

**Acronym**

ENTRACTE

**Full Title**

Economic iNsTRuments to Achieve Climate Targets in Europe

**Programme**

ENV.2012.6.1-4: Exploiting the full potential of economic instruments to achieve the EU's key greenhouse gas emissions reduction targets for 2020 and 2050.

**Contract Number**

308481

**Abstract**

The ENTRACTE research project assesses the EU's climate policy portfolio. While the EU ETS is key to promote the transition towards a low-carbon economy, ambitious GHG emissions reductions will be reached only if this scheme is improved and supported by complementary policies. A carefully considered policy design has to take into account existing market failures other than the climate externality, suboptimal outcomes of international agreements, the necessity to secure competitiveness and reduce carbon leakage and the co-existence and interaction with several other political goals. ENTRACTE looks at the EU ETS and additional policy instruments like energy efficiency standards, renewable policies, carbon taxes, innovation policies, and trade measures. ENTRACTE provides a deep understanding of how climate policy instruments interact with each other and with related policy instruments. It takes the "real-world" and its imperfections comprehensively into account and considers practical barriers in the implementation (like information asymmetry, uncertainty, political and legal constraints, behavioural aspects). ENTRACTE integrates empirical findings from ex-post assessments using broad sets of empirical data as well as ex-ante analyses with simulation models and experimental approaches with theoretical findings in order to optimize the policy mix. By adopting a project-wide harmonization of assumptions and scenarios about the current and future policy environment, ENTRACTE allows to pursue an integrated approach and to arrive at a synthesis of research results which identifies strengths and weaknesses of different instrument mixes. Based on these findings, ENTRACTE makes a major step in providing practically applicable recommendations for policy makers on how to design the environmentally effective, economically efficient and politically and legally feasible climate policy mix needed to achieve medium-term and long-term GHG reduction targets in Europe.

**Duration**

37 months (01/09/2012 – 30/09/2015)

**Project Funding**

2,935,276.00 €

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