

Designing an Emissions Trading Scheme for China – An Up-to-date Climate Policy
Assessment

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Overview

We assess recent Chinese climate policy proposals in a multi-region, multi-sector computable general equilibrium model with a Chinese carbon emissions trading scheme (ETS). Our paper evaluates policy design options for China and takes up the three crucial points for designing the ETS in China: the uncertainty about future growth, competitiveness at the sectoral level, and the linkage of the Chinese to the EU ETS. Besides these three main points, it evaluates the costs of different Chinese intensity targets and auctioning versus free allocation of emissions allowances.