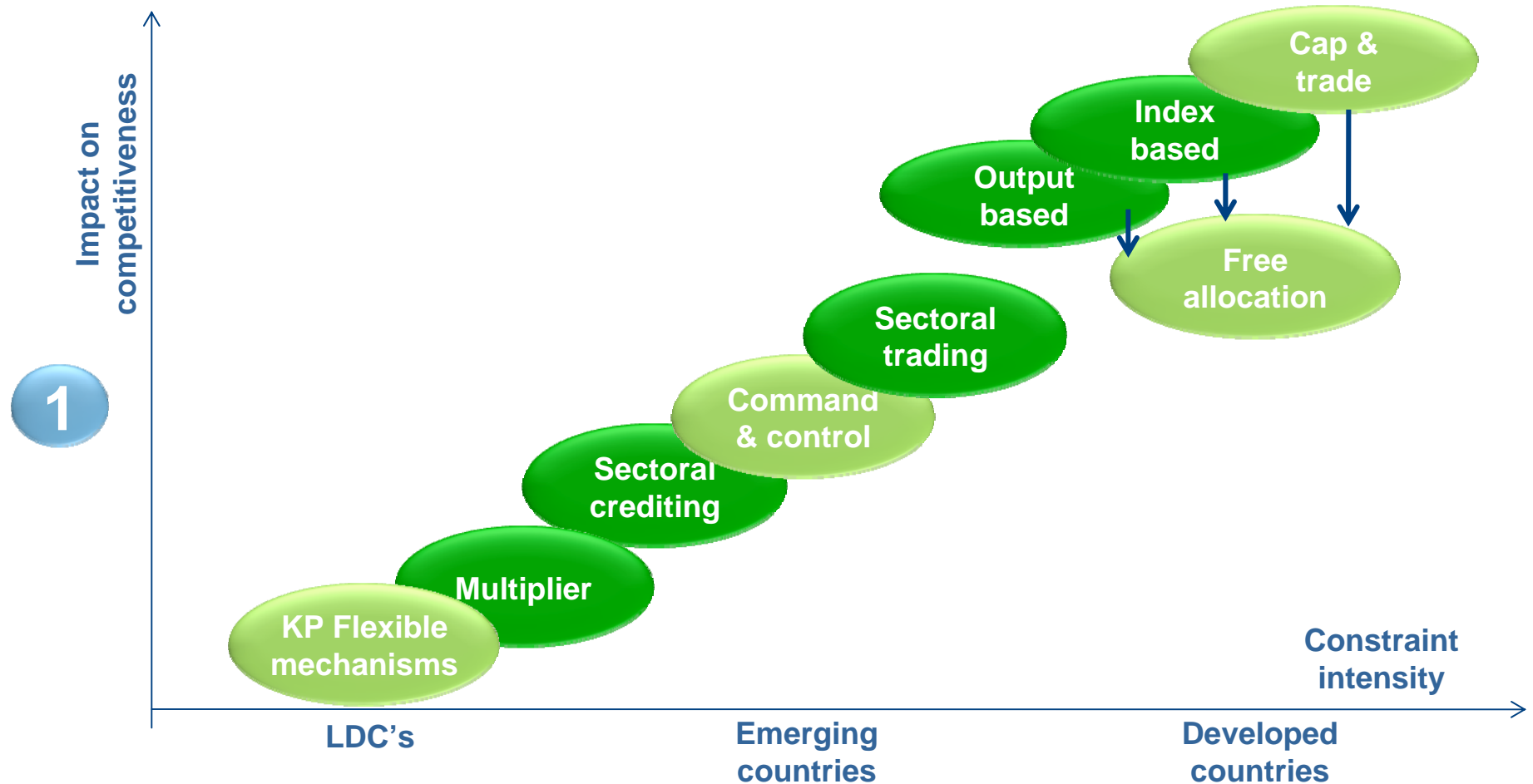
#### A central scenario :

Carbon prices ↗

Provided

Carbon price differentials →

# Suggestion for governments: build a "ladder"



2

The more numerous the steps, the lower their height, the more likely countries will engage and climb while keeping their distances