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China ETS plans another boost for markets in the Paris Agreement

NEW YORK, 25 September – China’s announcement of its national emissions trading system plans is a boost for international climate negotiations – and for the role of market mechanisms in the 2015 climate agreement.

China’s President Xi Jinping is expected to announce today that the country’s national ETS will begin in 2017, building on the seven pilot market systems that have been operating in the country since 2013. When launched, the Chinese ETS will be the world’s largest.

IETA has been increasingly active in China in recent years, including through five business-to-business ETS dialogues around the country as part of the Business Partnership for Market Readiness, which has given hundreds of Chinese firms the opportunity to discuss carbon management with European and Californian practitioners. IETA is also consulting with Chinese authorities on the design of the national market system.

This step by the world’s largest emitter to use cap and trade to reduce its greenhouse gas emissions adds to the momentum leading to the Paris climate negotiations at the end of this year, expected to culminate with a new international climate change agreement. It is also a signal that the new agreement needs to ensure a role for market mechanisms for those that wish to use such systems to fulfil their contributions.

“Today’s announcement by President Xi is a welcome signal that governments around the world are taking the climate threat seriously and that market mechanisms can help,” says IETA CEO & President Dirk Forrister. “We hope that negotiators take today’s announcement as another signal that the 2015 climate agreement needs to recognise markets. China joins a growing number of countries that recognise, when it comes to cutting emissions and keeping costs down, markets matter.”

“China has had positive experiences with markets to cut emissions, starting with the Clean Development Mechanism and, more recently, the seven pilot systems,” says Jeff Swartz, IETA’s

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Director of International Policy. “IETA and our members look forward to engaging with the Chinese government as it looks to roll-out the next phase of its carbon market.”

Earlier this year, IETA and CDC Climat Research released an update to the [China case study](#), as part of the [World's Carbon Market series](#), chronicling market developments.

About IETA:

[IETA](#) is the voice of business on carbon markets around the world. Established in 1999, our membership includes leading international companies from across the carbon trading cycle. IETA members seek to develop an emissions trading regime that results in real and verifiable greenhouse gas emission reductions, while balancing economic efficiency with environmental integrity and social equity. Please see www.ieta.org for more information.