***New report indicates growing momentum to put a price on carbon***

**COLOGNE, May 28, 2014** –The share of global greenhouse gas emissions covered by domestic carbon pricing initiatives, including emission trading schemes and taxes, increased significantly over the past year. Together, these carbon pricing initiatives are building momentum for a bottom-up approach to climate action, according to a new report from the World Bank and Ecofys released at Carbon Expo today

***State and Trends of Carbon Pricing 2014*** describes key developments of existing and emerging carbon pricing instruments around the world, with a new wave of domestic initiatives that put a price on carbon implemented in California[1], Kazakhstan, Mexico, Quebec, and six provinces in China since the beginning of 2013.

According to the report, existing emission trading schemes are expanding, new schemes are coming into operation, and their level of coverage is increasing. A total of eight new carbon markets opened their doors in 2013 alone. With these new joiners, the world's emissions trading schemes are worth about $30 billion, the report says.

The report finds that new climate action instruments such as cap-and-trade and carbon taxes are also emerging. New carbon taxes were introduced in Mexico and France this past year. In North America, Oregon and Washington are searching for the right carbon pricing options, joining California, Québec and British Columbia in concerted efforts to tackle climate change, the report says. The trend towards a new generation of carbon markets is in the making.

"*Given the size and urgency of the climate challenge, a full range of carbon pricing approaches are required. While overall progress at the national level in China and the United States may take some time, it is remarkable that the world's two largest emitters are now home to carbon pricing instruments,"* said **Alexandre Kossoy, Senior Financial Specialist at the World Bank and Team Leader of the report.** "*In fact, with the six Chinese pilots operational, China now houses the second largest carbon market in the world, covering the equivalent of over 1.1 billion tons of CO2, just behind the EU ETS. With the new additions, the world's emissions trading schemes are worth about US$30 billion*."

The report also looks at carbon pricing initiatives scheduled for implementation in the near future, such as the Republic of Korea and South Africa, as well as other initiatives under consideration by several other jurisdictions, like Brazil, Thailand, Turkey, and Chongquing in China.

"*It is clear that carbon pricing policies are here to stay - the widespread use of these policies in all corners of the globe is striking,"* said **Alyssa Gilbert, Head of Market-based Mechanisms at Ecofys and lead author of the report**. *"The diversity of approaches will help policy-makers learn what works and what doesn't and will contribute to our ability to improve the effectiveness of this tool in combating climate change.*"

This is a decisive year for climate action. In September the Secretary-General of the United Nations will host a climate summit in New York to build the political momentum and ambition needed to reach a global climate change agreement in 2015.

In the run up to the Summit, the World Bank Group, together with other partners, is encouraging countries, sub-national jurisdictions, and companies to join a growing coalition of first movers to put a price on carbon, a necessary signal for investment in low-carbon, resilient growth.

Today, about 40 national and 20 sub-national jurisdictions have adopted emissions trading schemes or carbon taxes. Together, these countries and regions account for some 22 percent of global emissions. Many more are developing systems that will put a price on carbon.

[1] California's cap-and-trade program started in 2012 and entered into its first compliance period on January 1, 2013.

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