



Carbon Pricing - Global context

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Growing momentum to support carbon



Let's partner on climate action. Now.



September 2014: at UN Climate Summit, **+1000** companies & investors and **74** national governments call for a price on carbon

June 2015: G7 communique supports more action on carbon pricing

June 2015: Letter from the CEOs of six global oil and gas companies to the UNFCCC and COP President, calling carbon pricing

September 2015: Joint declaration by **major US banks** on climate change states that policy frameworks must recognize the cost of carbon

November 2015: Convened by WEF, the Climate Leadership Group - a coalition of **73 CEOs** - calls for pricing carbon as a top priority

October 2015: Launch of the **Carbon Pricing Panel** consisting of 6 heads of state

December 2015: **The Paris Agreement** sets ambition for achieving < 2 degrees C; at COP21, **Carbon Pricing Leadership Coalition** launched; **Carbon Pricing Panel** features 6 heads of state

2016: nearly half of NDCs explicitly reference carbon pricing/markets

December 2016: Canada sets first national carbon price with 8 provinces joining the deal

2017: China expected to launch the national ETS towards Q3/Q4 of 2017; possibility of carbon tax if not ETS

“ Our companies are already taking a number of actions to help limit emissions ... For us to do more, we need governments across the world to provide us with clear, stable, long-term, ambitious policy frameworks. We believe that a **price on carbon** should be a key element of these frameworks. ”

Open Letter to UN and Governments from 6 oil and gas companies



In support of prosperity and growth: Financial sector statement on climate change

Scientific research finds that the gases in our atmosphere is the prosperity and growth of institutions, working with the business opportunity to and the ability to help manage

Our institutions are committed to climate solutions. These actions address global climate challenges. Expanding clear, stable and long-term policies further scale investments.

We call for leadership and coordinated commitments leading to a strong framework that recognize the instruments needed to provide investment, drive innovation in the next 15 years, an estimated infrastructure and energy. The incremental public and private capital is sustainable and resilient.

While we may compete in the market, the importance of policies to address our clients and customers, we will create and the vision necessary generations to come.

Bank of America

JPMorgan Chase Morgan

Industrial Goods

Companies accelerate use of carbon pricing

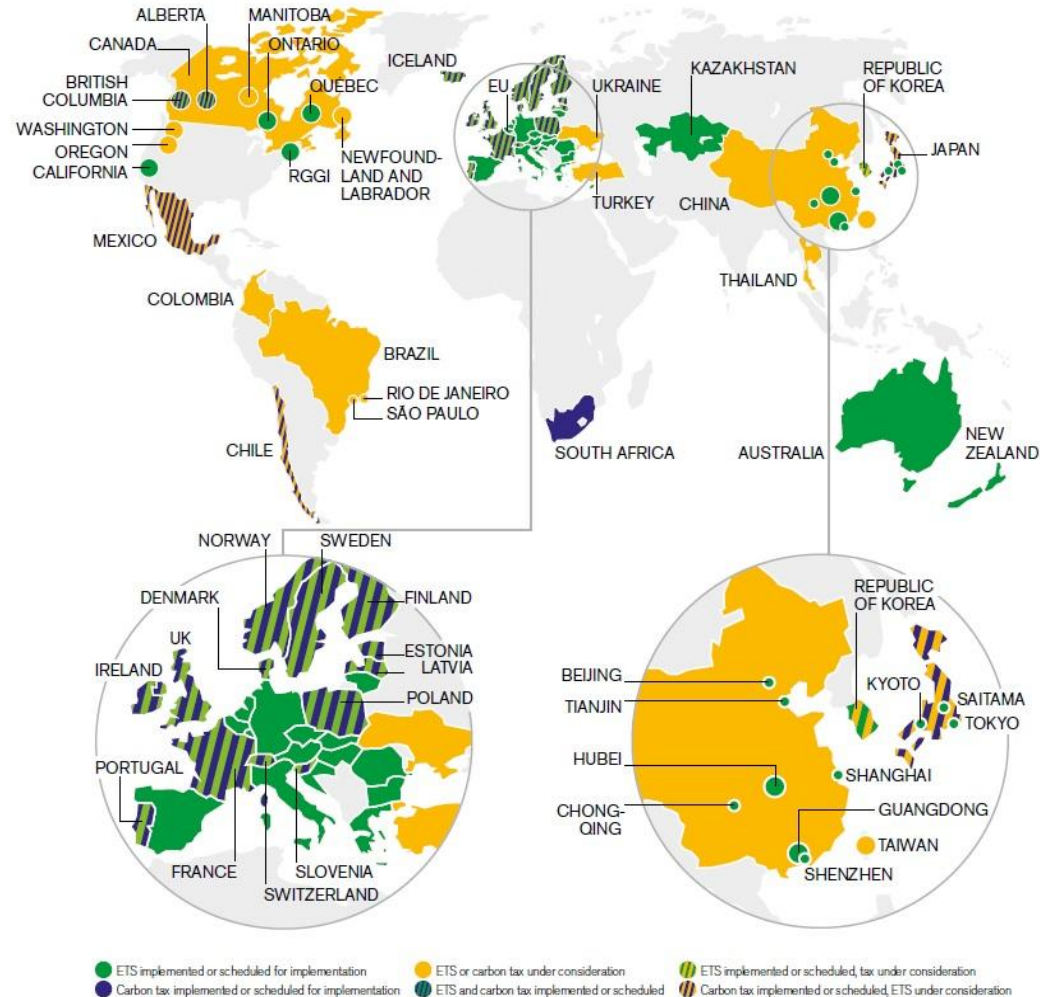
The number of companies putting a price on their carbon pollution has risen sharply in the past 12 months as governments prepare to agree on tougher action to combat climate change this year.

