

Carbon Pricing: A Parliamentarian Perspective



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Parliaments need to be involved in all international discussions on important issues affecting the citizens of their countries



- The role of parliaments in the international agenda:
 - Develop necessary **legal and political frameworks for achievement of commitments** adopted by States in multilateral spaces
 - **Approve the national budget** to ensure that resource allocation and budget items reflect the priorities established in international agreements adopted
 - **Provide follow-up and oversight on the execution of commitments undertaken**
 - **Parliaments ratify conventions and international agreements** and bring national legislation in line with these instruments
 - Last but not least **parliaments present the considerations of citizens** and civil society organizations in decision-making processes

ParlAmericas represents parliaments of the Americas and Caribbean in the conference



- This is the region with:
 - Some of the richest and some of the poorest countries
 - Some of the largest populations and biggest countries, as well as some of the smallest
 - The greenest in terms of total forest area (Brazil) and in terms of percentage forest coverage (Suriname)
 - Some are net carbon emitters and some are net carbon sinks
 - All are at risk but some are in immediate and great danger at this very moment
- It should be clear that issues of carbon pricing mechanisms **could not work the same in all of them**
- The parliaments should **address the questions, concerns and challenges** with regard to climate change, for their respective countries
- ParlAmericas' activities offer parliaments the opportunity to exchange ideas and experiences, information gathering and training on the issue of climate change and recently more specifically, the tool of carbon pricing

Carbon Pricing and Parliaments



- Putting a price on carbon emissions (and other GHGs?) if implemented well, can be a very effective way to achieve the emission reduction we need to keep the world habitable for all. The mechanism we discuss at this time is a market based mechanism
- Parliaments will be instrumental in the assessment of the carbon pricing mechanisms to determine if these are adequate for the particular social, economic and environmental realities of their countries
- Robust oversight mechanisms and counting systems that are necessary for carbon pricing to work on a national level or in cooperation with international partners have to be established and parliaments will definitely have a role in the process
- There are some questions and concerns that parliaments have expressed with regard to carbon pricing, cap and trade and carbon tax mechanisms and their effects on the economies of small and weak economies or countries that are net carbon sinks

Challenges :

Technical, financial support and capacity



- Most Caribbean States are not well informed and don't have enough expertise for decision making on the topic of carbon pricing in general, and more specifically on the technical issues associated with carbon markets, within their country or in dealing with international partners and companies
- Countries have expressed the need for **training on the subject**
- Cooperation will be fundamental to establish or strengthen systems for measurement, reporting and verification (MRV)
- There are serious questions on how **small countries will be able to negotiate with big international corporations**. Previous experiences have not always been positive
- Some countries, especially don't see emission reduction or carbon pricing as a current priority. Most of these countries also have **small mitigation potential** and **weak economies**, as serious **disasters have caused serious set backs in their development**
- An integrated **sub regional approach** is being considered but again information and training on the subject will be necessary

Questions and concerns : Carbon trading and climate objectives



- Carbon pricing as it is proposed on the national level or between parties will **promote carbon trading**, which is aiming directly at emission reduction but increasing and protecting natural carbon sinks is not addressed directly by this mechanism but expected to be an indirect effect
- Carbon sequestering is a service and if technology were to be developed to take carbon actively out of the air the company would be paid for its services. Why is there no direct way to pay for natural sequestering capacity? This leaves forests to compete with gold mining, diamond mining and oil plantations
- **What should the price of carbon units be?** This is very much dependent on taxes and carbon caps countries voluntarily impose, but there is no uniformity and so the price varies wildly from a few dollars per ton to more than \$200 USD. This makes it more difficult for developing countries to use the mechanism

Questions and concerns



- There are **more types of greenhouse gases**. How will they be covered in a pricing mechanism?
- Will there be some regulations on carbon taxes and carbon caps in order to get a more **predictable price** for carbon units?
- Shouldn't we include a **regulated international climate fund** with countries and maybe multinational corporations contributing to the fund based on their emissions and **receive revenues from the fund based on sequestering of carbon if applicable?** This should be a non market approach
- **Information and support is necessary for developing countries in order to identify and access climate funding**

Ultimate goal



- We need to keep the world from warming to a point of no return
- We as legislators want to move towards a robust carbon cap or tax to put the world economy on a trajectory toward the science based deep cuts in emissions required to limit some of the worst impacts of climate change
- Pricing mechanisms are just instruments, and if not controlled and implemented in the right way we might end up with a system of active trade in carbon, money saved or made, but with little or no effect on the emissions and related disastrous outcomes for the world
- at the core we need a paradigm shift in how our economy works, we need real commitment and strong action
- We need the big polluters of the world to take responsibility. Fast and effectively. Putting a price on carbon and also a price for the natural services of carbon sinks can greatly accelerate and save our future. But we must not hesitate and develop transparent systems that are really effective in quickly reducing the effect of GHG through both reduction of emissions and active promotion of natural carbon sequestering