



Frequently Asked Questions about the International Carbon Action Partnership (ICAP)

May 14, 2008

1. What is ICAP?

ICAP stands for International Carbon Action Partnership. The partnership is made up of countries and regions that are actively pursuing the development of carbon markets through implementation of mandatory cap and trade systems with absolute caps. The partnership provides a forum to share experiences and knowledge.

2. What is ICAP's goal?

ICAP will contribute to the establishment of a well-functioning global cap and trade carbon market. ICAP provides the opportunity for members to share best practice and learn from each others' experiences. State and regional programs must be in close contact with and have a clear line of sight to international programs as they design and implement their respective programs. Through this sharing, ICAP will enhance the design of other schemes by ensuring that design compatibility issues are recognized at an early stage. As a result, ICAP will make possible future linking of trading programs.

3. When will it hold its first meeting?

ICAP is organizing its first public conference in Brussels in May 2008 on Monitoring, Reporting, Verification, Compliance and Enforcement . Details regarding topic, location and timing for further events will be announced later ..

4. How does the ICAP initiative relate to the United Nations (UN) process?

This initiative does not supplant the UN effort. Rather, by exploring practical ways of creating well-functioning large carbon markets, ICAP supports efforts to tackle climate change under the UN framework. All ICAP members agree that the UN has the central role in tackling the global warming challenge.

5. Why is a global carbon market necessary and/or beneficial?

Climate change is a global problem that requires global solutions. The global carbon market will provide such a solution cost-effectively. Tackling climate change requires a large shift of private investment into clean technologies and low carbon approaches. The global carbon market will play an important role by placing a price on carbon, and thus creating incentives for investment in a low carbon future. The extension of the global carbon market through linking also establishes a level playing field for covered sectors and a consistent regulatory framework across national borders.

6. Is a carbon market the only mechanism that members are employing to tackle climate change?

No. In terms of emissions reductions, a carbon market is an important tool for encouraging lowest-cost emissions reductions in many sectors, including those responsible for a large proportion of global greenhouse gas emissions. Carbon markets provide continuing incentives to reduce emissions at the lowest cost and to deploy innovative approaches. However, regulatory action, voluntary approaches, and other market-based solutions may be more appropriate in certain circumstances.

All ICAP members use additional emissions reductions policies to complement their carbon markets. As the regions and countries covered differ in many ways, the policies vary across ICAP members and include, for example; local air quality standards, vehicle emissions and fuel efficiency standards, direct funding for investment in new low-carbon technologies, fuel and other taxes, voluntary agreements with industry, energy efficiency standards for buildings and appliances, renewable portfolio standards and feed-in tariffs, to name a few.

ICAP members' other tools for mitigation and measures for adaptation differ from region to region, to reflect local circumstances. But all measures are compatible with and complementary to the development of the global carbon market.

7. How will ICAP affect existing programs?

Sharing and evaluating best practices will help ICAP members determine the extent to which their respective programs can be supported by, and or benefit from the ICAP process.

8. Who can join ICAP?

ICAP is an open forum comprised of public authorities and governments that have established or are actively pursuing carbon markets through mandatory cap and trade systems with absolute caps.

Membership is open to all public authorities and governments that have established or are actively pursuing carbon markets through mandatory cap and trade systems with absolute caps. as one approach for reducing greenhouse gas emissions.

ICAP also welcomes observers from other states around the world which are interested in cap and trade systems for tackling greenhouse gas emissions. ICAP wants to be as inclusive as possible and invites public authorities and governments in all countries and regions that have established or are establishing cap and trade systems to participate.

9. Who are the members?

ICAP Founding members are as follows:

- *European Union Members:* European Commission, France, Germany, Ireland, Italy, Netherlands, Portugal, United Kingdom
- *Regional Greenhouse Gas Initiative (RGGI) Members:* Maine, Massachusetts, New Jersey, New York
- *Western Climate Initiative (WCI) Members:* Arizona, British Columbia, California, Manitoba, New Mexico, Oregon, Washington
- *Other Members:* New Zealand, Norway
- Australia joined ICAP in April 2008 as a member.

- Japan joined ICAP in January 2008 as an observer

10. How are business and environmental stakeholders involved in the ICAP process?

Business and environmental stakeholders have key roles to play as we move forward with ICAP. ICAP intends to establish processes to formally engage all interested stakeholders.

11. How can one follow the initiative's future developments?

ICAP has a web site that will be maintained periodically so as to include all current information and future developments -

<http://www.icapcarbonaction.com>