

Expand the Carbon Market(s)

Carbon Tax and Allowances

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Developing the Framework for post-2012

1. **Price of carbon**: results from reduction targets and other approaches (the bigger price → the clearer the signal)
2. **Link the existing ETS**: creates a global carbon market
3. **Install the carbon market under the UNFCCC**: the carbon market becomes independent from the Kyoto Protocol
4. **Independent regulatory authority**: not in the UNFCCC Secretariat
5. **Supplementarity Principle from the Marrakech Accords**: more flexibility needed?
6. **CDM**: expand the eligible activities



Implementation

Carbon tax:

may replace taxes on labor

has to be equitably implemented (not a flat rate)

previsibility on price

solves the problem across emitting sectors

easy to implement

currently implemented in Switzerland for heating fuels as a non-fiscal tax (redistributed to the population and to the economy)

Global Carbon Tax:

could be used as deterrent for GHG emissions

could also be used to collect funding for adaptation (e.g. collect funds in Annex I Parties and redistribute them in non-Annex I Parties → implementation of the principle of “common but differentiated responsibilities”): USD 1 t CO₂/ year collected in industrialized countries → more than USD 10 billion / year for adaptation

