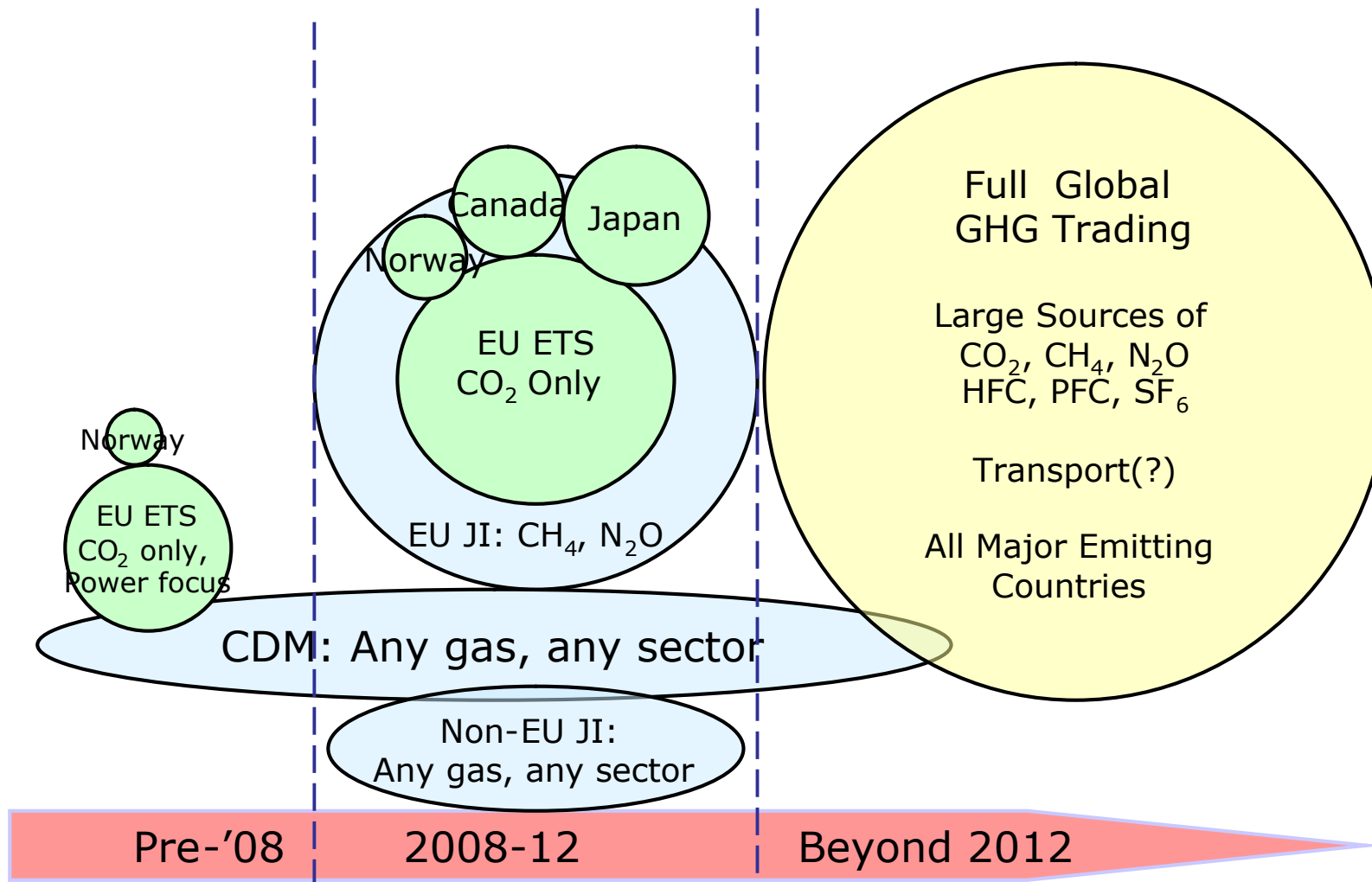




## **Realizing the full potential of market-based opportunities**

- **IETA is a business organization with members from large industry and the GHG trading, legal and services communities actively engaged in the GHG market.**
- **IETA is dedicated to ensuring that the objectives of the UNFCCC and ultimately climate protection are met through the establishment of effective and efficient. global systems for trading in greenhouse gas emissions**
- **IETA supports post-2012 action leading to stabilization of GHG concentrations at non-dangerous levels.**

