



LIFE COASE

Workshop on the role of carbon markets in reaching carbon neutrality

17 - 21 June 2023

12:00-13:30 | Session 4: Carbon pricing and firm behaviour

Presenter: Thomas Stoerck (National Bank of Belgium & LSE)

Title: The effects of carbon pricing along the production network

Abstract: Carbon markets are a central instrument to decarbonize our economies and mitigate the impacts of climate change. Within the European Union, carbon pricing to date has primarily targeted electricity generation and greenhouse gas-intensive industries, and regulatory focus has typically been confined to a subset of firms. This paper explores how the carbon price confronting regulated firms not only shapes their own operations and investment choices but also exerts influence on other entities within their customer and supplier network, even in the absence of direct carbon pricing mandates for suppliers or clients. Such influence could manifest through direct price effects or alterations in production processes, market structures and innovation. Leveraging a distinctive dataset for Belgium, this research investigates the impact of the EU's carbon price on low-carbon innovation, productivity, production dynamics, and energy intensity throughout the entire industrial sector's production network. We refrain from drawing conclusions given the preliminary nature of this work.

Webpage and programme [here](#).



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