

Flexible Instruments: a Quantitative Assessment of their Potential Role and Impact in Meeting GHG Reduction Commitments

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The study presented analyses the potential role and impact of the Flexible Instruments in meeting GHG reduction commitments of Annex I countries. It is based on a quantitative analysis that covers all GHGs, all Flexible Instruments and all major countries and regions of the world within an integrated bottom-up model framework. It shows that the role and impact of the Flexible Instruments may be very substantial. If these instruments may be used unrestrictedly, Annex I countries will meet, on average, 70 to 90 percent of their reduction requirements by means of foreign transactions. As a result, global abatement costs will tumble from 80 billion USD 'before trade' to 2-10 billion USD 'after trade' (i.e. after relying on the Flexible Instruments).