

Table 1. Summary of empirical findings regarding independence property

Cap-and-Trade System	Indirect Evidence of Possible Permit Market Distortions	Support for Independence Property
Lead Trading	Transaction Costs	Medium
CFC Trading under Montreal Protocol	Market Power	Medium
SO2 Allowance Trading	Transaction Costs, Differential Regulatory Treatment, Uncertainty	Low at the outset Subsequently high
RECLAIM	Transaction Costs, Uncertainty	High*
Eastern Ozone Transport NOX Markets	Market Power, Uncertainty, Non-Cost-Minimising Behaviour	High
EU ETS	Uncertainty?	High*
Kyoto Protocol Article 17	Transaction Costs, Market Power, Non-Cost-Minimising Behaviour	Low
Regional Greenhouse Gas Initiative	Uncertainty?	Unknown

*Partly based on statistical tests. Only those applications of cap-and-trade considered in the text are included.