



STATE AND TRENDS OF THE  
**carbon  
market**  
2010

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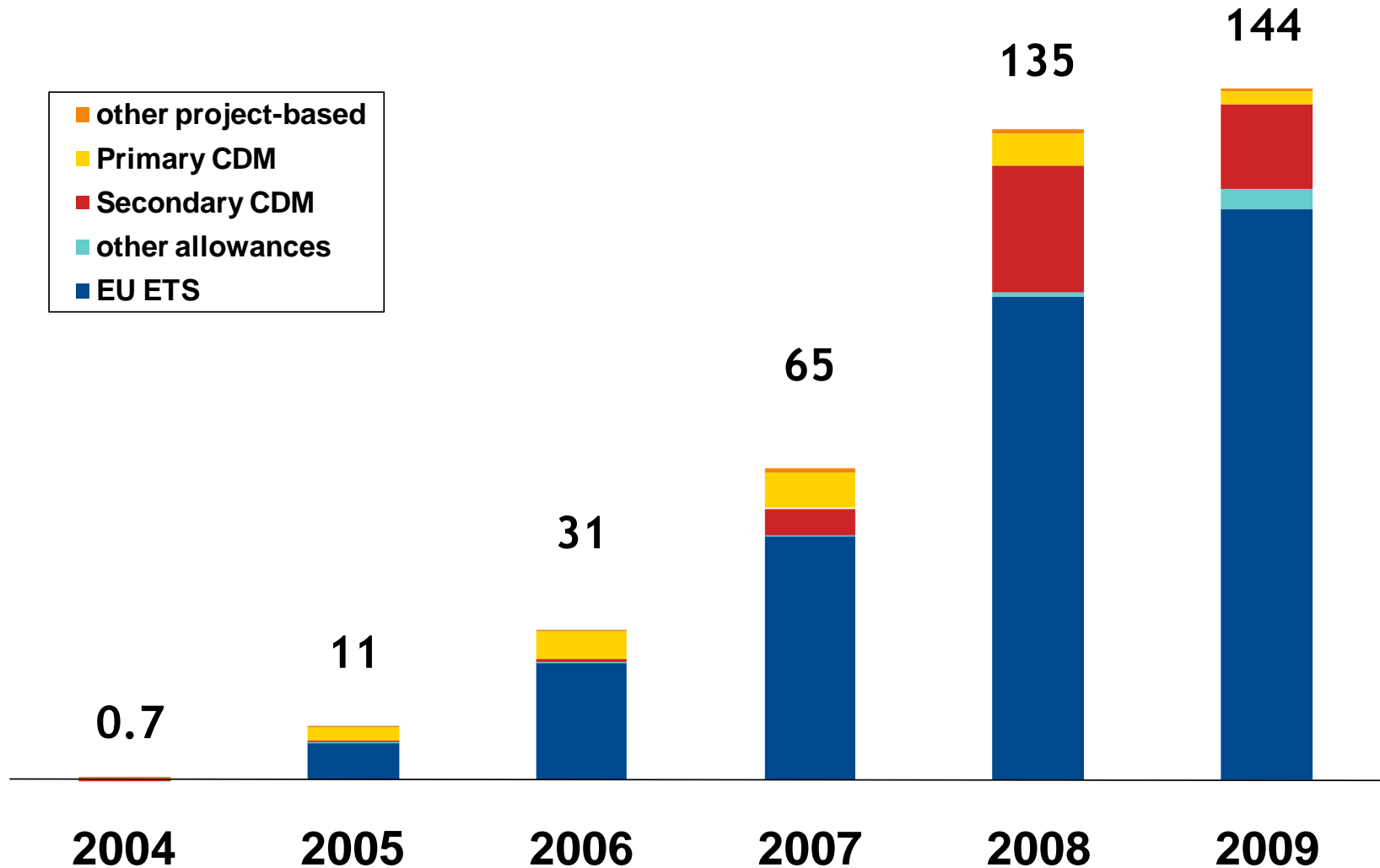


