

IETA 2018 Priorities

As national contributions to the Paris Agreement are implemented, IETA will advocate the power of emissions markets that price carbon effectively and address climate change. We will --

1. Promote expansion of carbon markets around the world.

In **emerging economies**, we will marshal the expertise of IETA members to assist new market-based initiatives, including emissions trading, tax-and-offsets and voluntary systems. In the **B-PMR**, our flagship business-to-business readiness initiative, we will hold a dialogue series in China and South Korea with key sectors covered by their national emissions trading systems (ETSs).

We will expand our **“Carbon Markets Hub”** partnership with the Environmental Defense Fund to support new carbon pricing systems under development in Latin America and Asia. We will continue dialogues with the aviation industry, in partnership with the International Air Transport Association, to assist in the operation of the global market-based mechanism (CORSIA) agreed at the 2016 ICAO General Assembly.

IETA will promote effective global standards to be applied to the **measurement, reporting and verification** (MRV) of emissions and reductions from projects, programmes and policies. This technical infrastructure helps build readiness for linkages between market systems, offset programmes and climate financing initiatives. IETA will assist the Pacific Alliance (Chile, Colombia, Mexico and Peru) in establishing MRV standards as a basis for future voluntary market cooperation under the Cali Declaration.

2. Improve the credibility and functionality of today’s carbon markets.

In **Europe**, IETA will support the EU ETS as the central policy instrument of Europe’s 2030 Climate and Energy package. We will assist with implementation of the 2018 reform legislation to improve the functioning of the market while addressing ETS impacts on trade-exposed sectors. We will advance our vision on longer-term strategic issues, such as extending the scope of the ETS, investment incentives for low-carbon technologies and greater use of markets to meet the EU’s rising ambitions. We will work constructively to mitigate harmful impacts of Brexit on the EU ETS market.

In **North America**, IETA will assist in implementation of improvements to market-based systems across federal, state and provincial policies, as well as expansion to new jurisdictions. In the US, we will explore how corporate responses to the FSB’s Taskforce on Climate-related Financial Disclosure recommendations can use carbon pricing in scenarios. In Canada, we will work closely with provinces and the Federal Government to support coordination and implementation of carbon pricing elements of the Pan-Canadian Framework on Clean Growth & Climate Change.

In **China**, IETA will offer support to the National Development and Reform Commission (NDRC) and other ministries as governing authorities and regulators, as well as to key market players as China implements a national ETS in 2018. We will offer our expertise on market design and operations,



especially to the first covered sectors in the initial phase of the national ETS. We will urge that the national ETS be implemented with an eye to future international linkages, with openness to international market participants, as well as to harmonise the ETS with the other environmental credit trading systems. We will also urge the importance to include an offset mechanism in the earlier stage.

3. Promote effective linkages between carbon pricing systems over time.

We will continue to strive towards the vision of an international carbon market. In the UNFCCC's Facilitative Dialogue on ambition and action, we will emphasise that the linking of carbon pricing systems can enable business to deploy capital more efficiently, stimulating economic growth from low-carbon opportunities – and enabling the achievement of greater ambitions. Effective system linkages can help create a global pricing signal, which could ultimately support investment at a scale commensurate with the 2°C level of climate protection.

We will lend our Members' private sector expertise to the development of international transfer systems that form the foundation for such linkages under Article 6 of the Paris Agreement. We will begin by supporting ways to expand and improve existing linkages, particularly in Europe (between the EU ETS and Swiss ETS) and across North America's disparate carbon pricing landscape.

4. Provide leadership and development opportunities for carbon offsetting.

We fully support carbon offsets as a key part of international carbon markets and pricing systems, because they improve cost effectiveness and mobilise private capital into projects around the world, particularly developing countries. IETA will support the implementation of the new “mechanism to promote mitigation and sustainable development” (as described in Article 6.4 of the Paris Agreement). We will urge a smooth transition from the current UN flexible mechanisms (CDM, JI) to the new mechanism. We will seek inclusion of innovations like REDD+ and CCS/CCUS, given their potential to lower atmospheric concentrations at the scale required.

In voluntary markets, IETA will work through its affiliate, **ICROA**, and other groups, to promote high standards of excellence in carbon offsetting through globally consistent best practices. We will celebrate achievements of corporate leadership in going beyond compliance. We will promote use of the CDM, credible voluntary standards and REDD+ as effective carbon offsetting strategies. We will continue to provide thought leadership on new market opportunities, particularly on how private actors can help further the goals of the Paris Agreement through voluntary markets.

5. Support effective models of private sector engagement in climate finance.

Recognising the potential connections between climate finance and carbon pricing (particularly carbon markets), IETA will support development of international climate financing structures that will attract low-carbon private investment at scale. We will seek opportunities to enhance private sector engagement with Green Climate Fund – and to urge its support for market-oriented approaches.