

Key messages 2nd meeting

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CEPS Task Force on the carbon market
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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.