

Worksheet 9 – Environmental Policy in the Central European Context course

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We advise you to work through the following problems / questions well and as a group (make sure though that no one is free-riding); it's the ticket to performing reasonably well on the exams (and to not be stressed out by the exams which will be tuff, tuff, tuff! ☺) Please submit this problem set in writing; feel, however, free to submit jointly.

1) Answer the following questions based on the Kramer 2002 article (or other relevant source you might find):

- a. What was the main reason why the European Union had problems being accepted as a representative of member states?
- b. What are the reasons (legal, cultural, etc) behind the somewhat difficult position of the EU as regards its competences in international negotiations?
- c. What are the key characteristics making US environmental policy (before 2002) different from European environmental policy?
- d. What were the main US objections against the Kyoto protocol?
- e. What is the position of developing countries in global environmental policy?

2) Briefly discuss what are the main weaknesses of the implementation of EU ETS in CR? Any ideas about how those could be corrected?

3) What is the UNFCCC? And why is it important? Or is it?

4) Come to think of it, what is the Kyoto Protocol? What are the Kyoto mechanisms? What, specifically, is a Clean Development Mechanism? What, specifically, is a Joint Implementation Mechanism?

5) Regarding the OECD (February 2007 Policy Brief) on the political economy of environmentally related taxes, summarize what's remarkable about Figure 1 in that pamphlet.

6) Schleich, Rogge & Betz discuss incentives for energy efficiency in the EU Emissions Trading Scheme. They note that the price for pollution allowances (EUAs) collapsed in 2006. Why did it happen? The authors also mention that pollution allowances currently seem to trade at a much higher (and apparently stable price). Explain why that might be the case.

7) Discuss the EC's decision not to rely on National Allocation Plans (NAPs) of the 27 EU member states (MS) for phase 3 (2013 – 20). Do you think that is realistic? How could such a system (which would have to control the emissions of about 12,000 sites) work? Any suggestions?

8) Why is giving away EUAs for free (rather than auctioning them off) bad policy?

9) Godby & Shogren, in their *Caveat emptor (buyer beware)* Kyoto chapter, compare buyer and seller liability in carbon emission trading. What would a buyer liability (for overselling pollution permits) theoretically make sense? What do the authors find in their experiment?