Algemene Rekenkamer

VAN Willemien Roenhorst (WGEA Team Netherlands Court of Audit)
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BETREFT Summary NCA audit report *Tradable allowances and the environment*

Tradable allowances and the environment. The whys and wherefores of trading systems for CO_2 and NO_x emission rights, fishing quotas, milk quotas and animal allowances: an explanation in the form of 25 questions and answers

Published in June 2013.
The full report is available in Dutch and English

This background report is based on a literature survey and describes the conditions that need to be put in place in order for a system of tradable allowances to operate efficiently and effectively. A system of tradable allowances is a so called market based instrument (BMI). Tradable allowances are permits granted by the government to private companies to do something, up to a given limit, that is or may be harmful to the environment. This may mean emitting carbon dioxide (CO_2), owning cattle that produce manure, or catching large quantities of sea fish. The companies holding such permits are entitled to sell them to other companies. The Dutch government introduced the first trading systems in the 1980s, concerning fish quota and animal allowances.

SUMMARY