

Taxing times ahead

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China's cap-and-trade

- China is the world's biggest carbon emitter
- It is also the world's biggest manufacturer of some green technologies, such as solar panel

A vision for cleaning

- Recent five-year plan emphasized energy efficiency
- State Council announced that it will use emissions-trading systems and green taxes
- If enforced with vigor, these new policies could signal a shift towards a more efficient, lower-carbon economy

Import too much fuel

- Many rich countries still balked at green rules, why China impose the rules?
- Several theories
- It may be because they feel insecure importing so much fuel

To compete abroad

- Tougher standards force energy-inefficient firms, such as cement and steel, to become clean enough to compete abroad, where standards are higher than in China
- To that end, China will introduce energy-consumption quotas, and would rely on a cap-and-trade mechanism
- Yet another reason is that current policies are flopping

Kyoto's treaty

- Under the treaty's Clean Development Mechanism, which issues emissions-reductions certificates to projects in poor world that can be bought by firms in rich countries seeking carbon credits, several billion dollars have flowed to China
- From 2013, EU plans to accept such certificates only from new projects in very poor countries, not including China

A final theory

- China's push could be aimed at persuading outsiders that its low-carbon efforts are credible—and worth supporting with cash