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# IETA INSIGHTS

Climate Challenges  
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# ON THE ORIGINS OF IETA

THIS MONTH MARKS IETA'S 20TH ANNIVERSARY. ONE OF ITS  
FOUNDERS, FRANK JOSHUA, RECOUNTS THE IETA ORIGIN STORY

This month marks 20 years since IETA was officially launched. The story of its beginnings, at a UN Conference on Trade and Development (UNCTAD) meeting in London at the IPE, is well known. But, in actual fact, the real story of IETA's origins begins in June 1992.

Twenty-seven years ago this month, the Earth Summit was held in Rio. While most famous for culminating in the establishment of the UN Framework Convention on Climate Change (UNFCCC), the discussions also took on how to design a global carbon tax. Recognising the administrative headache of such an endeavour, UNCTAD proposed a novel solution: put legally-binding caps on carbon emissions and use markets to trade carbon emission allowances and carbon credits.

UNCTAD's suggestion was the brainchild of Michael Grubb, who – at the time – was Professor of Petroleum Economics at the Royal Institute of International Affairs in London. Grubb had first presented his cap-and-trade idea in 1989 to Ken Dadzie, then Secretary-General of UNCTAD.

**To be clear - carbon trading was a controversial idea from the start**

Dadzie immediately saw the potential for a global carbon trading system to transform not only the way we deal with global climate change, but also the economic and financial relationship between developed and developing countries – with clean technologies, finance and management services flowing from North to South, and supplies of carbon credits flowing in the opposite direction.

The general response was “Nice idea, Mr Dadzie!” But inside UNCTAD “trading pollution” was widely panned... But the boss wanted it done! After making the rounds within UNCTAD, the Michael Grubb dossier eventually landed on my desk.

By 1992, I was in charge of carbon trading in UNCTAD's Finance Division. In my quest to find a conference room in Rio to hold a seminar on carbon trading during the Earth Summit, I reached out to Paolo Protasio, who I had met in 1986 when he was chairman of the Latin American Trading Association in Rio de Janeiro. This June 1992 Rio Carbon Trading Seminar was the start of a beautiful journey that led all the way to the formation of IETA seven years later...

Fast forward to the summer of 1996, with Kyoto Protocol negotiations well underway. I organised the First UNCTAD Emissions Trading Policy Forum, hosted by Dr Richard Sandor in Chicago. There, for the

first time, the idea of an industry-led international emissions trading association was floated. By the time the Second UNCTAD Emissions Trading Policy Forum convened a year later in Toronto, hosted by Maurice Strong, the UN's Deputy Secretary General at the time, the idea of an industry-led emissions trading association was actually on the conference agenda.

The December 1997 Kyoto Protocol agreement gave us added impetus. At the following year's UN climate talks, in Buenos Aires, a steering committee led by Maurice Strong, Bjorn Stigson, President of the World Business Council on Sustainable Development (WBCSD), and myself was given the task of delivering the International Emissions Trading Association (IETA)... which we did in June 1999, just seven months later.

To be clear – carbon trading was a controversial idea from the start. And although the Government of Brazil, led by Ambassador Gylvan Meiro Filho, was the main driving force behind the Clean Development Mechanism (CDM) for carbon credits, the Brazilian government by and large had serious reservations about cap and trade – fearing that it could be used to constrain the growth and development of developing economies.

But by 1997, the head of UNCTAD was now the former Finance Minister of Brazil, Ambassador Rubens Ricuperro, who had also chaired the



IETA's First Board Meeting held at Shell HQ, 1999

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Rio Earth Summit in 1992. Ricupero gave me his full support to push ahead with the launch of IETA. And, in turn, I offered to nominate Paulo Protasio, with the backing of the Government of Brazil, to be the first President of IETA.

Things moved very quickly then, and with the EU ETS kicking off in 2005, IETA's work and membership soon exploded.

It's satisfying to be here, 20 years on, and see what our hard work has achieved. But there are still so many challenges ahead, and our work is far from done. Over the past 20 years, IETA has asserted itself time again as the leading voice of business on carbon markets and has successfully contributed thoughtful and meaningful input to policy arena all around the world. I look forward to seeing what IETA can achieve in the next 20 years!

*Frank is widely recognised as one of the fathers of carbon trading. His experience includes 25 years in leadership positions at the United Nations in Geneva (1981-2006) where, among other things, he led the UN's International Expert Group on Emissions Trading (1990-99), the UNCTAD Emissions Trading Policy Forum (1996-99), and the International Working Group on the Clean Development Mechanism (CDM), (1998-99). Frank is one of the founders of the International Emissions Trading Association, and was its first*

*Executive Director (1999-2001). He is an Honorary Member of IETA.*

*Frank has been fortunate to be able to combine a distinguished UN career with executive positions in the private sector, mainly in Europe and China, including: Global Director of Carbon Trading at Andersen, London, UK (on leave from UN); Managing Director, Natsource Tullett Europe, London, UK (on leave from UN); CEO at a carbon projects developer in Beijing, China; and Executive Director at a carbon projects fund manager in Hong Kong. He is currently CEO at Emissions Asset Management, a member of the Carbon Asset Group.*

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