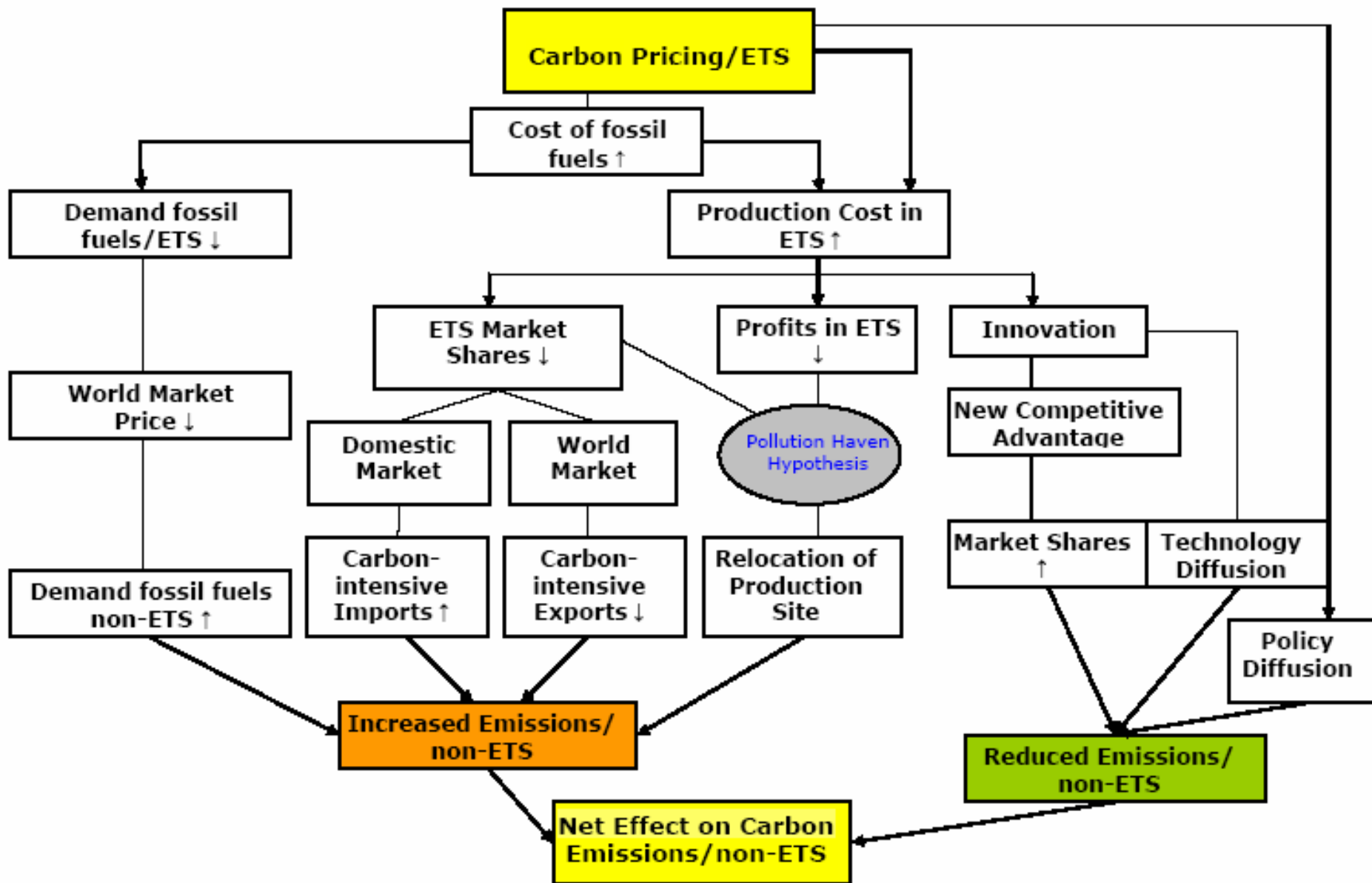


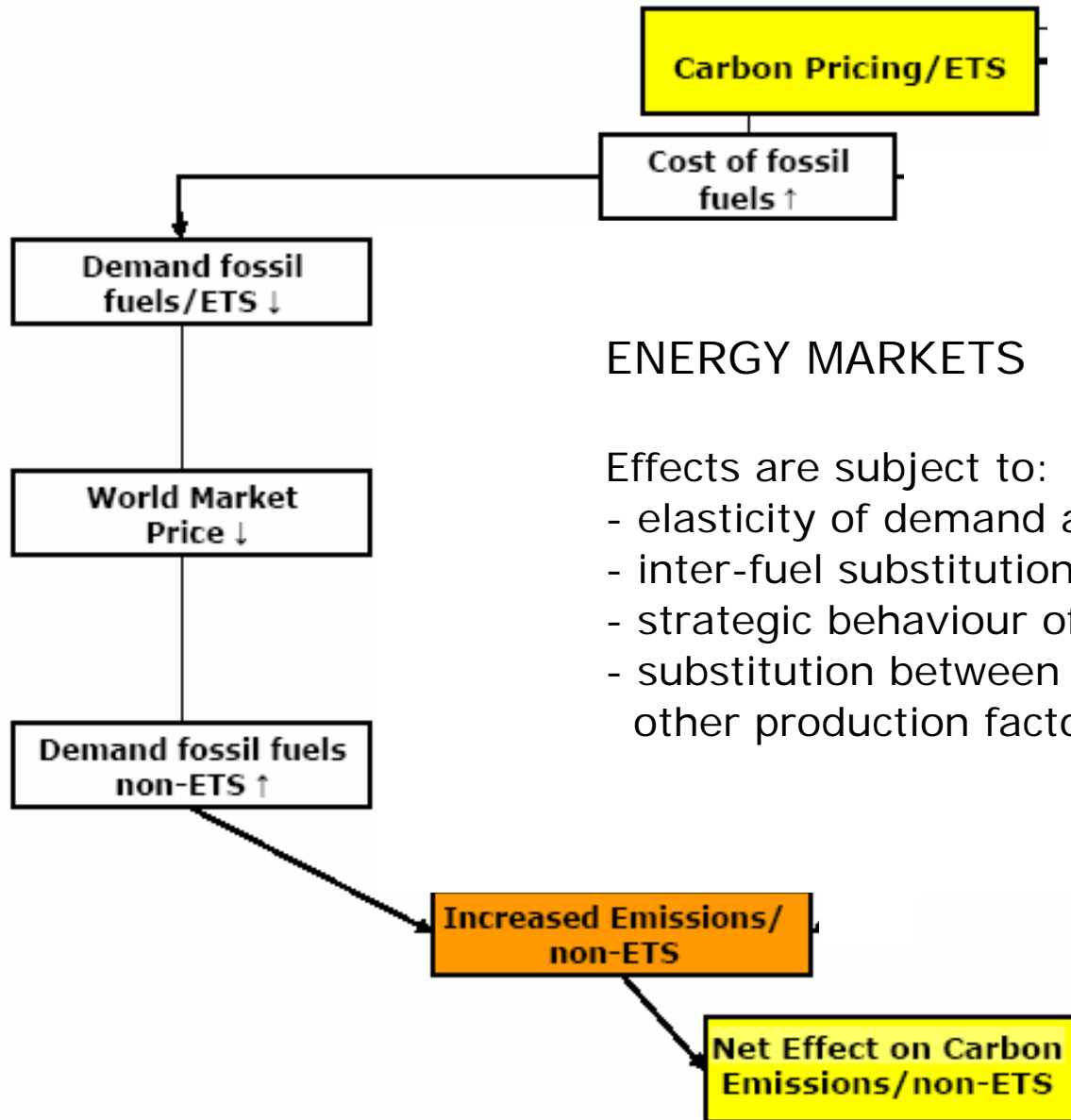


**The Leakage Maze:  
Potential Effects from Unilateral Carbon Pricing  
under an Emissions Trading Scheme (ETS)**

Climate Strategies Project: Tackling