



# LIFE COASE

## Workshop on the role of carbon markets in reaching carbon neutrality

17 - 21 June 2023

10:00-11:30 | Session 3: Carbon leakage

**Presenter:** Jonas Teusch (OECD)

**Title:** Carbon prices, emissions and international trade in sectors at risk of carbon leakage: evidence from 140 countries

**Abstract:** What is the effect of recent carbon price developments on domestic emissions and carbon leakage? This paper first develops a comprehensive plant-level carbon pricing dataset covering aluminium, cement and steel sectors in 140 countries. The new dataset reveals that the average plant-level carbon price for these sectors increased by a factor of seven between January 2015 and December 2021. At the same time, carbon price asymmetries among trading partners increased by more than 350%. The paper then tests whether higher carbon prices have reduced plant-level emissions and whether rising carbon price asymmetries have affected countries' trade flows and led to carbon leakage. Results suggest that, on average, a USD 1 increase in carbon prices reduces domestic cement and steel plants' emissions by 1.3%. 13% of these emission reductions are estimated to be offset by carbon leakage through international trade.

Webpage and programme [here](#).



LIFE COASE is co-financed by the LIFE Programme of the European Union.

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