**Carbon Finance**  
AT THE WORLD BANK

WASHINGTON, DC . MAY 2010

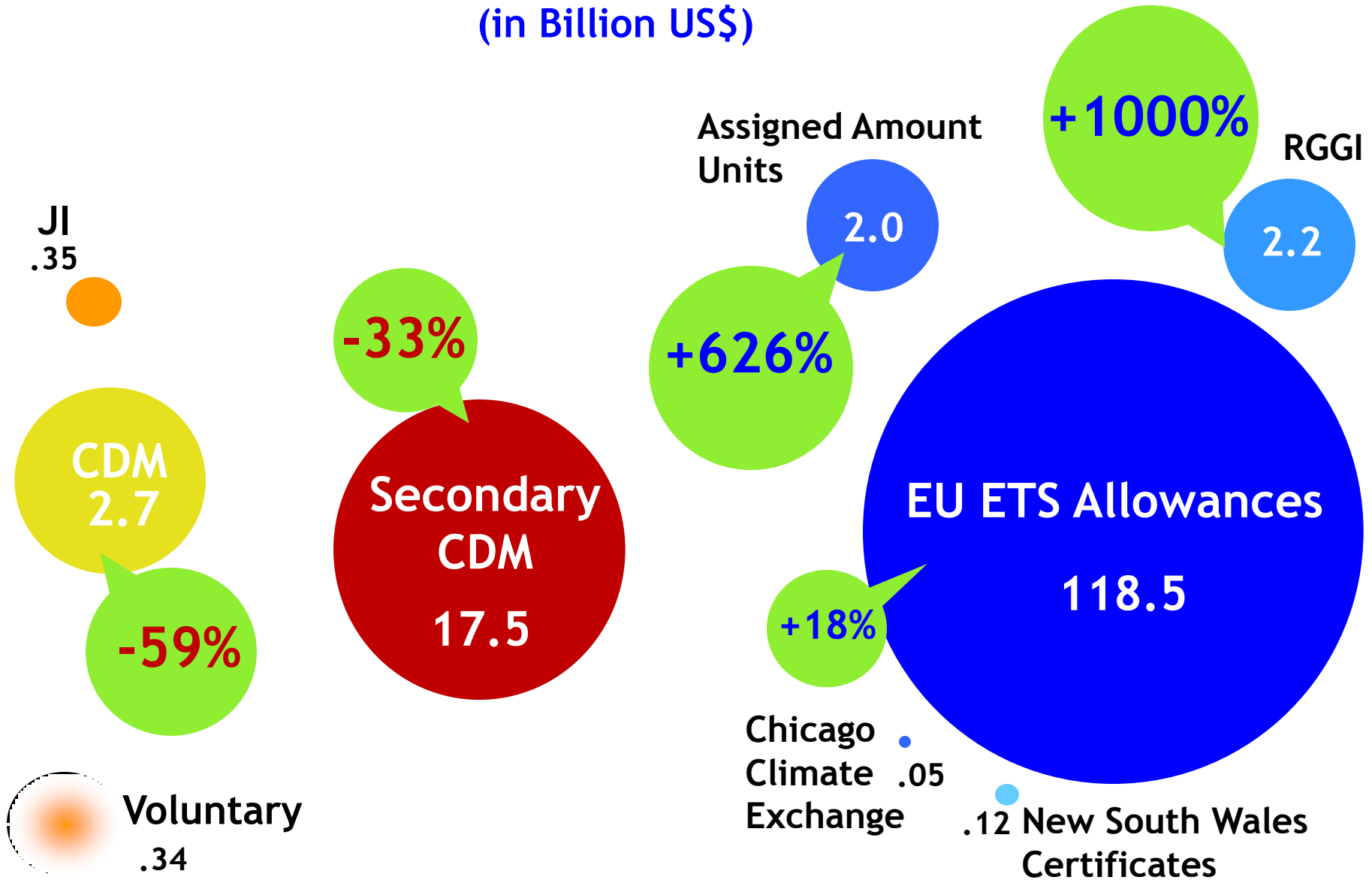
# Overall Market showed resilience

(in Billion US\$)



