



## International Carbon Action Partnership

### Political Declaration

Lisbon, 29 October 2007

*We ... recognize the:*

#### **Need for Urgent Action to Control Climate Change**

The scientific consensus is that climate disruption is occurring at an accelerating pace. The Intergovernmental Panel on Climate Change (IPCC) concluded that warming of the climate system is unequivocal, citing evidence of increases in global average air and ocean temperatures, widespread melting of snow and ice, and rising global average sea level. Furthermore, most of the observed increase in global average temperatures is very likely due to the unprecedented increases in atmospheric concentrations of global greenhouse gases caused by human activities. Strong, immediate and sustained action is essential to avert severe environmental, health, economic and security impacts.

#### **Economics of Climate Change: Action vs. Inaction**

The risks posed by climate change can be minimized by immediate, ambitious and comprehensive action. Local, state, national, regional and international governments must implement mutually reinforcing policy frameworks aimed at addressing climate change. Action to reduce greenhouse gas emissions is significantly less costly than the potentially catastrophic consequences of inaction; and immediate action is less costly than delaying our responses. Working together, we can reduce the costs of mitigation even further. The transition to a low-carbon economy will provide enormous opportunities for technological innovation, economic growth, and job creation, while improving energy security.

#### **Role of Market-Based Solutions**

Market-based solutions in the form of cap-and-trade are a key component of our comprehensive policies to combat climate change. Alongside other emissions reduction strategies and technology promoting policies, market mechanisms offer the opportunity to achieve maximum greenhouse gas emissions reductions on a global scale in the most economically efficient manner. Market-based solutions result in emissions reductions and accelerate the development, diffusion and deployment of low-carbon technologies.

## **Portfolio of Existing and Emerging Markets**

Many governments across the world have established or are developing cap-and-trade for greenhouse gas emissions (carbon markets). They include the European Union's trading system (EU ETS), the Norwegian trading programme, the New Zealand trading system (NZ ETS), the Regional Greenhouse Gas Initiative (RGGI) in the eastern region of the United States of America (USA), and the Western Climate Initiative (WCI), which includes western states from the USA and Canadian provinces. There is growing interest in other regions of the world in using carbon markets as a cost-efficient mechanism to reduce greenhouse gas emissions. Development and implementation of carbon markets requires cooperation, and further consideration of how the various markets can facilitate the transition to a global low-carbon economy.

## **Benefits of a Global Carbon Market**

National and regional carbon markets offer significant potential for international climate policy. Future linking of emissions trading systems may provide emissions reductions at lower cost, and accelerate the scale of innovation. Larger trading volumes and improved market liquidity are likely to yield robust price signals. Linked systems may also stabilize investor expectations and help mobilize capital for the necessary transition to a global low-carbon economy. Collaboration in design issues now may facilitate linkage in the future, to the extent permitted by applicable state, federal and national laws.

*Therefore the signatories will work together on the following initiative:*

## **International Carbon Action Partnership (ICAP)**

The International Carbon Action Partnership (ICAP) will create an international forum of governments and public authorities that are engaged in the process of designing or implementing carbon markets. ICAP will establish an expert forum to discuss relevant questions on the design, compatibility and potential linkage of regional carbon markets. The forum will convene regularly and define a work program, including joint research and studies. It will identify barriers, including barriers posed by applicable state, federal and national laws, and it will identify solutions with the view to developing recommendations for consideration by each of the signatories hereto.

ICAP aims to support the United Nations process on climate change by facilitating working relationships among governments and public authorities engaged in developing and implementing programs to combat climate change.

*On behalf of...*

*Governor/Premier ...:*