# IETA Vision: Global GHG Market Post-2012





## **Realizing the full potential of market-based opportunities**

- **All actions by government, whether labelled as “market-based” or not, fall on commercial actors to implement who take an economic, market-based approach to achieving obligations and reaping rewards.**
- **Key word is “investment” – all emission reductions require additional investment that is based on economic decision making in a market-driven context.**
- **Post-2012 structures should recognize, and not hinder, the *market* context for *all* policies and measures.**



## **Realizing the full potential of market-based opportunities**

- **The backbone of a GHG market approach should be through emissions trading and project offsets, and should build upon and improve the administrative and organisational frameworks that have already been put in place under the auspices of the Kyoto Protocol.**
- **Meaningful targets should be promoted in coordination with access to business friendly market approaches, especially offset programs such as the CDM and JI.**



## **Realizing the full potential of market-based opportunities**

- **Market-based regimes ensure broad participation and encourage over-compliance by GHG emitters.**
- **If there are gaps, uncertainties or inconsistencies in GHG reduction targets, capital markets find it difficult to depend on carbon pricing in financial models, thus undermining investment in lower carbon technologies.**
- **Barriers that limit access to market-based means of compliance raise cost and reduce flexibility.**



## **Realizing the full potential of market-based opportunities**

- **Market mechanisms should be central to compliance and eligible in all aspects of the post-2012 GHG regime.**
- **Access to market mechanisms (emissions trading, project-based crediting) should be allowed to all emitters across all jurisdictions for compliance.**
- **Market-based approaches are not limited to current mechanisms; new mechanisms added post-2012 should rely upon price signals sent by long-term commitments.**



## **Realizing the full potential of market-based opportunities**

- **IETA believes that CDM and JI are critical for the success and viability of a market-based approach.**
- **Since COP/MOP1 we have seen a more sophisticated private sector that is increasingly engaged in CDM projects and a regulator (CDM EB) that has finally been given more resources to discharge its mission.**
- **Post-2012 architecture needs to consider in detail what standards and mechanisms are best to support wider and deeper emissions trading among legal entities.**



## **Realizing the full potential of market-based opportunities**

- **Investors and market participants need predictability and certainty in order to plan new investments in lower carbon and higher efficiency technologies.**
- **It is essential that a post-2012 price for carbon be available & that continuity exist between pre/post-2012.**
- **It is increasingly apparent that such continuity must be clarified *now* to support long-term planning and continue to expand investment.**





## **Realizing the full potential of market-based opportunities**

- **Post-2012 GHG commitments should be serious and send clear signal their achievement is realistic to expect**
- **Governments must reassure investors that new goals – which create the demand in the carbon market – are credible and will continue to be adhered to over time**
- **Non-binding aspirations do not create market certainty**
- **Desired outcome post-2012 is a deep, broad and liquid emissions trading market worldwide driven by binding emission reduction goals & a common carbon currency**



## **Realizing the full potential of market-based opportunities**

- **A clear global consensus for GHG reductions post-2012 which expressly adopts market-based approaches as the core basis for achieving new commitments.**
- **Broader coverage of national reduction commitments for post-2012 beyond the current members of Annex B, with countries not having reduction commitments in the next period eligible for project-based reductions.**
- **Access to market mechanisms allowed to all emitters in all jurisdictions for compliance with GHG reduction goals to ensure a ‘level playing field’, avoid distortions in competitiveness and enhance co-operation.`**



## **Realizing the full potential of market-based opportunities**

- **Regardless of the approach taken to set and achieve post-2012 commitments, the critical role of a long-term carbon price for investors must be recognised in a compliance-driven post-2012 policy architecture which serves to stimulate new investment in GHG reductions.**
- **Tackling climate change is the pro-growth strategy for the future and we must act now.**



**Realizing the full potential of market-based opportunities**

**Thank you.**

**To provide comments or seek more information,  
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