

7. CARBON MARKETS: Obama's 100% auction won't sell, Merrill says

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President Obama won't be able to auction all of the carbon permits under a cap-and-trade plan to reduce the nation's greenhouse gas emissions, an analyst from Merrill Lynch & Co. said.

Considering the weakened global economy and the politically unpopular idea of raising energy prices, Obama may be able to sell only 30 percent to 50 percent of the permits, said Abyd Karmali, the carbon emissions head for Merrill.

Auctioning all of the allowances would be a "very difficult proposition to push through," Karmali said, but it may be possible by 2020. "That's consistent with the European Union," which runs the world's biggest carbon market.

The budget blueprint Obama sent to Congress last week foresees carbon allowances bringing in \$645.7 billion by 2019 from the sale of permits to polluters from 2012. The president's cap-and-trade plan would reduce carbon emissions 14 percent by 2020 and 83 percent by 2050, from 2005 levels (Mathew Carr, [Bloomberg](#), Feb. 27). -- PT

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