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Research Project

Home Country Bias in International Emissions Trading: Evidence from the EU ETS

Project funded by own resources

Project title Home Country Bias in International Emissions Trading: Evidence from the EU ETS

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Organisation / Research unit

Departement Wirtschaftswissenschaften / Public Economics / Public Finance (Hintermann)

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Status Completed

We examine the pattern of allowance trades in the European Union Emissions Trading Scheme using highly disaggregated trading data and document a significant and robust home market bias. Our results point to informational transactions costs that increase when trading across national borders. Around 75% of the home bias can be explained by the existing trade pattern in goods and services. Our finding suggests that firms make use of existing trade networks to overcome search costs in bilateral allowance trade. The home bias furthermore differs across firms, implying that marginal abatement costs are not equalized across market participants.

Keywords Emission permit market, EU ETS, transactions costs, gravity equation, home bias

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Other funds

Follow-up Project of... [1453301 FV-23 Wirksamkeit klima- und energiepolitischer Massnahmen - eine empirische Analyse](#)

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Published results

4660701, Hintermann, Beat; Ludwig, Markus, Home country bias in international emissions trading: Evidence from the EU ETS, 0928-7655 ; 1873-0221, Resource and Energy Economics, Publication: JournalArticle (Originalarbeit in einer wissenschaftlichen Zeitschrift)

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ID	Kreditinhaber	Kooperationspartner	Institution	Laufzeit - von	Laufzeit - bis
4493256	Hintermann, Beat	Ludwig, Markus, Professor	University of Braunschweig	01.01.2017	31.12.2020