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Contact: Katie Kouchakji, press@ieta.org

New Paris negotiating text welcome step forward – but market issues require urgent work

LONDON, 5 October – Today’s release of a new draft agreement and decisions for the upcoming Paris climate talks is an important step towards a new international agreement on climate change, says IETA. However, it is critical that negotiators provide clear rules for countries that intend to cooperate through market-based approaches.

The [new text](#), released on Monday morning, is more streamlined than previous versions, running to only nine pages for the draft agreement and an additional 10 pages on draft COP decisions. It spells out elements for a new agreement – spanning issues such as climate change mitigation, adaptation, technology transfer and finance – as well as decisions to operationalise the agreement.

Disappointingly, the draft agreement has few provisions to support the use of market mechanisms, nor does it specify rules to account for international emissions reduction unit transfers. The draft decisions contain several provisions which would support the use of market-based mechanisms to fulfil pledges, but they remain in brackets – meaning they are yet to be agreed.

“Having a more concise text at this stage of the process is welcome – particularly as governments prepare for a final week-long negotiating session later this month, ahead of the Paris talks,” says Dirk Forrister, IETA’s President and CEO. “However, it is still unclear whether the agreement will feature rules to encourage cooperation through carbon markets, with many key provisions still to be agreed.”

He adds: “Businesses all over the world have consistently called for carbon pricing to form a part of the new agreement. With the profound concerns that business and government share in ensuring cost effectiveness, market provisions need to be at the heart of the agreement. China is set to launch the world’s largest carbon market in 2017, adding to the 40% of global GDP¹ already subject to emissions trading. These efforts need to be recognised and encouraged in a future rules-based agreement.”

IETA - Climate Challenges, Market Solutions

24, Rue Merle d’Aubigné
Geneva, 1207, Switzerland
Tel: +41 (22) 737 0500

Boite 27
Rue de la Loi 235
Brussels, 1040, Belgium
Tel: +32 (0)22 30 11 60
Reg. 0889.072.702

1001 Pennsylvania Ave. NW,
Suite 7451
Washington, DC 20004, USA
Tel: +1 470 222 43 82

3rd Floor - 350 Adelaide
Street West, Toronto,
Ontario
M5V 1R8, Canada
Tel. +1 (647) 727 4960

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1 According to the [International Carbon Action Partnership's 2015 status report](#).

About IETA:

[IETA](#) is the voice of business on carbon markets around the world. Established in 1999, IETA's members include global leaders in the oil, electricity, cement, aluminium, chemical, technology, data verification, broking, trading, legal, finance, and consulting industries.