



A Global Carbon Market?

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Abstract This paper explores the prospects for a global carbon market as the centrepiece of any serious attempt to reach the ambitious goal for greenhouse gas (GHG) reductions set by climate scientists. My aim is to clarify the extent to which we know what policy might best support global decarbonisation. I begin by discussing what we might mean by a global carbon market and its theoretical properties. I proceed to discuss the EU Emissions Trading System experience and the recent experience with the Australian carbon tax. Next, I assess the evolving carbon market initiatives in the US and in China. In the conclusion, I apply some principles of ‘good’ energy policy making to the prospects for a successful global carbon market.

Keywords carbon market, carbon tax, EU ETS

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