

China expands carbon emissions trading scheme

November 26 2013



Labourers work in a coal chemical factory in Huaibei, east China's Anhui province on August 14, 2013

China's commercial hub Shanghai began carbon emissions trading on Tuesday, as the nation which is the world's biggest carbon emitter expands a pilot scheme.

Shanghai is the second Chinese city after Shenzhen to trade carbon to try

to limit emissions, with the capital Beijing to follow later this week, state media said.

Under the scheme, companies which exceed their quota of [carbon emissions](#) can buy unused allocations from others—providing a market incentive to control pollution.

But the official Xinhua news agency said only 191 companies were taking part in Shanghai, a huge city of 23 million people. They included firms from the steel, chemical and aviation sectors, it added.

Analysts say the scheme's limited range means it is unlikely to have much impact.

The Shanghai government has set annual carbon emissions quotas for the companies for 2013-2015, but has not publicly revealed them.

Participating firms could face fines of up to 100,000 yuan (\$16,400) and lose government subsidies if they fail to abide by the scheme, the Shanghai Daily newspaper said.

On the first day of trading, the market conducted three transactions for 5,000 tonnes, 4,000 tonnes and 500 tonnes, the Shanghai Environment and Energy Exchange said, at prices from 25 to 27 yuan per tonne of carbon.



Steam rises from a power station in Beijing on December 5, 2012

The exchange in a statement praised carbon trading as a "major mechanism to promote energy conservation and reduce emissions", according to a statement.

China has approved [carbon trading](#) in seven locations, including the cities of Tianjin and Chongqing, as well as Hubei and Guangdong provinces.

Carbon dioxide (CO₂) is among the greenhouse gases which contribute to global warming and climate change.

Because of its reliance on coal and heavy industry, China has emerged as the world's top producer of carbon emissions, ahead of the United States.

China has no targets to reduce total carbon emissions and government

officials have said they will continue to rise until around 2030.

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