

## Open Coalition on Compliance Carbon Markets (OCCCM)

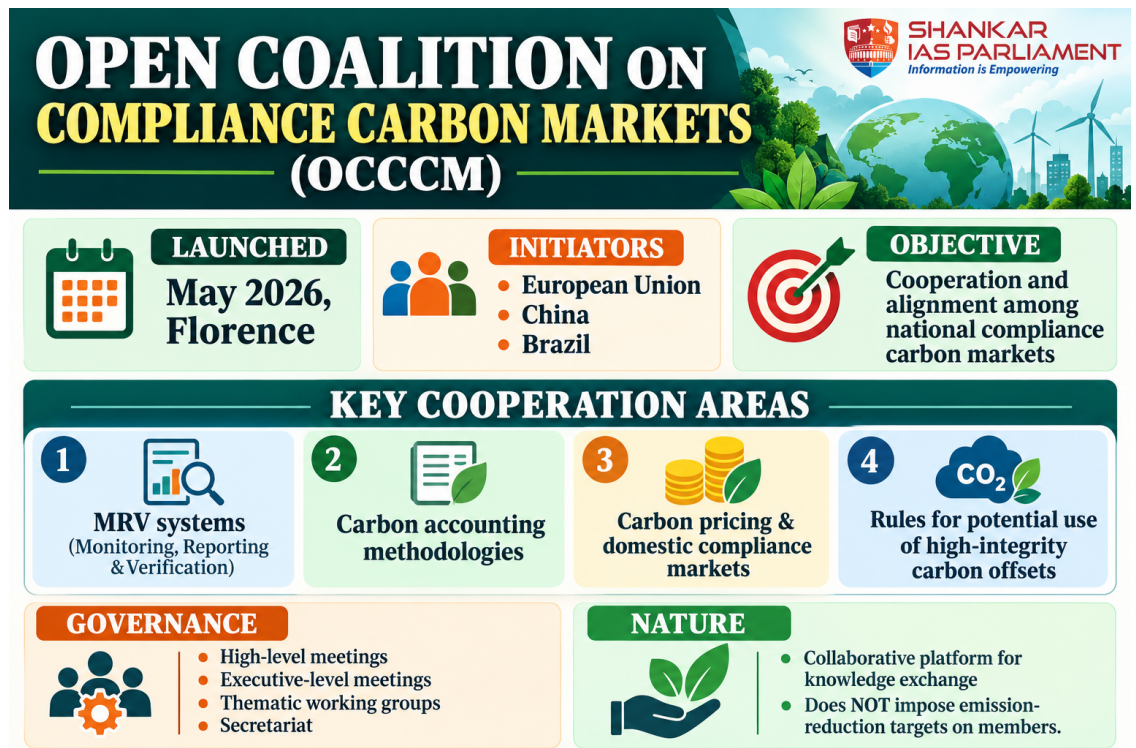
**Mains:** GSIII - Environment

### Why in News?

*India has been urged to join the Open Coalition on Compliance Carbon Markets (OCCCM) to strengthen its domestic carbon market, prepare for international carbon taxes and influence emerging global carbon-pricing rules.*

### What is the Open Coalition on Compliance Carbon Markets (OCCCM)?

- **Launched** - May 2026 in Florence, Italy by the European Union, China and Brazil.
- **Objective** - To promote cooperation and alignment among countries compliance carbon markets.
- **Key areas of cooperation** -
  - Monitoring, Reporting and Verification (MRV) systems.
  - Carbon accounting methodologies.
  - Carbon pricing mechanisms and domestic compliance markets.
  - Rules for the potential use of high-integrity carbon offsets.
- **Governance** - High-level meetings, executive-level meetings, thematic working groups and a Secretariat.
- **Nature** - A collaborative platform for knowledge exchange; it does not impose emission-reduction targets on members.



## What is Carbon Pricing?

- **Carbon pricing** - It assigns a monetary cost to greenhouse gas emissions, encouraging industries to reduce their carbon footprint.
- **Major mechanisms** -
  - **Carbon tax** - A government imposes a tax on greenhouse gas emissions.
  - **Emissions trading system (ETS)** - Companies trade emission allowances or eligible carbon credits under a regulatory framework.
  - **Carbon credits** - Tradable units representing emissions reductions or removals, subject to the applicable scheme's rules.
- **Significance** -
  - Reduces the overall economic cost of climate mitigation.
  - Encourages clean technologies and industrial innovation.
  - Can generate government revenue to support climate action.
  - Promotes cost-effective emissions reductions while supporting a transition to a low-carbon economy.

## India's Carbon Credit Trading Scheme (CCTS)

- **Notified in** - 2023
- **Objective** - To establish India's domestic carbon market framework.
- It supports India's Nationally Determined Contributions (NDCs) under the Paris Agreement and its net-zero emissions target by 2070.
- **Progress** - In July 2026, nearly 500 Indian companies across seven industrial sectors filed their first compliance reports under the scheme.
- The scheme's compliance mechanism establishes emission-intensity targets and provides for carbon-credit trading and penalties for non-compliance, according to applicable rules.
- Trading can incentivise industries to reduce emissions and improve energy efficiency.

## Why Should India Join the OCCCM?

- **Global adoption** – Over 50 countries have introduced carbon pricing; membership helps India understand emerging global standards.
- **Carbon-market competitiveness** – Improves compatibility between India's CCTS and international markets, potentially attracting low-carbon investment.
- **CBAM preparedness** – Helps India prepare for the EU's Carbon Border Adjustment Mechanism and similar measures affecting Indian exports.
- **Global influence** – Enables India to shape international carbon-market rules while protecting developing-country interests.
- **Climate goals** – Encourages industrial decarbonisation, supports clean-energy investment and complements India's 2070 net-zero target.

### What are the Concerns and Challenges?

- **Policy autonomy** – International alignment must not constrain India's independent climate-policy choices.
- **Unequal capabilities** – Developing countries may lack the technical, financial and institutional capacity to implement complex carbon-accounting systems.
- **Trade competitiveness** – Carbon-related border measures could increase compliance costs for Indian exporters.
- **Uncertain future rules** – The coalition's evolving governance and potential market-linkage arrangements require careful scrutiny.
- **Equity concerns** – Carbon pricing must account for historical emissions, differing national circumstances and development needs.

### What Should India Do?

- **Join the OCCCM** – Participate actively in discussions while retaining domestic policy flexibility.
- **Strengthen CCTS** – Improve transparency, credible emissions data and robust verification systems.
- **Develop common standards** – Promote interoperable carbon-accounting and MRV frameworks without compromising national interests.
- **Support developing countries** – Advocate capacity-building, technology transfer and equitable climate-finance arrangements.
- **Prepare exporters** – Help Indian industries understand CBAM requirements and adopt low-carbon production processes.
- **Ensure a just transition** – Use complementary policies to protect vulnerable workers, consumers and emission-intensive communities.

### What lies ahead?

- Joining the OCCCM could help India shape emerging international carbon-market rules, strengthen its domestic Carbon Credit Trading Scheme and prepare for carbon-related trade barriers.
- India should engage proactively while protecting its climate-policy autonomy, development priorities and the principle of climate equity.

### Reference

[The Hindu| Open Coalition on Compliance Carbon Markets \(OCCCM\)](#)

