

Can technology and trade help build a carbon pricing coalition? A discussion of obstacles and opportunities



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Carbon pricing, technology and trade

Carbon pricing: popular and efficient instrument, but

- Incentives for free-riding
- Not necessarily in major countries' interest
- Innovation market failure: underinvestment in innovation

Technology: more parallel incentives for technology leading countries (= major emitters), but

- Current discussions focussed on capabilities and institutions
- Technology leaders hesitant to share and cooperate (fear of creating own competitors)
- Lack of money and (Annex-I) political will

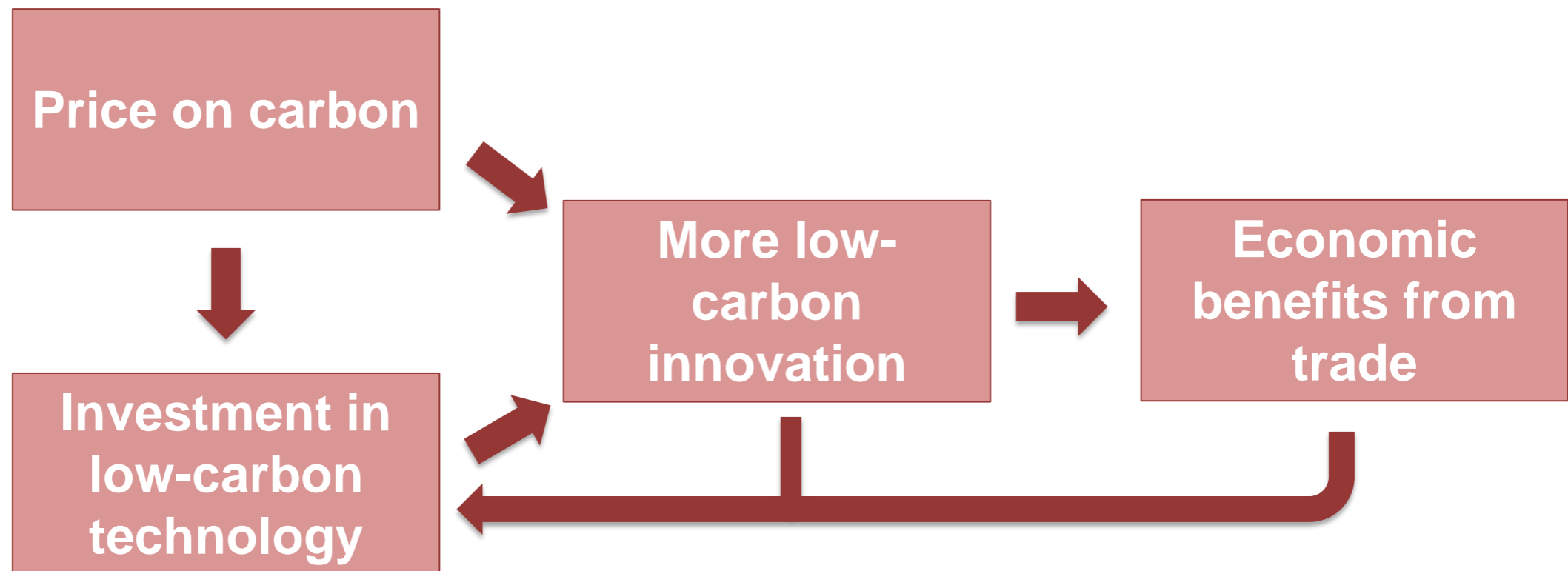
Trade: so far limited link to climate change

How might a club work?

Countries that join the club:

- Commit to some level of carbon pricing (comparability/networked?)
- Commit to financing low-carbon technology and R&D, domestically and in developing country club members
- Benefit from BCA exemption

Result:



Questions

- Really?
- How can trade, carbon pricing, finance and technology reinforce each other for climate change mitigation?
- Which countries would be willing to join such a coalition?
- Would such arrangements fit under the UNFCCC or should it be an independent effort?
- How can comparability of efforts be ensured?