

The role of carbon markets, flexible mechanisms and sectoral approaches in the post-2012 period.

Didier Herbert,
Head of unit

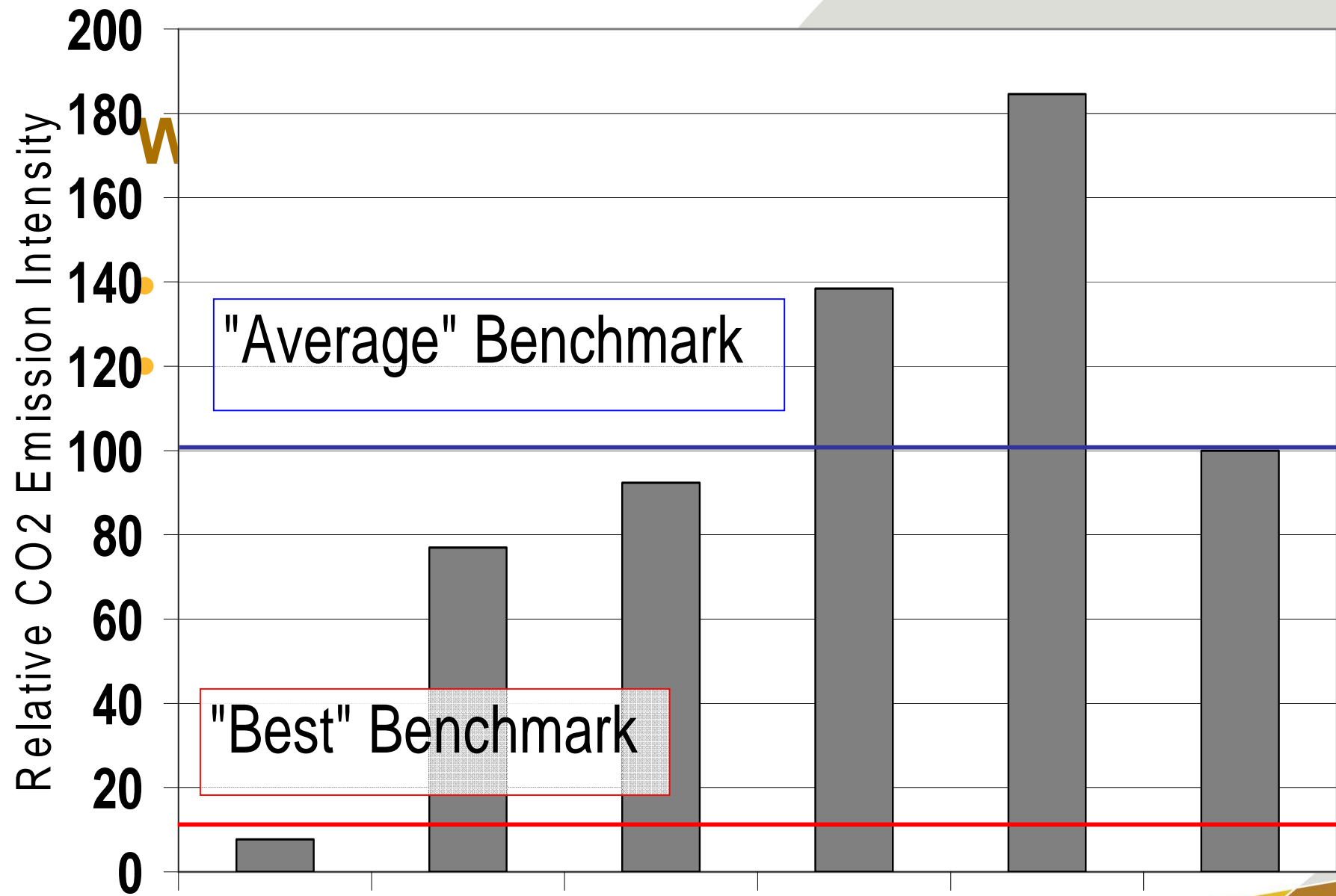
Sustainable Industrial Policy



European Commission
Enterprise and Industry

Why carbon markets- Europe

- Approach adopted in Europe : w h y ? ,
 - market mechanism
 - Business can engage
 - Environmental certainty-cap
- Cost effective, but not without challenges
 - Trade exposed sectors
 - Managing transition for Energy intensive industries
 - Benchmark based allocation



