

Stakeholder Views on Interactions between Low-carbon Policies and Carbon Markets in China: Lessons from the Guangdong ETS

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Abstract China set up pilot Emission Trading Schemes (ETS) in seven cities and provinces from 2013 as a new instrument to incentivise carbon dioxide emission reduction and to reach its 40-45% carbon intensity reduction target by 2020. Using a two-stage survey (a closed-form questionnaire followed by open interviews), we elicit views of stakeholders from Guangdong province on carbon markets, with an emphasis on how ETS would interact with other existing or proposed low-carbon and clean energy policies. Our survey shows that academic stakeholders viewed the interactions between the carbon market and other low-carbon policies as a significant potential problem but there was less awareness by stakeholders from other sectors. There is a positive correlation between recognising such policy interactions may pose a problem and the time spent working on energy saving and emission reduction policies. Whereas both increasing renewable targets and imposing a carbon tax in addition to an existing ETS would be expected to depress prices in the ETS, relatively few respondents identified this effect correctly. Apart from government respondents, all other stakeholders lacked confidence in China's carbon markets, which is associated with both their lack of knowledge and information about the market and concerns regarding uncertainties and government policy design. The need for learning from the pilot schemes particularly on monitoring, reporting and verification was seen as vital but challenging given the speed of rolling out a national ETS.

Keywords Emissions trading, China, Carbon pricing; Guangdong ETS pilot; Stakeholder survey; Climate change policy; Low-carbon policy interactions

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