



Workshop on

Linkages among Emissions Trading Schemes and the role of offset mechanisms

30. October 2007

11.00-17.00

Brussels

Fondation Universitaire

rue d'Egmont 11 - 1000 Bruxelles

Context:

There are currently only few links between different GHG emissions trading schemes and carbon markets, and they are mainly unilateral and indirect links. Yet further linkage of the EU-ETS with other comparable schemes is a strategic goal of European climate policy, and also several emerging trading schemes explicitly emphasize the aim of linking up to other schemes. Such linkages between trading schemes can be established directly, by making the allowances from each ETS fully fungible and valid for compliance in the other ETSs, or indirectly, for instance through acceptance of common project mechanisms. A link between the EU-ETS and the market for international offset credits already exists via the linking directive (EC 2004). Likewise, many emerging ETSs aim at linkages to domestic and international offset credits. Linking to or via offset markets can be an option where formal linkage between systems is not possible due either to substantive differences in design or political constraints.

Establishing an operational link between trading schemes can help create a greater diversity of sources and abatement options, leading to improved market liquidity and more efficient allocation of resources. Furthermore, the inclusion of more participants might also prevent distortions of competition and counteract the threat of leakage by preventing entities from relocating their emissions to countries with less stringent or no emission reduction policies. Linking could also help make emissions targets and trading more attractive for countries that currently have no Kyoto targets, or have refused to ratify the Kyoto Protocol. As such, then, linking domestic and regional schemes may have a catalytic effect on international negotiations geared toward the future of the international climate regime.

Objectives of the workshop

The workshop is part of a project carried out within the Climate Strategies Network:

<http://www.joanneum.at/climate/linking/>

It will bring together researchers and policymakers in order to discuss sensitive aspects of linking the EU-ETS with emerging domestic schemes. This includes questions on alternative methods of linking emissions trading schemes. A focus will be given on the proposed schemes in the US, on New Zealand and on Canada.

This includes questions such as how to link if other schemes differ regarding their offset provisions, allow other trading units such as AAUs or include sectors under the cap, such as forestry or transport, that are currently excluded from the EU-ETS.

In the workshop also different scenarios for indirect linking via offsets will be discussed. This includes questions regarding the regulatory challenges of different scenarios for indirect linking via offsets: Which institutions would need to be put in place to manage offset mechanisms outside of the Kyoto framework? How would this affect the linking of different schemes?

Finally the workshop should help to give insights into the policy making processes of different countries, in order to draw conclusion on the timing of potential direct linkages.

Workshop programme

11.00	Welcoming words and presentation of the Climate Strategies Linking Project <i>Andreas Tuerk, JOANNEUM RESEARCH</i> <i>Gerri Ward, New Zealand Ministry for the Environment</i>
11.20	Options and barriers for direct linking of Emissions Trading Schemes <i>Wolfgang Sterk, Wuppertal Institute</i>
11.50	<i>Linking the EU ETS - Opportunities and Challenges</i> <i>Simon Marr, European Commission</i>
12.20	Compatibility of offsets in different trading schemes <i>Jason Anderson, Institute for European Environmental Policy (IEEP)</i>
12.50	Lunch
13.30	The proposed NZ ETS and challenges for linking <i>Gerri Ward, New Zealand Ministry for the Environment</i>
14.00	Linking from the Canadian perspective <i>Erik Haites, Margaree Consulting</i>
14.30	Design differences between the EU-ETS and emerging US schemes <i>Rachel Cletus, Union of Concerned Scientists</i>
15.00	Coffee Break
15.30	Legal aspects of indirect linking <i>Bernd Beckmann, HOGAN & HARTSON RAUE LLP</i>
16.00	Linking from a Post-Kyoto view <i>Noriko Fujiwara, Center for European Policy Studies (CEPS)</i>
16.30	Discussion
17.00	End

Registration:

Please register by 26. October by sending an email to: andreas.tuerk@joanneum.at

This workshop is convened by:



Climate Strategies aims to assist governments in solving the collective action problem of climate change. Sponsors include departments from European governments and other stakeholders. www.climate-strategies.org