



International Emissions Trading Association (IETA) Press Release

For Immediate Release

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A system reform to allow periodic recalibration of the cap needed

Geneva, Switzerland -- IETA members believe the EU ETS is playing its part in European climate policy as intended: it delivers the level of emission reductions originally chosen at lowest cost to society. But with overlapping policies and as a result of an extraordinary economic recession, oversupply is making the headlines and expectations of investment signals from the short-term price are being frustrated, giving the false perception that the scheme is malfunctioning.

According to IETA's CEO & President, Henry Derwent: "The current system does not allow for supply-side adjustments in the course of a compliance phase. While some have exaggerated this problem, IETA believes that the market and the EU ETS are under stress and some action has to be taken. For this, we really need a transparent and predictable mechanism to recalibrate the cap: it could be done automatically by revising the baseline in line with economic indicators, or a formal periodic adjustment scheme as in Australia could be examined. If policy makers do, however, decide that swifter and more ad hoc action is required, this should be based on transparent, predictable and objective criteria and be implemented gradually. "

IETA strongly urges the placing of any short-term measures in the context of a mid-term reform to the EU ETS, leading to a spelling out of rules for Phase 4 and giving a clear vision of where this journey is taking business, by setting milestones on the way to European decarbonisation.

IETA has been the leading voice of the business community on the subject of carbon markets since 2000. IETA's 155 member companies include some of the world's leading corporations, including global leaders in oil, electricity, cement, aluminum, chemical, paper, and other industrial sectors; as well as leading firms in the data verification and certification, brokering and trading, legal, finance, and consulting industries.

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IETA – Making markets work for the environment

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