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Perspectives on a post-2020 Agreement

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The Big Picture

- Most effective policy is a carbon price
 - Tax or C&T is secondary issue, but latter more likely for political reasons and easier linkage
 - Pervasive pressure to reduce emissions
- Alternative is non-price mandate
 - Politically popular, but incomplete and costly
 - US on path to demonstrate reasons for preferring a price instrument



Kyoto and After

- Didn't Kyoto and trading fail?
 - Yes, but failure was in top-down structure and the pretense of transcendent agreement
 - The trading vision was essentially correct
- Copenhagen reminded all that the nation-state remains the basis for global action
 - Now in resolutely bottom-up world



Paris 2015

- Headline issues will be:
 - Adequacy of national emission commitments
 - Meaning of “with legal force”
 - Financial commitments for North-south transfer
- Can hope for quiet actions to facilitate adoption and linkage of national ETS’s
 - Continuing improvement of national MRV
 - Creating viable offsets to facilitate indirect linkage



EU Position

- 40% reduction by 2030 will be adopted and offered as EU contribution
- Internally, EU ETS will remain the main instrument...firmly embedded in EU law
- EU fully supportive of UNFCCC process, of course, BUT pursuing bilateral arrangements
 - The would-be linkage with Australia
 - Technical assistance to China for setting up ETSs