



Press release

Growth in emissions trading continues as systems prove resilient to the impacts of the COVID-19 pandemic

International Carbon Action Partnership (ICAP) [Emissions Trading Worldwide Status Report for 2021](#) shows significant growth in the coverage of emissions trading systems (ETSs) with the launch of the China National ETS and a strong response to COVID-19 among systems in force across the globe.

- Global emissions covered by an ETS nearly doubled in 2021, from 9% to 16%. This growth in coverage is driven by China, which launched its National ETS
- In total, ETSs are in place in 24 jurisdictions worldwide, up from 21 in 2020. Another 22 governments are considering or actively developing an ETS.
- Cumulative revenue generated by ETSs worldwide, which largely goes to furthering climate action, eclipsed USD 100 billion in 2020.
- Compared to the last major global economic downturn, ETSs have shown resilience to the COVID-19 response, with allowance prices increasing significantly on average relative to their pre-pandemic levels, likely due to market design and future expectations.

Berlin, 23 March 2021. Carbon markets have passed the resilience test posed by COVID-19, with ETS coverage expanding globally and gaining a more significant role in climate policy as governments increasingly pursue net-zero targets, ICAP's "[Emissions Trading Worldwide: Status Report 2021](#)" finds.

As with the downturn following the global financial crisis, the economic impact of the COVID-19 pandemic had the potential to undermine carbon markets around the world. However, they have proved largely resistant to this external shock, as prices on average soon exceeded their pre-pandemic levels after an initial drop. "This resilience can be attributed to market stability measures that are now widely in place across systems and future expectations of more stringent conditions as governments pursue more ambitious reduction targets", according to William Acworth, Head of the ICAP Secretariat.

"We're seeing a very different story than a decade ago," said Beatriz Yordi, ICAP Co-Chair and Director of European and International Carbon Markets at the European Commission's Directorate-General for Climate Action. "Carbon markets have responded rationally to the impacts of the pandemic and quickly regained momentum thanks to market designs that have helped to ensure a stable price signal, and clear policy signals in support of ambitious climate targets."

The ICAP Status Report 2021 looks back at developments in ETSs around the world over this critical year, including key figures, infographics, and detailed factsheets on all systems globally.



In addition, a series of articles from policymakers and carbon market experts further explores how ETSs have responded to the pandemic, the tools in place that have contributed to resilience, and other developments, including what to expect from the China National ETS in its first year of operation and the launch of the new United Kingdom ETS.

Global emissions covered by an ETS nearly doubled in 2021, from 9% to 16%, as the number of systems in force grew from 21 to 24. This growth is largely driven by the launch of the China National ETS, which initially covers about 40% of the country's CO₂ emissions. Other ETSs that have come online include the German National ETS, which covers heating and transport fuels and runs in parallel to the EU ETS, and the UK ETS, which is seen as critical to achieving the UK's ambitious 2030 climate target following its departure from the EU. Overall, one-third of the global population now lives under an ETS in force.

In 2020, the revenue from auctioning allowances reached a new milestone, totalling USD 103 billion cumulatively since the launch of the first ETS in 2005. Auction revenue is typically used to advance climate action in areas like clean energy, transport, and industrial decarbonization, as well as supporting socially disadvantaged groups.

Another 22 governments are considering or actively developing an ETS, spanning Asia-Pacific to Europe. In the Americas, activity continues among individual US states and through the regional Transportation and Climate Initiative Program, while Colombia is completing technical work to launch a pilot system in 2023 or 2024. In Asia, Indonesia and Vietnam are laying the legal and regulatory groundwork to launch systems in the future, while Japan, Taiwan, and the Philippines are actively considering ETS as part of their climate policy strategies.

Reinforced by mid-century net-zero goals, many jurisdictions are viewing ETSs as critical components of a green economic recovery as they emerge from the pandemic. Among other benefits, ETSs can provide revenue for climate-related spending and a price signal to direct investment toward low-carbon activities that are consistent with environmental goals.

“The push toward net zero and the economic response to the pandemic present an historic opportunity to focus investment towards low-carbon development,” said Rajinder Sahota, ICAP Co-Chair and Chief of the Industrial Strategies Division at the California Air Resources Board, which administers the California Cap-and-Trade Program. “There are many policies that are important for green recovery, but as we've seen in California, the ETS is central to providing an ongoing, price-based signal for carbon reductions and delivering revenue to reinforce our climate goals and protect vulnerable communities.”

About ICAP



The ICAP Status Report has been published annually since 2014 by the ICAP Secretariat, based in Berlin and hosted by the sustainability consultancy [adelphi](#). ICAP brings together regional, national, and sub-national governments and public authorities from around the world to discuss important issues of ETS design, including through technical dialogue and knowledge sharing resources, some of which is available as tools and research products on the [ICAP website](#). ICAP also works on capacity building in jurisdictions that are still considering and developing ETSs. 37 national and sub-national jurisdictions have joined ICAP as members or observers since its establishment in 2007.

About adelphi

adelphi has been the ICAP project sponsor since 2008 and provides the staff for the ICAP Secretariat. adelphi is an independent think tank and leading policy consultancy on climate, environment, and development. Our mission is to strengthen global governance through research, advice, and dialogue. We offer governments, international organizations, companies, and civil society actors solutions for sustainable development and support them in meeting global challenges effectively.

Interested in more ETS news? Subscribe to our [quarterly newsletter](#) or follow us on [Twitter](#)

Media contact

For interview requests, please contact Chris Kardish, Advisor at the ICAP Secretariat.

christopher.kardish@icapcarbonaction.com