How can emissions trading best be combined with other climate policy instruments?

Insights from the research
On 11 October 2013, Benjamin Görlach of Ecologic Institute presented ideas and insights from the EU-funded CECILIA2050 research project at an international symposium on emission trading schemes in Beijing. His presentation was part of a session that focused on the future prospects of emissions trading as a tool for climate policy.

In his presentation, Benjamin Görlach focused on the interaction of emission trading schemes with other climate policy instruments, and ways of understanding and managing such interactions. He argued that, in order to account for interactions in the search for an optimal climate policy, policy analysis should look at the performance of the entire instrument mix, rather than analysing instruments in isolation. As the number of climate policy instruments and their impact increases, so does the overlap and interaction between them. Understanding and managing these interactions will become a key factor for the successful development of future climate policies.

At the same time, he underlined some of the arguments for applying a mix of instruments in climate policy: limiting carbon emissions is a complex problem, involving a number of different sectors and target groups, and a great deal of uncertainty. It therefore requires a differentiated response. Drawing on insights from the CECILIA2050 project, he explained how a narrow focus on static, short-term cost-effectiveness, a neglect of real-life barriers and constraints and reliance on carbon pricing alone, might result in risky and
misguided policy recommendations. Rather, the search for optimal climate policies should acknowledge the limitations of different instruments, and use combinations to overcome these constraints.

The Symposium on Theoretical Advances and Empirical Lessons of Emissions Trading Schemes (ETS) [4] was held in Beijing on October 10 and 11, jointly organised by the Institute for Policy Management (IPM) at the Chinese Academy of Social Sciences [5] and the Fraunhofer Institute for Systems and Innovation Research (ISI) [6]. It was co-chaired by Prof. Fan Ying of the IPM Center for Environment and Energy Policy Research (CEEPR) and Dr. Wolfgang Eichhammer from ISI. More than 70 scholars and experts from universities and research institutes in various countries attended the symposium, including from Germany, Australia, the US, France, New Zealand, Singapore and China.

The symposium covered a range of topics around emissions trading, including recent developments in emissions trading in the US and Europe, but particularly in the Chinese pilot regions. The discussion addressed a number of theoretical and practical aspects of the design, implementation and operation of emissions trading scheme. The use of economic assessment tools to understand the effects of ETS on economic sectors was a particular focus of the symposium.

Selected contributions to the Symposium are documented in a special issue of the Journal Energy and Environment [7], including an article by Benjamin Görlach on the interactions between emissions trading and other climate policy instruments [8].

View the full image [9]

View the full image [10]
Source URL (modified on 08/21/2018 - 12:00): https://www.ecologic.eu/10840

Links
[1] https://www.ecologic.eu/497
[8] https://www.ecologic.eu/node/10842