Expansion of jurisdictions putting a price on carbon

40 national jurisdictions

24 sub-national jurisdictions

13% of global emissions (7 GtCO₂e)



The annual value of instruments implemented is just under **US\$ 50 billion**

Prices used vary from **US\$ 1-131/tCO₂e**

Key developments (2015-16):

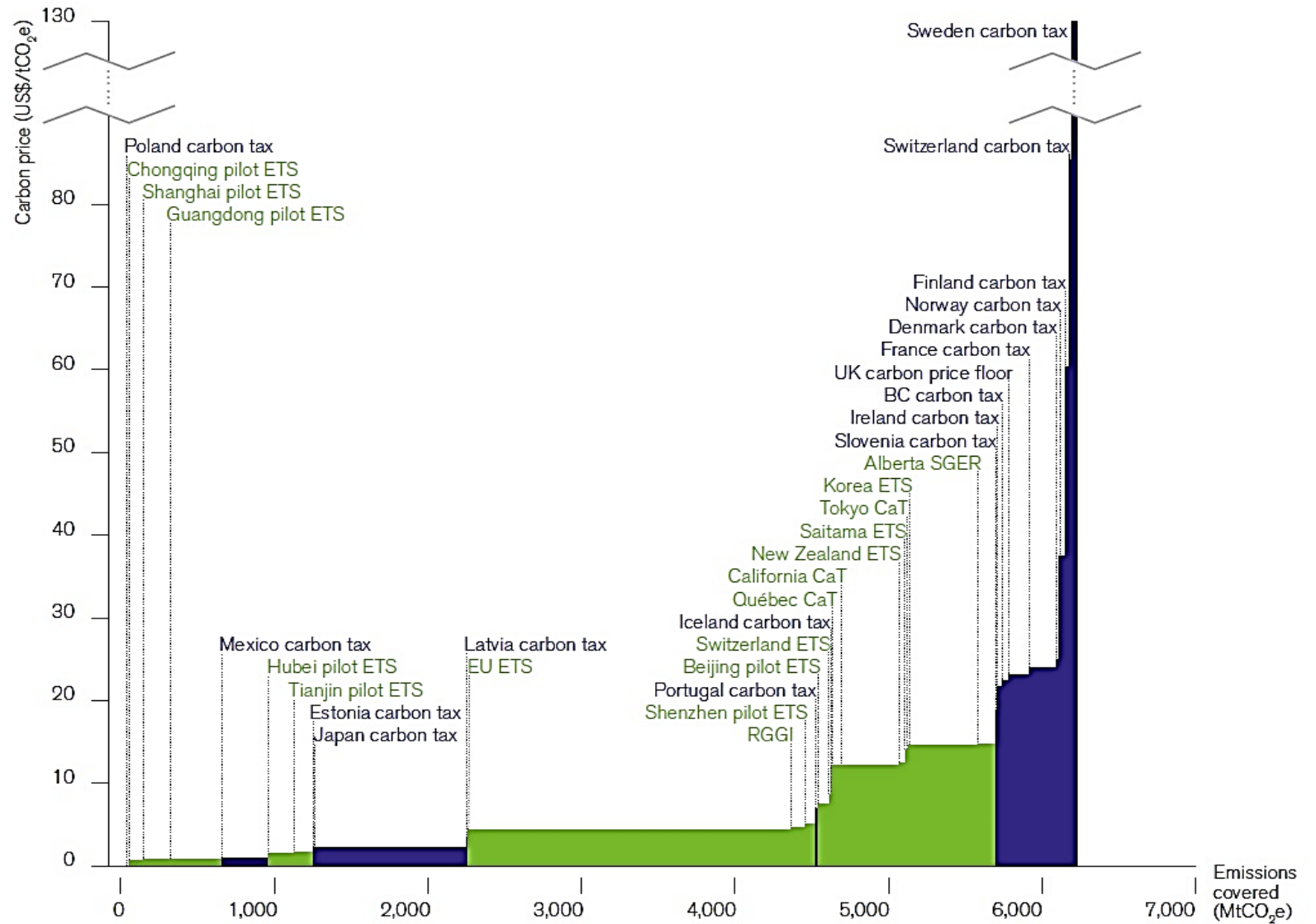
Canada sets its first national carbon price; 8 provinces signed deal to implement carbon tax or cap-and-trade

