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as opposed to the other contributors having the ability to be more focused on a particular aspect of agricultural ES.

In summary, I think that this book is a useful addition to the literature. Although the concept of defining, measuring and managing ES in agricultural and urban landscapes is not new, the wide range of case studies provide some empirical grounding to this topic, including some from Oceania. Although comprehensive in coverage of the key aspects of ES, the chapters are written in a way that is accessible to a wide range of readers and disciplines. Thus, I would recommend this book to economists, policy makers, land managers and students wanting to get a relatively clear and concise overview on the key aspects of ES.

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### References

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*Emissions Trading Design – A Critical Overview*, edited by Stefan E. Weishaar. Published by Edward Elgar, UK, 2014, pp. 249, ISBN: 978 1 78195 221 4, AUD\$114.00 (hardcover).

This book contributes more than its title suggests. While the emphasis is on emissions trading schemes, it also provides a useful overview of other emission reduction instruments. The book presents a clear and concise summary of abundant good information and research available on this interesting and important topic.

Much of what we read on emissions reduction schemes of all types is clouded by political and other bias. This book enables the reader to understand the pros and cons of emissions trading schemes, command and control, economic incentives, taxes and other instruments, without the overriding opinion we find in most public forums. These are the major instruments used by public policy makers to mitigate climate change, in my view one of the most important issues of our time.

Of particular interest to me are chapters 5 through to 8 which provide explanations of the implementation issues around emissions trading schemes. There has been a great deal of research on the first issue discussed: the initial allocation of emission rights. Therefore, I felt I was coming into this chapter

with quite a good level of understanding. However, the discussion around the lobbying for more, or cheaper, emission rights provided me with a much greater level of insight into these political manoeuvres. While the over allocation in the run up to the introduction of the EU ETS in 2005 is well documented, due to the resulting price fall to €1 in 2007, some of the finer details are not. For example, the lobbying regarding closure rules, where Member States lobbied to ensure that allowances would not be taken away if the enterprise ceased to exist. Weishaar explains that some of the Member States felt that allocations should be adjusted during the trading phase and incorporated into the National Allocation Plans *ex post*. This *ex post* adjustment was upheld in a legal case and was incorporated into the allocation rules in the third trading period of the EU ETS. Weishaar suggests in the book that allowance allocations should not cease, but continue, as this would encourage the closure of inefficient and old polluting plants. My initial response to allowing the continuation of the allowances was that this is effectively providing income for nothing, but in hindsight, that ‘nothing’ is exactly the aim of the emissions mitigation schemes.

Weishaar provides an overview of the secondary market for emissions rights and documents three market irregularities which had significant impact on its efficiency. Some market participants in Europe were purchasing emissions allowances in one country, without paying VAT, and then selling them on to a purchaser in France without surrendering the VAT that was due on the purchase to the French tax authorities. This VAT fraud was not only a detriment to the country’s finances, but also distorted prices and trading volumes in the EU ETS. Another market irregularity is the issue of theft. Theft began in 2010 with people posing as registry administrators to gain access to account details. The victim’s account details were then used to steal allowances and sell them to unsuspecting purchasers. While only small in number, purchasers were unable to determine whether the allowances they now held were stolen or genuine. This uncertainty impacted the market by reducing the volume of trades for a considerable period of time, a further effect on its ability to be an efficient market instrument. The final irregularity Weishaar discusses was not a case of deliberate illegal behaviour, but nevertheless had similar ramifications. In 2010, the Hungarian government – in compliance with European Law – converted 1.7 million certified emission reductions into assigned amount units (AAUs). These AAUs were then sold by the Hungarian government. The problem that arose was these allowances had already been surrendered for compliance purposes and so could not be surrendered again. However, the purchasers of the Hungarian AAUs sold them back into the EU market where they could be used for compliance purposes. This double counting of compliance units produced severe damage to the reputation of the EU ETS.

Not only are these examples of irregularities in the EU ETS interesting insights, but they also provide some evidence of the extreme complexity of

what is often seen as a relatively simple market tool to achieve fair emissions reductions.

The author of this book is a Professor in Law and Economics, which provides us with two sides of the emissions trading story. It is the legal side that I know the least about and as such provides me with a new found understanding of the complexity, to some extent discussed above. As an Australian, the case of *Greenpeace Australia v Redbank* was of particular interest in a discussion about the precautionary principle in relation to greenhouse gas emissions. In this case, Greenpeace appealed against a development consent that had been granted for a power station in the Hunter Valley (in New South Wales, Australia). Greenpeace argued that the power station would unacceptably exacerbate the greenhouse effect and asked that the Court apply the precautionary principle. The Court held that ‘the precautionary principle requires cautious consideration of the factors that affected the granting of the development consent; however, it does not require the greenhouse gas effect to be given precedence over other considerations’. These other considerations included environmental and societal effects. The Court held the consent to remain in place.

The authors’ concluding remarks in this chapter highlight that the types of legal issues that can arise around an emissions trading scheme are highly diverse. Therefore, while it is essentially an economic instrument, the need for clear legal oversight in its design is critical to its success.

This book covers a lot of interesting issues and facts I have not discussed, including linking of emissions trading schemes (which was in the previous Australian Government’s plans for the future). I found this book both informative and easy to read. This book would be of interest to academics wishing to gain an understanding of emissions trading policy issues for research or teaching purposes. In addition, academics from science and the environment in general would find it a most useful tool to increasing the policy impacts of their research. I also believe it would be a great book to recommend to the current federal Government in Australia and most likely many others around the globe.

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