

## IETA Priorities 2022

*(Approved at AGM November 2021)*

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**To deliver the Paris Agreement's climate protection goals, IETA advocates the power of markets to price carbon effectively and deliver net-zero targets.**

***1. We will seek to strengthen the credibility and functionality of today's carbon markets.***

Carbon markets must broaden their reach and deepen their targets to deliver net zero emissions as soon as possible. To deliver the Paris climate goals, carbon markets must converge over time to accelerate the just transition of the world's economies to deliver a safe and resilient future for our planet. To that end:

- In **Europe**, IETA will support the EU ETS as the central instrument of the "Fit for 55" climate package, exploring ways to expand the scope of the ETS, advance international market linkages and address competitiveness impacts on trade-exposed sectors.
- We will work to enhance the performance of the **UK ETS**, including support for linkages to other markets of high environmental integrity.
- In the **Americas**, IETA will advance market-based solutions in national, state and provincial policies. We will work with the Carbon Pricing of the Americas Declaration, the Pacific Alliance and others to expand markets and build linkages across the region.
- In **Asia**, IETA will support China and South Korea in the growth and effectiveness of the national ETS's. We will offer our expertise on market design and operations, such as MRV approaches, standards, trading infrastructure and future international linkages across the region.

***2. We will promote accelerated growth of high-integrity voluntary carbon markets.***

Some jurisdictions are slow to adopt meaningful carbon pricing systems, so businesses must begin their climate transformation voluntarily. We will marshal the expertise of IETA members to drive increased voluntary action towards the Paris net-zero goals, assuring best practices in market integrity.

- We will expand our voluntary market services to support action by all interested members – aiming to support the **rapid scaling of voluntary markets globally** with credibility and integrity.
- We will promote best practice through our **International Carbon Reduction and Offset Alliance (ICROA)** affiliate, including code compliance exemplified in its mark of excellence.
- We will develop harmonized and balanced model legal contracts to support the fair and equitable transactions in order to scale.
- We will support member engagement in external initiatives on voluntary markets, such as the Integrity Council for the Voluntary Carbon Market (IC-VCM), the Voluntary Carbon Market Integrity (VCMi) and the Science-based Target Initiative (SBTi).

***3. We will expand work on new market-based initiatives, including emissions trading systems (ETS), tax-and-offset programmes and UN FCCC carbon trading mechanisms.***

- The **Business Partnership for Market Readiness** will assist businesses in new carbon markets as they prepare to participate in those systems.
- The **Markets for Natural Climate Solutions (M-NCS)** initiative will promote increased inclusion of nature-based carbon crediting in carbon markets worldwide.
- Over time, we envision an increasing role for natural climate solutions, carbon capture storage and use, and other removal strategies, given their potential to lower atmospheric concentrations at the scale required for net zero goals. We will encourage expansion of crediting frameworks for carbon removals now, so that business can begin to scale market investments for the future.
- We will continue to work with ICAO and the global aviation industry on the implementation of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), and we will begin new activities to support the market development in the shipping sector, including with the IMO.
- **At the UN FCCC**, IETA will urge a smooth transition from the current UN mechanisms (CDM, JI) to the new Article 6.4 mechanism and support the development of cooperative initiatives under Article 6.2, through either bilateral agreements or carbon clubs.

#### ***4. We will promote linked carbon pricing systems as a valuable means of channeling increased finance to the climate transition***

We will pursue the vision of a high-integrity international carbon markets, converging over time to enable countries, businesses and financials to achieve greater climate ambition. We will work with countries to establish efficient routes to international markets so that business can scale-up climate action and investment, leveraging both voluntary and compliance markets.

- We will work with policy leaders to expand use of market linkages over time as a means of encouraging investment and delivering greater ambition.
- As financial institutions align their investment portfolios to the goals of the Paris Agreement, IETA will support their use of carbon markets and pricing as valuable tools for catalysing flows of private capital into the climate transition.
- We will build relationships with net zero alliances and related climate finance initiatives to explore the ways in which markets can support the decarbonisation of the real economy at a lower cost, particularly for the most vulnerable economies and societies.
- We will nurture established relationships with multilateral development institutions and the Green Climate Fund to enhance financial sector investments by leveraging carbon pricing systems.

#### ***5. We will convene the carbon market to build the professional community and networks that can deliver a net zero future – and herald the benefits of market cooperation in our communications.***

- We will use our carbon market platforms to bring the international carbon market community together regularly, including a global gathering to showcase excellence and feature climate business opportunities.
- In many jurisdictions, we face political headwinds prompted by those who fear unintended consequences of strong market policies. We will seek to build bridges to those who oppose market solutions for climate action.
- We will strengthen work with partners who share our vision of markets that deliver climate ambition in a manner that is characterized by equity, diversity, inclusion, and good governance.