

International Conference on Ex-Post Evaluation of Emission Trading

Tuesday, 20 June 2023

10:35-12:55 | Session “Competitiveness and Carbon Leakage”

Presenter: JOHANNA ARLINGHAUS (MCC Berlin)

Title: Carbon pricing and credit reallocation

Abstract:

This paper studies the role of climate policy in the transmission of monetary policy to bank credit supply. We use a confidential dataset on loan volumes with bank- and firm-level balance sheet and carbon emissions data to estimate the impact of an exogenous bank-level liquidity shock on lending to firms participating in the European emissions trading system (ETS). We find that banks more strongly affected by the introduction of the negative interest rate policy increase lending to ETS firms. Moreover, affected banks decrease their risk assessment of ETS firms and their collateral requirements.

Webpage and programme [here](#).