Leakage in a World of Unequal Carbon Prices

1





## ENERGY MARKETS

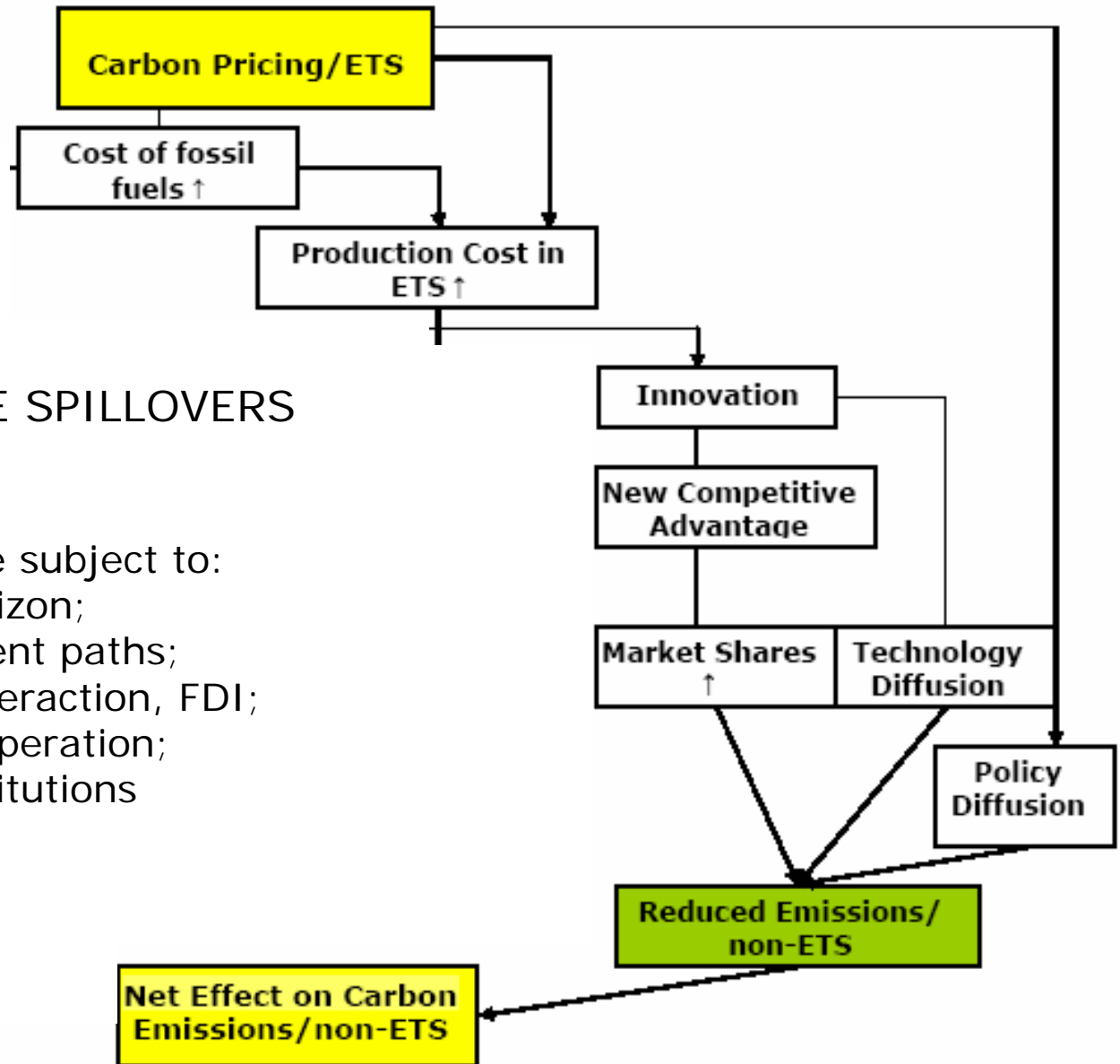
Effects are subject to:

- elasticity of demand and supply;
- inter-fuel substitution elasticity;
- strategic behaviour of OPEC;
- substitution between energy and other production factors

## POSITIVE SPILLOVERS

Effects are subject to:

- time horizon;
- investment paths;
- trade interaction, FDI;
- R&D cooperation;
- IPR, institutions



# EU ETS Leakage Debate

