

Report suggests China to have ETS by 2020



AUSTRALIAN ASSOCIATED PRESS

NICK PERRY -October 11, 2013, 3:16 pm

Australian research suggests China will have introduced a nationwide emissions trading scheme (ETS) and a carbon tax by the end of the decade.

A team from the Australian National University surveyed nearly 100 China-based carbon pricing experts about the likelihood of the world's biggest emitter implementing an economy-wide scheme.

The inaugural China Carbon Pricing Survey, the first of its kind, found there was "strong confidence" that China would proceed to a national ETS in a bid to drive down its emissions.

The survey was released as the OECD urged world governments to put a price on carbon, arguing a carbon tax or ETS should be at the cornerstone of all global efforts to tackle climate change.

ANU associate professor Frank Jotzo said it would be a big deal if China - the world's second largest economy - made the shift to a market-based scheme.

"I think it sends a strong signal to any country that does not use price-based emissions mechanisms that it may be a good idea to reconsider," he told AAP on Friday.

"If we have China so strongly expected to take on these cost-effective mechanisms, it makes all the more sense to use them in a market economy such as Australia."

The federal coalition government has vowed to repeal Australia's carbon pricing laws, and hopes to have the scheme abolished entirely by July 2014.

After OECD head Angel Gurría this week called on world leaders to explore "all avenues to price carbon", environment groups in Australia urged the government to reconsider its position.

Federal Environment Minister Greg Hunt argues domestic emissions have climbed under the carbon tax, and has vowed to introduce legislation to abolish the scheme in the first sitting week of the new parliament.

"We do not agree that a carbon tax is an effective way to reduce emissions," he told AAP in a statement.

China is in the process of launching seven pilot ETS, which will cover 250 million people and one-fifth of their entire economy by 2015.

Prof Jotzo said the Chinese leadership understood climate change was a threat to its future, and was keen to address public concerns about the air pollution choking some of its major cities.

China had already taken steps to slash its coal consumption, and was expected to exceed its goal of reducing the intensity of CO₂ emissions within its economy by 45 per cent by 2020.

Prof Jotzo said it would be ironic if China, with its tradition of heavy-handed control of industry, moved to an ETS while free-market economies like Australia opted for more direct government involvement.

"Emissions trading is increasingly seen as an important part of the policy mix in China, because it's seen as more cost effective," Prof Jotzo said.

The ANU survey, conducted with Beijing-based NGO China Carbon Forum, found a Chinese carbon price would likely be \$12 per tonne in 2020, rising sharply thereafter.