

THE POWER OF Markets

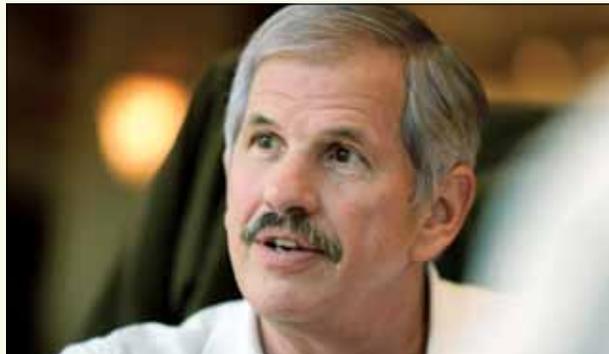
People can prosper by protecting the planet, if we design markets that pull ideas and capital toward solutions.

Many were skeptical when EDF first proposed using markets to protect the environment. But the results soon showed we'd found a way to win greater results at lower cost by tapping the power of innovation.

Well-designed markets should value assets like clean air and water. EDF has the expertise to engage all the participants, set ambitious targets and get the rules right. We also know how to assemble the building blocks that support successful markets: good data, strong enforcement and the backstop of litigation.

"If we can make environmental protection profitable, people will invent all kinds of ways to make it happen. That's the power of market solutions."

DR. DANIEL DUDEK
CHIEF ECONOMIST



Water for a million Californians

1989: Based on an EDF proposal, California's largest urban water district signs an agreement to pay for conservation measures in a nearby agricultural district, including lining the leaky irrigation canals. In return, the urban district receives all the water saved, enough to meet the residential needs of more than a million Californians. By giving farmers an incentive to conserve water and sell it to cities, such water markets reduce the need for added dams on Western rivers.

EDF's bold use of economic incentives



Acid rain pollution cut in half

1990: After our scientific research shows that acid rain pollution can travel long distances from power plants, we design an innovative solution. Under our plan, which becomes part of the Clean Air Act, government sets a gradually declining cap on pollution and lets companies decide how to meet it. With the resulting competition among pollution-reduction methods, emissions are cut faster than expected at a fraction of the projected cost.

▶ **VIDEO:** See how a pollution cap works at edf.org/acidrain



Sixteen-fold growth in wind power

1997: International negotiators adopt the cap-and-trade method we propose to reduce emissions of carbon dioxide and other heat-trapping gases responsible for global warming. EDF later helps ensure Russian support for the plan, enabling it to go into force. Since then, energy efficiency and rollout of low-carbon energy sources like solar and wind power have increased.



Overfishing reversed, revenues increase

2006: Regulators approve our proposed management method, catch shares, to end commercial overfishing of red snapper in the Gulf of Mexico. The new approach gives each fisherman a share of the scientifically determined total allowable catch. Catch-share programs have made fisheries more sustainable while increasing per-boat revenues by 80%.



LEVERAGING AN OPPORTUNITY

EDF helps environmental markets take hold in China

2008: We help create an environmental commodities exchange in Beijing, an outgrowth of our decades-long work to initiate environmental markets in China.

In 1991, China's government invited us to participate in its first experiments with economic incentives for pollution control. By 2003, we had helped establish the first province-wide emissions trading system to combat severe air pollution.

For his work, EDF economist Dan Dudek received the Friendship Award, the highest honor China confers on foreign experts. Now we are training thousands of business and government officials in a joint program with Tsinghua University on the use of environmental markets.

EDF: "America's most economically literate green campaigners"

THE ECONOMIST