

Towards a Global Carbon Market

**Environmentalists and Business People Call for Discussions with China,
Mexico and the European Union**

Paris, December 9, 2015 – SWITCH, the Alliance for a Green Economy in Quebec, a working group made up of environmentalists and business people, is recommending that the governments of Quebec, Ontario, Manitoba and California enter into agreements with China, Mexico and the European Union to ensure increased harmonization of the operating rules of their existing or future carbon markets. SWITCH believes that these markets should ultimately agree on a common set of rules. As negotiations surrounding the Paris agreement are coming to a turning point, the members of the working group would also like this agreement to recognize market mechanisms as one of the tools that can be used to reduce greenhouse gas (GHG) emissions around the world. The report titled *Carbon Roadmap* was submitted today in Paris to the premiers of Quebec, Ontario and Manitoba.

“In Europe, in North America, in Asia and elsewhere, carbon markets are being created with different rules and mechanisms. From an environmental and business standpoint, we need to ensure, as early as possible, that the reductions achieved in a market are real and verifiable so they can be recognized in the other markets,” said the co-chairs of the working group, Jean Simard, President and CEO of the Aluminium Association of Canada, and Scott Vaughan, President and CEO of the International Institute for Sustainable Development (IISD).

Overall, 17 GHG cap-and-trade systems are in effect on four continents, encompassing 35 countries, 12 states or provinces and 7 cities. Together, these jurisdictions represent around 40% of global GDP. Recently, China and Mexico also announced that they intended to implement their own national markets as early as 2017. The lack of common rules is an obstacle to the potential creation of the single global carbon market that SWITCH members are hoping for. In the absence of minimum rules, SWITCH members are also concerned that reductions will be counted more than once and that the credits that some will claim to have will not be a true reflection of reductions.

“The Paris agreement that will guide the action of all countries in the fight against climate change over the next decades must include provisions that will guarantee minimum rules for measurement, reporting and verification,” added Steven Guilbeault, Co-founder and Senior Director of Équiterre.

The SWITCH working group includes representatives of the Canadian Wind Energy Association, Desjardins Group, Enerkem, Gaz Métro, Biothermica, Coop Carbone, the Quebec Carbon Institute, Écotech Québec, Cycle Capital Management, the David Suzuki Foundation, Golder Associates, the Aluminium Association of Canada, the IISD, I4CA, Innergex and the Regroupement national des conseils régionaux de l’environnement du Québec.

Improving the Quebec-California carbon market

SWITCH also recommends improving how the current market functions. “Financial actors want rules that are well known, clear and stable in the long term,” explained Guy Drouin, President and CEO of Biothermica. “We need to quickly know which regulation will be applicable after 2020, especially with regard to the reductions requested from large emitters and the process for accessing emission rights in the 2021–2030 period.”

“The carbon market is a powerful lever for innovative businesses that also achieve reductions outside the industries included in the carbon market. This requires improving existing offset credit protocols and developing new ones. We should also recognize the offset credits generated outside our borders, to bring our expertise to an international level,” said Marie-Hélène Labrie, Senior Vice President, Government Affairs and Communications, Enerkem.

Several businesses that are proposing solutions for reducing GHG emissions are still facing the misunderstanding and wariness of certain financial actors who do not fully understand how the carbon market works and the impact it has. SWITCH is recommending that the competent authorities provide tools to financial institutions and professionals, including awareness and training activities, so they may fully benefit from the implementation of the carbon market and develop products and services that meet the needs of businesses.

SWITCH is also recommending that a watch process be implemented for issues related to competitiveness and carbon leaks, due to the creation of a mosaic of carbon restriction systems around the world. This watch would be done as part of the carbon market between Quebec, California and Ontario.

The preparation of the *Carbon Roadmap* report was financially supported by the European Union. To view the report, go to <http://allianceswitch.ca/publications-switch/>.

About SWITCH

SWITCH, the Alliance for a Green Economy in Quebec, hopes to accelerate the shift towards a green economy in order to build an innovative, resilient and economically competitive society that balances social equality, the environment and quality of life. The Alliance works towards clear social, political and economic vision and leadership, greater consistency in government policies and actions, and the convergence of initiatives for a green economy in the public, private, cooperative/mutual, non-profit and civil society sectors.

The Alliance brings together organizations from different economic, financial, non-profit and environmental sectors: Cycle Capital Management, the David Suzuki Foundation, Écotech Québec (Quebec's Cleantech Cluster), Équiterre and the Aluminium Association of Canada. It also collaborates with a number of partners that make up its advisory committee: Desjardins Group, Enerkem, Innergex, the Canadian Wind Energy Association (CanWEA), the Conseil du patronat du Québec (CPQ), Gaz Métro and the Regroupement national des conseils régionaux de l'environnement du Québec (RNCREQ). For more information: www.allianceswitch.ca.

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