



Transatlantic Perspectives After Paris:

Carbon Markets and the linking of Emissions Trading Systems

Aki Kachi, 23 May 2016, Bonn

Markets in the UNFCCC



Kyoto Protocol

International Emissions Trading (EIT)
Joint Implementation (JI)
Clean Development Mechanism (CDM)

UNFCCC

Framework for Various Approaches (FVA)
New Market Mechanism (NMM)
Non-Markets (NMA)

Paris Agreement

Cooperative Approaches (CA)
Mechanism to contribute to the mitigation of greenhouse gas emissions and support sustainable development (SDM)
(Framework for non-market approaches)

Article 6 Cooperation

- 6.1 Chapeau: Recognition that some Parties choose to pursue voluntary cooperation in the implementation of their NDCs to allow for higher ambition in mitigation and adaptation actions and to promote sustainable development and environmental integrity

Art. 6.2-6.3 CA

- Voluntary cooperative approaches that involve use of ITMOs towards NDCs
 - Promote sustainable development
 - Ensure environmental integrity and transparency (incl. governance)
 - Robust accounting to ensure: avoidance of double counting consistent with guidance

➤ *Possible direct link?*

Art. 6.4-6.6 SDM

- Mechanism to contribute to the mitigation of GHG and support sustainable development (SDM)
 - Voluntary
 - Promote GHG mitigation; foster sustainable development
 - Incentivize and facilitate participation by public and private entities authorized by a Party
 - Contribute to reduction of emission levels in host Party, reductions can be used by another Party
 - Overall mitigation
 - Share of proceeds

➤ *Possible indirect link through offsets?*

Art. 6.8-6.9 NMA

- Framework for non-market approaches
 - Integrated, holistic, balanced
 - Assist in implementation of NDCs
 - Sustainable development and poverty eradication
 - Mitigation, adaptation, finance, technology transfer and capacity building
 - Opportunities for coordination across instruments and institutional arrangements
 - (International cooperation without transfers)
- *Linking by degrees?*

Carbon Market Watch on Linking

- Chapeau: “voluntary cooperation...to allow for higher ambition”
- Safeguards for linking decisions
 - Evaluation of fair share of climate ambition
 - inclusion of aircraft operators
 - exclusion of international offsets
 - equivalent price and supply management
 - robust allowance allocation
- Stronger role for European Parliament, more transparency

Thank you for your attention!



Aki Kachi

International Policy Director

Carbon Market Watch

Rue d'Albanie 117, B-1060 Brussels, Belgium

Tel: +32 2 335 36 64 / Fax: +32 2 335 36 69 / Mobile: +32 483 1852 19

Email: aki.kachi@carbonmarketwatch.org

Web: www.carbonmarketwatch.org

Twitter: [@carbonmrktwatch](https://twitter.com/carbonmrktwatch) @akikachi

- Decision para. 37: SBSTA to recommend guidance to ensure that double counting is avoided on the basis of a corresponding adjustment by Parties for both anthropogenic emissions by sources and removals by sinks covered by their nationally determined contributions under the Agreement
- Decisions para. 39: SBSTA to develop and recommend rules, modalities, and procedures for NMM