



**Universität
Zürich^{UZH}**

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Bachelor Thesis

On Emission Markets: A Focus on China

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Abstract

The inexorable increase in the emission of greenhouse gases during the past decades has led to a rise in concentration of CO₂ in our atmosphere and it is now causing the change in world climate. With the rapid development of the Chinese economy, the country became the largest emitter of greenhouse gases and therefore plays now a key role in dealing with climate change. China introduced ambitious plans to reduce emission output and to set up a national emission trading system by the year 2015. Based on a review of existing literature, the aim of this thesis is to give an overview of the current status of global emission trading and to analyse a possible implementation of such an ETS in China. Later, the influence of a Chinese emission trading system on the Chinese economy and on the Clean Development Mechanism, respectively the prices of CER certificates, has been investigated. The thesis shows that a cap-and-trade emission trading system, like the one used in the European Union, is a well functioning mechanism to reduce emissions. With the experience China gained from its pilot projects in emission trading, it has the needed expertise to build a nationwide emission trading system, which will promote the development of energy efficient technologies and lead to the intended transformation of the economy towards clean industries. Due to the ETS, the CDM will lose importance for the Chinese market. The climate certificates will be needed in China and therefore will not be exported in the form of CERs, leading to higher prices on the world market.