

# Decision Making and Policy Choice

## Why an Emissions Trading Scheme?



Gobierno  
de Chile

Partnership for Market Readiness  
Technical Workshop  
Domestic Emissions Trading

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# Policy Choice issues for Chile

Chile is still in the research process and most of the answers to our questions should be answered by the PMR baseline studies and the subsequent (pilot) project. However, there are key issues about policy choice that need to be addressed.

- Chile: Developing nation with a self imposed obligation
  - International commitments
  - Regional leadership
- Instrument choice: Cap & Trade vs. Carbon Tax
- What ETS system is more appropriate for Chile?
  - Ascending cap!
- Technical requirements: Is Chile up to speed?
- Political requirements:
  - Market-friendly economy
  - Are the relevant actors involved? Do all agree?