



**GLOBAL
ECONOMIC ISSUES**
HOSPODÁRSKA
SEKCIA

Forum for 21st century **on Global Emission Trading**

Position of European Union for the purpose of the conference held by the Forum for 21st Century

The European Union would like to thank the Forum for 21st Century for initiating the discussion and organizing the conference on global economic issues. Hereby we express our full support towards solving the challenges occurring in the new global scenario. After an in-depth analysis of the first draft proposed by the Forum for 21st Century let us comment proposals and include our suggestions as well. The European Union stresses that it supports all efforts to meaningful discussion concerning the topic of the economy of climate change mitigation and adaptation (ECC) with international trade- and commerce-related aspects, regulatory regimes and the involvement of facilities and institutions pursuant to the United Nations Framework Convention on Climate Change (UNFCCC).

In the section Notes

Facing new global challenges the European Union feels strong need to determine appropriate policies and tools to be effective and efficient in solving the problem of economic aspects of climate change. Therefore we welcome the initiative of the Forum for 21st Century to update the Kyoto-established platform. The European Union has always played an active role in international discussion on climate change and its economic aspects.

In the section Proposals

Protecting GHG Offsets from speculative price escalation

- The European Union agrees with effective pricing of metric ton of GHG equivalent. However, we suggest prices restriction after scientific studies that will take into consideration the wide range of aspects important in this field and determine an effective and fair price for all. Nowadays, the price ranges from \$8, therefore price range \$20-\$25 (PPP 2010) doesn't reflect current situation.
- We agree with providing affordable financial securities or hedging tools to compensate for the price volatility.
- We agree with imposing restrictions on the aggregation of Carbon offsets into derivatives facilitating excessive inflation of Offset prices.

Developing financial measures for inhibiting exploits and liability evasion, and sanction-like measures for enforcing adherence to national commitments.



- The European Union approves of suggested measure. We propose to create effective body responsible for monitoring fulfilment of national commitments, exploits and liability evasion. The body would assess country action and determine the appropriate measure. Measures should be equal for developed and developing countries.

Proper implementation of the Flexible mechanisms - Clean Development Mechanism, Joint Implementation

- The European Union agrees with proper implementation of the mechanisms. We suggest determining the barriers in implementing the mechanisms and thereafter adopt appropriate provisions regarding liquidity of GHG reduction credits in the post-Kyoto ECC framework. All parties to the Kyoto Protocol should take part in these mechanisms.