

WORKSHOP

CARBON LEAKAGE: THEORY, EVIDENCE AND POLICY

AGENDA

TUESDAY 27 OCTOBER, 2015 - SWEIMEH (DEAD SEA), JORDAN

Carbon prices are intended to have an efficient and fair impact on the relative competitiveness of firms. They are expected to favor innovative, clean firms, and facilitate the exit or upgrade of the least efficient firms in emissions-intensive industries, thereby improving the overall efficiency of the economy. Carbon prices are particularly effective at achieving such an intended and efficient outcome if they are broadly similar across jurisdictions. However, current efforts to put a price on GHG emissions around the world remain fragmented. Both the coverage and carbon price vary significantly between jurisdictions. In such an asymmetric world, countries are legitimately concerned that their ambitious climate action may undermine the international competitiveness of some domestic sectors. A phenomenon known as carbon leakage occurs if such differences in emission costs lead to the relocation of carbon-intensive activities and related emissions from more to less stringent jurisdictions. This workshop will unpack the concerns over carbon leakage and review how they can best be addressed, drawing on experience from around the world.

1. INTRODUCTION	
9.00	<p>Welcome remarks</p> <ul style="list-style-type: none"> • <i>Mr. Venkata Ramana Putti, World Bank Group</i>
2. UNDERSTANDING THE CONCEPT OF CARBON LEAKAGE: THEORY AND EVIDENCE	
<p><i>This session will provide an introduction to carbon leakage, and give an overview of the theory and evidence around the concept. It will explain the definition of carbon leakage and discuss its key drivers. It will also discuss different approaches to assessing carbon leakage and the related empirical evidence.</i></p> <p><i>Moderator: Mr. Grzegorz Peszko, World Bank Group</i></p>	
9.15	<ul style="list-style-type: none"> • Carbon leakage: Theory and evidence – <i>Mr. Jason Eis, Vivid Economics</i> • Q&A • Panel discussion: Evidence for carbon leakage <i>Ms. Mary Jane Coombs, California Air Resources Board</i> <i>Ms. Hana Huzjak, European Commission</i> <i>Ms. Sharlin Hemraj, South African National Treasury</i>
10.30	Coffee break

3. POLICY RESPONSES TO CARBON LEAKAGE

This session will provide an overview of some of the policy responses that countries have implemented or are preparing to address the risk of carbon leakage, drawing on experience from around the world. It will cover two broad issues policy makers need to consider when they design leakage prevention measures: (a) the sectors or activities that will be supported and (b) the form that such support will take.

Moderator: Ms. Pauline Kennedy, PMR Secretariat

10.45	<ul style="list-style-type: none"> • An overview on policy options for leakage prevention and key design choices – <i>Mr. Jason Eis, Vivid Economics</i> • Q&A • Break out group exercise to explore different case studies of leakage prevention measures. <p>Each group will discuss one of the following case studies:</p> <ul style="list-style-type: none"> - Sector specific benchmark approach as used in the EU ETS - Output-based benchmarking approach as used in the New Zealand ETS and previously in Australia - Tax-free thresholds as proposed for use in the South African carbon tax - Border adjustments as being considered in California's Cap-and-Trade Program
4. CLOSING	
12.25	<p>Closing remarks</p> <ul style="list-style-type: none"> • <i>Mr. Venkata Ramana Putti, World Bank Group</i>
12.30	Close of workshop
	Lunch