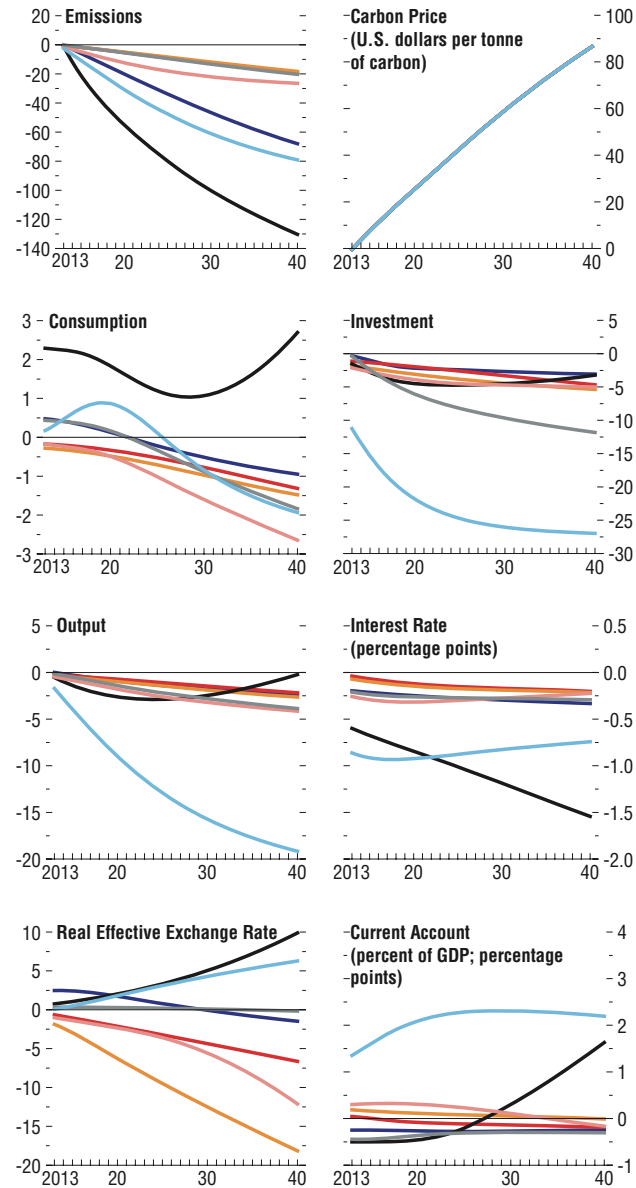


**Figure 4.12. Cap-and-Trade System, 2013–40<sup>1</sup>**  
*(Deviation from the baseline; percent unless otherwise stated)*

Each region is assumed to introduce a cap-and-trade system in 2013. Each region has to achieve a 60 percent reduction relative to the 2002 level in world (energy-based) carbon-dioxide emissions by 2100, but is able to buy and sell emission permits to do so. This corresponds to a 96 percent reduction in global emissions relative to the baseline at 2100. Each region's emission target is mildly hump shaped, allowing for some increases in the medium term, peaking in 2018.

— United States — Japan — W. Europe — China — OPEC  
 — Eastern Europe and Russia — Other emerging and developing economies



Source: IMF staff estimates.  
<sup>1</sup>Output refers to gross national product. Interest rate refers to 10-year real interest rate. For real effective exchange rate, a positive value is an appreciation relative to the baseline.