Ontario passed legislation for an ETS in 2017; **Alberta** established a carbon tax, starting from 2017

Mexico announced national carbon market starting in 2018, with an ETS as the preferred option

Chile and Colombia considering setting up ETS

Prices and coverage of existing carbon pricing systems are insufficient to put us on a 2-degree path



Note: The Australia ERF (safeguard mechanism), British Columbia GGIRCA, Kazakhstan ETS and Kyoto ETS are not shown in this graph as price information is not available for those initiatives. The carbon tax rate applied in Mexico, Finland, and Norway varies with the fossil fuel type and use. The graph shows the average carbon tax rate weighted by the amount of emissions covered at the different tax rates in those jurisdictions.

ETS ■ Carbon tax ■

A common set of key issues

- **Competitiveness** and concerns about carbon leakage
- **Distributional impacts** – e.g., higher energy prices for low-income households
- **Alignment** of carbon pricing with other policies
- **Productive use of revenues** – to ease the transition, accelerate technology innovation
- **Linking and networking** different carbon pricing systems

CPLC Working Groups

Building and sharing the evidence base

Goals:

- Create a repository of global experience with CP policy design and implementation, collecting best practices from around the world.
- Synthesize the latest analysis on key issues and share results on emerging solutions.

Activities:

- ✓ METRIC guidelines for carbon pricing links
- ✓ Syntheses of key CP issues (e.g. Distributional impacts, linking, co-benefits, carbon pricing with respect to fiscal policy, border adjustment measures)
- ✓ Sector specific briefs for electricity, maritime, forestry sector
- ✓ Peer reviewed articles on carbon pricing

✓ Engage more academic institutions

Mobilizing business support

Goals:

- Advance knowledge of corporate readiness strategies, such as internal CP mechanisms.
- Brief and engage executives and investors on carbon pricing, potential implications for investors, and business rationales for supporting CP.

Activities:

- ✓ Explore new sectoral work in key sectors (cement/construction, maritime, financial sector) for sharing experiences on internal carbon pricing, competitiveness concerns, and government policy recommendations tailored to specific sectors
- ✓ Knowledge products, workshops and peer exchange to facilitate use of internal CP
- ✓ Executive briefing papers

Fostering government leadership

Goals:

- Create a platform with Partners for north-south and south-south collaboration among businesses and governments on lessons and experience on carbon pricing system design and implementation
- Host global and regional leadership dialogues
- Organize national government/business dialogues with tailored analysis

Activities:

- ✓ Develop a government engagement roadmap to enhance efforts to price carbon in specific jurisdictions or sectors
- ✓ Regional dialogues to explore networking of markets;
- ✓ National government/business dialogues

Join Our Coalition of the Working



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"We face an existential challenge with the changes in our climate.
The time to act is now."

- GOVERNOR JERRY BROWN, STATE OF CALIFORNIA, US

CARBON PRICING LEADERS

A growing number of leaders – national, local and corporate – are speaking out in support of carbon pricing. Listen as they describe their experiences with carbon pricing and the reasons they consider it a powerful and efficient way to reduce emissions.