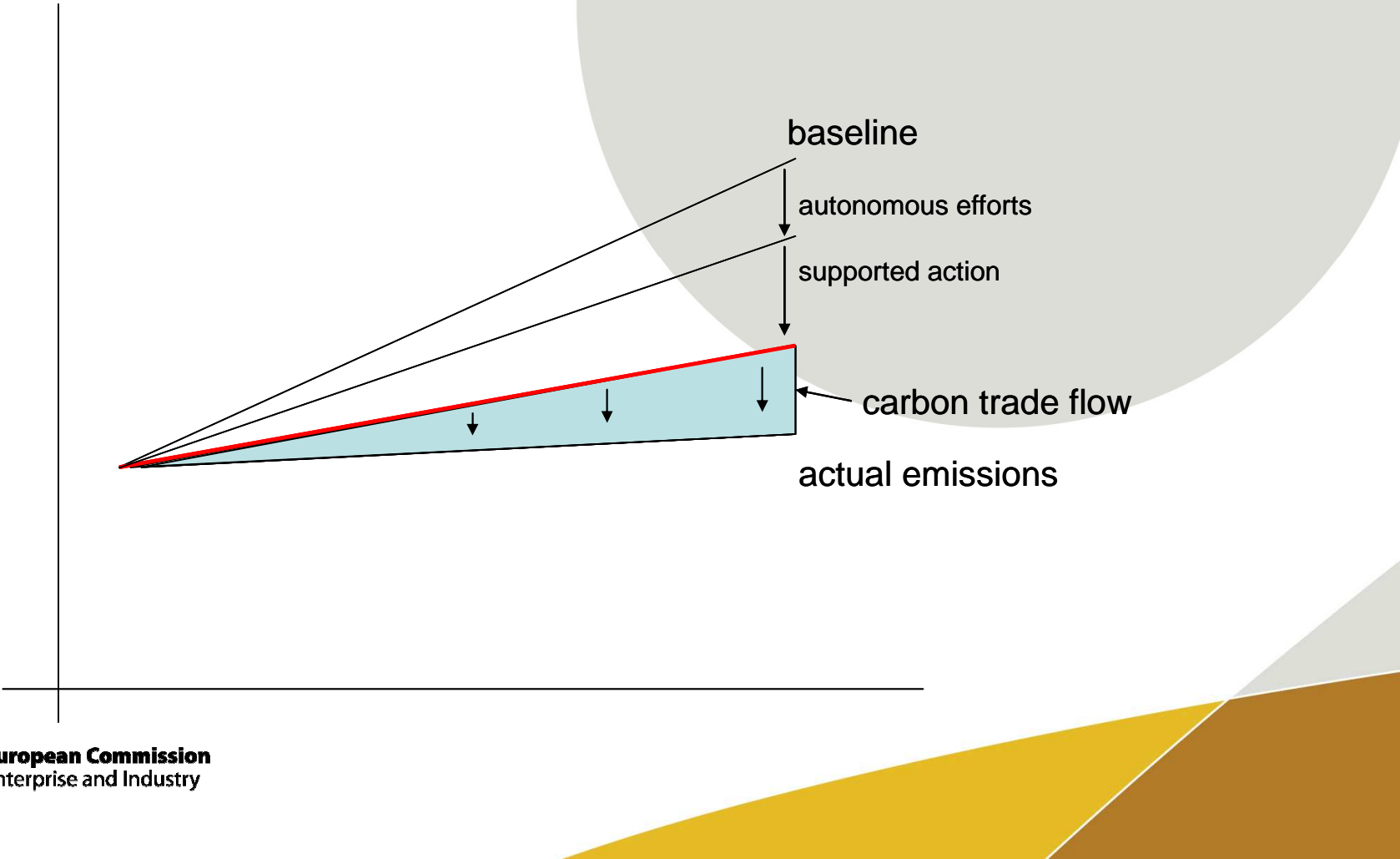
Through an industrial policy lens

- High Level Group for Competitiveness, Energy and Environment.
- Will not achieve a level playing field for industry until there is a global carbon market
- Means- single price for carbon= long term vision

How close to this vision are we?

- Europe, cap and trade EU-ETS
- The beginnings of other national or sub-national trading schemes (US, Australia)
- Internationally- offset mechanisms
- Actions
 - Linking of trading schemes
 - developing new international mechanisms- Bridge between offset and global carbon market.

Sectoral no-lose crediting what would it mean?



What could new flexible mechanisms deliver?

- Help move us towards that global carbon market
- Support developing countries – own actions
- Incentivise efficiency opportunities

Link between sectoral approaches and flexible mechanisms?

Sectoral approaches can.....

- Engage developing countries in mitigation action without constraining development
- Contribute to technology transfer and diffusion
- Tap business expertise and mobilise creativity
- Increase and focus RD&D by enhanced sectoral cooperation
- Help provide specific and verified data for key sectors
- Enable industries in sectors with a high level of international trade to contribute to mitigation action without threatening their business base (carbon leakage)

Linking achieving actions on efficiency, to incentives,
(while stepping closer to the global carbon market)

Language is still でいっふあれんと

- Sectoral efficiency targets (Japan)
- Nationally Appropriate Mitigation Action (Korea)
- Sustainable Development – Policies actions and measures (South Africa)
- Sectoral Crediting Mechanism (Europe)

Same goal- we are on the same page, we now need
common language