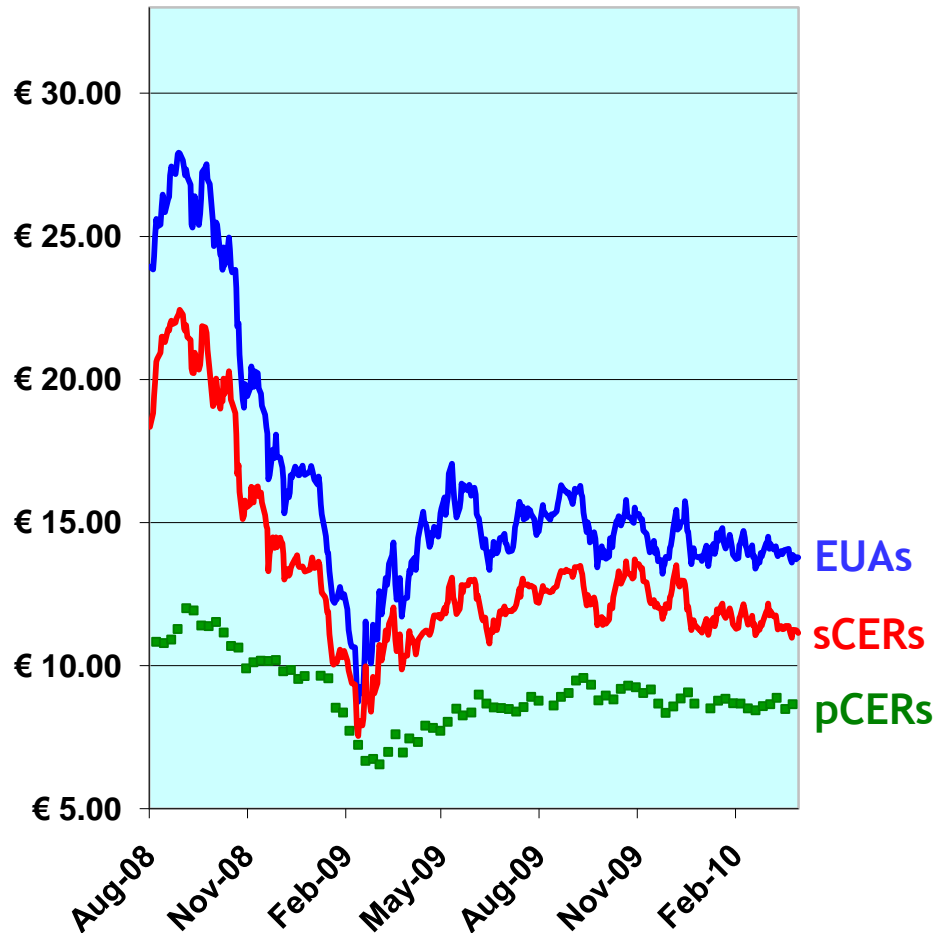
# Allowances up, offsets down

(in Billion US\$)



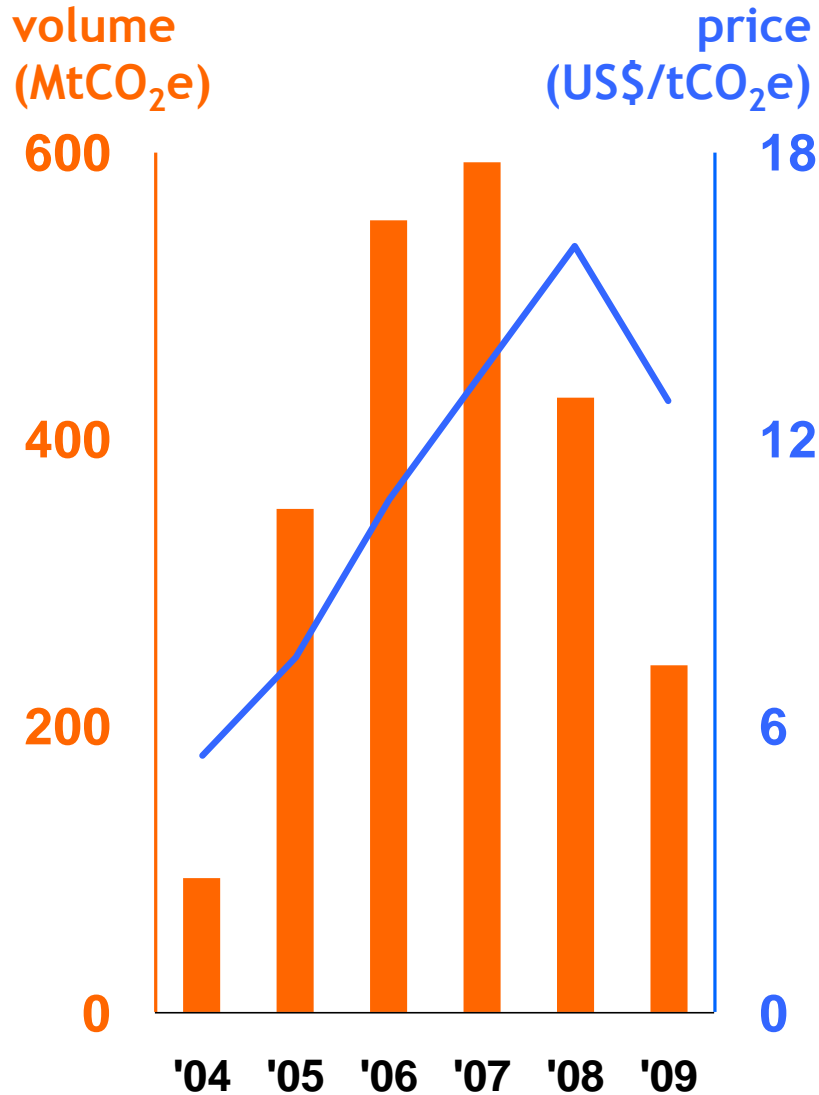
# EU ETS: mainstreamed in the EU

EUA, secondary CER & primary CER prices  
(€ per tCO<sub>2</sub>e, strip)



