



Contact Info

Constanze Haug, Head of ICAP Secretariat:
constanze.haug@icapcarbonaction.com

ICAP, Köthener Straße 2, 10963 Berlin, Germany

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Press Release

**New ICAP Report shows:
Emissions Trading is gaining ever more importance in the fight against
climate change**

- Five new systems announced in 2015: as countries are getting to work to implement their commitments under the Paris Agreement, emissions trading emerges as a key strategy
- Download the ICAP Status Report 2016 (infographics also available separately) at <https://icapcarbonaction.com/en/status-report-2016>

Berlin, 23/02/2016. The International Carbon Action Partnership's (ICAP) Status Report 2016, released on 23 February, highlights the continuous growth and key role that emissions trading systems (ETS) play in the fight against climate change. Indeed, 2015 alone saw the announcement of five new ETSs in Asia and North America. The Report is a yearly review on all activities in emissions trading around the world, which highlights important trends and provides an educated outlook on central developments in carbon markets to come.

The Paris Agreement sent a strong signal for ambitious and sustained global climate action. By allowing countries to use international carbon markets to meet their commitments, the Agreement has recognized the cost-effectiveness potential of market-based solutions to climate change. Over half of the parties to the UNFCCC have indicated they plan to use or consider using international markets in their compliance strategies.

Now that the global framework is in place, the focus is on implementing the pledges made. The next few years will see a proliferation of climate measures, including emissions trading. As of 2016, there are already 17 ETS in place around the world, covering more than four billion tons of greenhouse gas emissions.

Asia on the rise in emissions trading

2015 saw Asia emerge as the new hotspot for emissions trading, with nine new systems launched in the past three years, including of the Republic of Korea at the beginning of the year. This strong growth is set to continue with the announcement of a national ETS in China for 2017, which would make it the largest single carbon market in the world. SinoCarbon's carbon experts Qian Guoqiang and Chen Zhibin assess China's rapid transition to a national carbon market, while the Korean Ministry of Environment discusses the implementation of the Korean national



system. Finally, the Tokyo Metropolitan Government looks at recent innovations within the unique city-wide Tokyo Cap-and-Trade Program.

North America sees renewed interest in carbon markets

Across the Atlantic, climate change continues to move up the political agenda. The Canadian provinces of Manitoba and Ontario both announced plans to implement an ETS, implying the Western Climate Initiative carbon market of California and Québec is set to expand even further. The approval of the Clean Power Plan (CPP) in the United States has also sparked renewed interest in emissions trading. Experts from the Regional Greenhouse Gas Initiative outline how its system could provide a role model for compliance with the CPP. The California Air Resources Board also looks back on its first phase of operation and the potential for expanding its carbon market.

Meanwhile, established systems are undergoing a process of structural reform, ensuring they continue to play an effective role in reducing greenhouse gases and adapt to changing circumstances and climate targets. For example, in the EU, policymakers are drawing on a decade of ETS experience to make their system future proof into the next decade. The European Commission provides an insight into the preparations for reform of the European Union ETS (EU ETS), while the Dutch Emissions Authority reflects on how the EU ETS could be simplified and improved.

These pioneering systems continue to demonstrate to the world the flexibility and effectiveness of emissions trading, and inspire policymakers currently developing the next generation of ETS.

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About ICAP:

The International Carbon Action Partnership brings together regional, national and sub-national governments and public authorities from around the world to discuss important issues in the design of emissions trading schemes (ETS) and the way forward to a global carbon market. 31 national and subnational jurisdictions have joined ICAP as members since its establishment in 2007. Further information: www.icapcarbonaction.com

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