

China to have carbon tax and ETS by 2020

The Canberra Times

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Larissa Nicholson Published: October 11, 2013 - 3:00AM

China will put a price on carbon by the end of the decade, according to experts surveyed by the Australian National University.

The ANU Crawford School partnered with the Beijing-based NGO China Carbon Forum to survey 86 people who are based in China and work in research, industry and carbon trading institutions.

The study found there was confidence among the experts that China would introduce carbon-pricing mechanisms, and would have in place a national emissions trading scheme (ETS) and a carbon tax by 2020. The people surveyed also predicted the price of emissions trading and a carbon tax would rise over time, starting at \$12 a tonne in 2020.

Frank Jotzo, director of the Centre for Climate Change Economics and Policy at the ANU, said while the survey was by its nature not representative, it was the first time researchers could put numbers to the action those with close knowledge of the situation thought China would take on carbon.

"It is simply of a select subgroup of experts, but it probably provides a reasonable indication of where expert opinion is at," he said.

Professor Jotzo said there was a lot of speculation about what action China would take on carbon, so the research group thought it crucial to aggregate those opinions and put them in the public domain.

"What this means is that individual people, including government departments, but most importantly industry, will now be able to have a reference point against which to compare their own expectations," he said.



Frank Jotzo, Director of the Centre for Climate Change Economics and Policy at the ANU.



Traffic moves through a thick haze in Linfen, Shanxi province, China. Photo: Bloomberg

Professor Jotzo said it was significant for China, which was transitioning from a command and control to a market-based economy, to be seriously considering a market-based instrument for greenhouse gas emissions. "[There's] a strong realisation here that this is the way of the future, and this is the most cost-effective way of dampening the growth of greenhouse gas emissions," he said.

He said if China put a price on carbon it would have significant implications for Australian exports to China, particularly coal.

This story was found at: <http://www.canberratimes.com.au/act-news/china-to-have-carbon-tax-and-ets-by-2020-20131010-2vbpp.html>