

Is the European Union's current emissions trading policy effective in reducing carbon dioxide emissions?

Bachelor thesis

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Abstract

This Bachelor thesis focuses on the effectiveness of the current emissions trading policy of the European Union. The aim is to analyse the extent to which the climate policy has been able to save carbon emissions so far. Furthermore, the thesis outlines the future objectives of this policy. For this purpose, various recent studies are used to evaluate the goals and results of the emissions policy based on literature study. Therefore, the thesis is divided into two parts in order to answer the research question: “Is the European Union’s current emissions trading policy effective in reducing carbon dioxide emissions?”. On the one hand, the European Emissions Trading System will be analysed and evaluated with regard to its effectiveness. On the other hand, its influence on innovation is elaborated using Porter's Five Forces framework. The analysis from the literature shows that the current emissions policy, compared to the current results from 2020, is not effective enough to achieve the future goals of the European Union. Indeed, the carbon price is still too low and other greenhouse gases are not included in the overall pricing. In addition, an EU-wide carbon price is proposed to better manage the regulations. Although the European Emissions Trading System already offers a good path to a climate-neutral future, there is a lack of the necessary breakthrough technologies to drive innovations. Concluding, the European Union still needs to make several adjustments to come close to meeting its 2030 and 2050 targets.

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