- Long Phase II with lower industrial activities; (-11% emissions in 2009)
- EUA sell-off raises cash in credit-tight environment
- Haunted by challenges, swift response

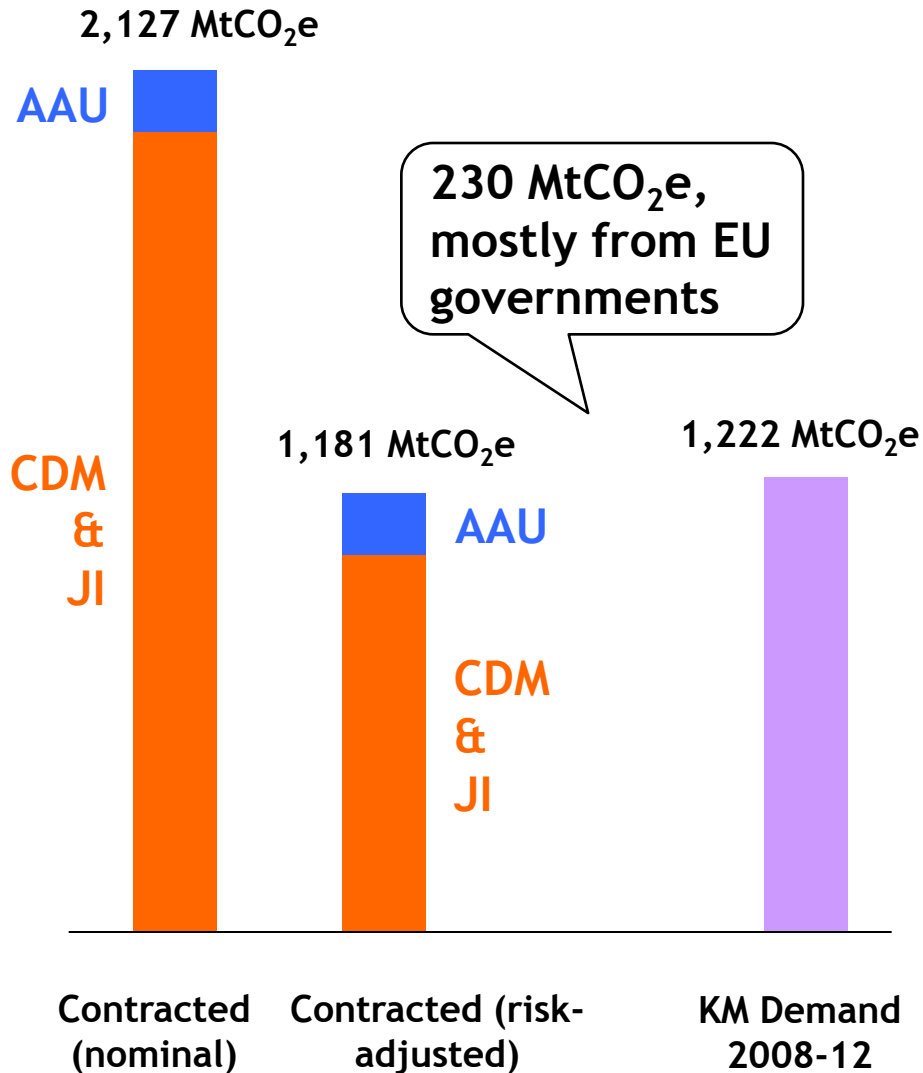
# CDM & JI Market Value Halved



- Activity declined markedly
  - reduced compliance needs
  - less origination by intermediaries
  - competition with AAUs
  - uncertainty on post-2012 rules
- Price declined too, but did not collapse
  - interest in sound and viable projects

**How long will CDM & JI continue to catalyze low-carbon investment?**

# A Petite Residual Demand



- 2012 demand down 25% to 1.22 billion tCO<sub>2</sub>e
- 1.18 billion tCO<sub>2</sub>e contracted
  - 1.02 billion CERs & ERUs contracted (risk-adjusted)
  - 163 million AAUs contracted
- Not all have purchased what they need:
  - residual demand of 230 MtCO<sub>2</sub>e

**Large post-2012 headroom under EU Package (and other initiatives)...**



clear **signal**

existing and upcoming  
**initiatives**

**Improve**  
market mechanisms

Draw on  
**experience**

Build **Capacity**

Use **Ingenuity**

# Thank you

Carbon Finance  at the World Bank

Full report available at

[www.carbonfinance.org](http://www.carbonfinance.org)