



The EU Emissions Trading System (ETS)

International cooperation on carbon markets

Overview

- **Why is it important to cooperate internationally on carbon markets?**
- **How are we cooperating?**
 - Bilateral cooperation
 - Multilateral cooperation

Why is it important to cooperate on carbon markets?

- EU is responsible for only 7% of global emissions – and declining
- Carbon pricing works: in the EU, emission reductions of 37.3% compared to 2005, over EUR 175 bn in revenues raised, credible carbon price that acts as investment signal
- CBAM has accelerated progress on carbon pricing worldwide
- EU has gained valuable experience with the EU ETS
- Common challenges: competitiveness, industrial decarbonisation, just transition, social impacts, political stability, global crises, technical complexity

Bilateral cooperation

- **EEA:** Iceland, Liechtenstein and Norway
 - Full-fledged participants in the EU ETS, including solidarity mechanisms such as Modernisation Fund
- **Switzerland:** Full link with in force since 2021
- **United Kingdom:** 5 installations in Northern Ireland remains in the EU ETS. Separate UK ETS for rest of UK. TCA states the intention of both jurisdiction to consider a link.
- **China:** Bilateral cooperation for more than 10 years and ETS Policy Dialogue since 2018.
- **Neighbours:** Energy Community, Türkiye

Multilateral cooperation

- **Florence Process:** since 2017, annual series of workshops between established carbon markets: China, California, New Zealand, Quebec/Canada, UK, Switzerland. Cooperation with European University Institute.
- Canada's **Global Carbon Pricing Challenge:** From 23% carbon pricing coverage worldwide to 60% by 2030, technical assistance, country-by-country support
- **Call to Action for Paris-aligned Carbon Markets** with three pillars:
 - Compliance markets for domestic carbon pricing (cf. Canada's Challenge)
 - International carbon markets (Article 6)
 - Voluntary Carbon Market
- **ICAP:** outreach and technical cooperation
- Contribution to compliance market initiatives by other international organisations
- EU ETS implementation of ICAO's offsetting scheme for extra-European flights

Thank you



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