

Sino-German Project Capacity Building for the Establishment of Emissions Trading Schemes in China

On behalf of

giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH



Federal Ministry for the
Environment, Nature Conservation,
Building and Nuclear Safety

of the Federal Republic of Germany

GIZ China focuses on

- Economy / Society
- (incl. vocational education and training)
- Climate / Environment / Natural Resources / Agriculture
- City / Energy / Transport
- Rule of Law / Finance / Quality Infrastructure

As a for public-benefit, federally-owned enterprise, we support the German government in achieving its objectives in the field of international cooperation for sustainable development. The GIZ operates on behalf of the German government and other public and private sector clients in more than 130 countries worldwide. These include the governments of other countries, international organisations and private companies. We are also engaged in international education work around the globe.

International Climate Initiative (IKI)

Since 2008, the International Climate Initiative (IKI) of the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) has been financing climate and biodiversity projects in developing and newly industrialising countries, as well as in countries in transition. In the early years of the programme, its financial resources came from the proceeds of auctioning allowances under the emissions trading scheme. To ensure financial continuity, further funds were made available through the Special Energy and Climate Fund. Both funding mechanisms are now part of the Federal Environment Ministry's regular budget. The IKI is a key element of Germany's climate financing and the funding commitments in the framework of the Convention on Biological Diversity. The Initiative places clear emphasis on climate change mitigation, adaption to the impacts of climate change and the protection of biological diversity. These efforts provide various co-benefits, particularly the improvement of living conditions in partner countries.



Capacity Building for the Establishment of Emissions Trading Schemes in China

Commissioning Body:	The German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB)
Country:	China
Lead Executive Agency in China:	National Development and Reform Commission (NDRC), Department of Climate Change (DCC)
Co-operation Partners:	Local Development and Reform Commissions (DRCs), national and local supporting agencies
Overall Term:	July 2012 to March 2019



Context

In recent years, climate protection and the establishment of a low-carbon economy have become core goals of the Chinese government. The country has set itself ambitious targets for reducing greenhouse gas (GHG) emissions: to reach its peak emissions level around 2030, and make its best efforts to peak before then. It also intends to reduce its emissions per unit of GDP by 60 to 65 per cent compared to 2005 levels during the same period. China had already committed itself to a 40 to 45 per cent reduction in emissions intensity from the 2005 level, by 2020.

In line with these targets, the 13th Five-Year Plan (2016–2020) lays out measures to meet or even exceed these proposed cuts, which includes the introduction of a national emissions trading scheme (ETS). Since 2011 subnational ETSs are being implemented in seven pilot regions, appointed by the Chinese government. These regions include the cities of Beijing, Shanghai, Tianjin, Chongqing and Shenzhen as well as the provinces Guangdong and Hubei who started operating local schemes in 2013 and 2014. The national scheme is planned to launch in late 2017 with a trial phase running until 2020.

Objectives

Chinese key institutions possess the capacities and policy options for developing and operating ETS on a local and national level. Target groups of the project are policy and decision makers of the national and local DRCs, verifiers and companies covered by ETS, as well as other relevant stakeholders, such as financial service providers and carbon exchanges.

The upcoming national ETS will be the largest in the world and China is the first non-industrial country to implement this complex market instrument. Its influence on jurisdictions in the region and worldwide is highly anticipated. The project therefore aims to support ongoing enhancement of the ETS and facilitate the transfer of experiences to interested countries in the region.



Approach & Partners

The GIZ implements the project jointly with the Department of Climate Change of NDRC, within the framework of the International Climate Initiative (IKI) by the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB).

The project provides policy and technical advice and supports the strengthening of capacities for the development, establishment and implementation of ETS in China. The exchange of experiences and know-how between Chinese, German and European institutions is supported through advisory sequences and training measures such as study tours, workshops and job shadowing.

- On the local level, the project assists local institutions in charge of ETS in implementing the national ETS and making adjustments to the processes and infrastructure after its establishment and during the transition to a fully-functioning national ETS. Companies covered by emissions trading as well as further participants involved in the trading, such as verifiers, or carbon exchanges, are also included.
- On a national level, the Domestic Policy and Compliance Division of the Department of Climate Change of the NDRC is supported through demand-driven advisory sequences and in-depth workshops. Additional assistance is provided to relay lessons learnt from pilots to serve the development of the national ETS and furthermore, aid the Chinese government and the NDRC in the roll-out of the national scheme.



Results and Perspectives

Throughout the first phase of the project, assistance in the development and adaptation of technical regulations for measuring and reporting of greenhouse gas emissions was provided for a range of sectors in different regions. In preparation of the national ETS roll-out, representatives of Chinese non-pilot provincial authorities have participated in continued trainings on emissions trading. As the pilot regions have begun to successfully trade emission certificates and gain initial experiences, the project is stepping up its efforts to assist the Chinese Government in its preparation and establishment of the national ETS. These efforts concentrate on establishing the necessary legislative framework and national institutions.

Company representatives have engaged in dialogues on regulations, strategies and their implementation with European industry representatives and national experts from their sector so as to foster knowledge-exchange regarding methods to reduce emissions in each sector and implementing ETS in their daily company operations.

Trainings will continue to be offered to verifiers to build on their practical skills. To support the intense learning phase as the national scheme goes live, individual sector or industry perspectives and market activity will be included into training and research. For example, civil aviation requires assessment methodologies that differ from other included sectors, the fine-tuning of these approaches can be fostered through transnational and domestic outreach and reflect market dynamics.

Looking forward, the project shall support in the set-up and optimisation of local trading platforms and prepare local government, verifiers and enterprises for their roles and ways to best participate in the national ETS. Knowledge-exchange between European industry representatives and national experts will play a key role in the project.



GIZ – China’s Partner For Sustainable Development Solutions

Who We Are

The wide range of services offered by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH are based on a wealth of regional and technical expertise and on tried and tested management know-how. We are a German federal enterprise and offer workable, sustainable and effective solutions in political, economic and social change processes.

GIZ operates throughout Germany and in more than 130 countries worldwide. Our registered offices are in Bonn and Eschborn. We have 16,410 staff members around the globe, almost 70 % of whom are employed locally as national personnel. GIZ’s business volume was over EUR 2 billion as of 31 December 2014.

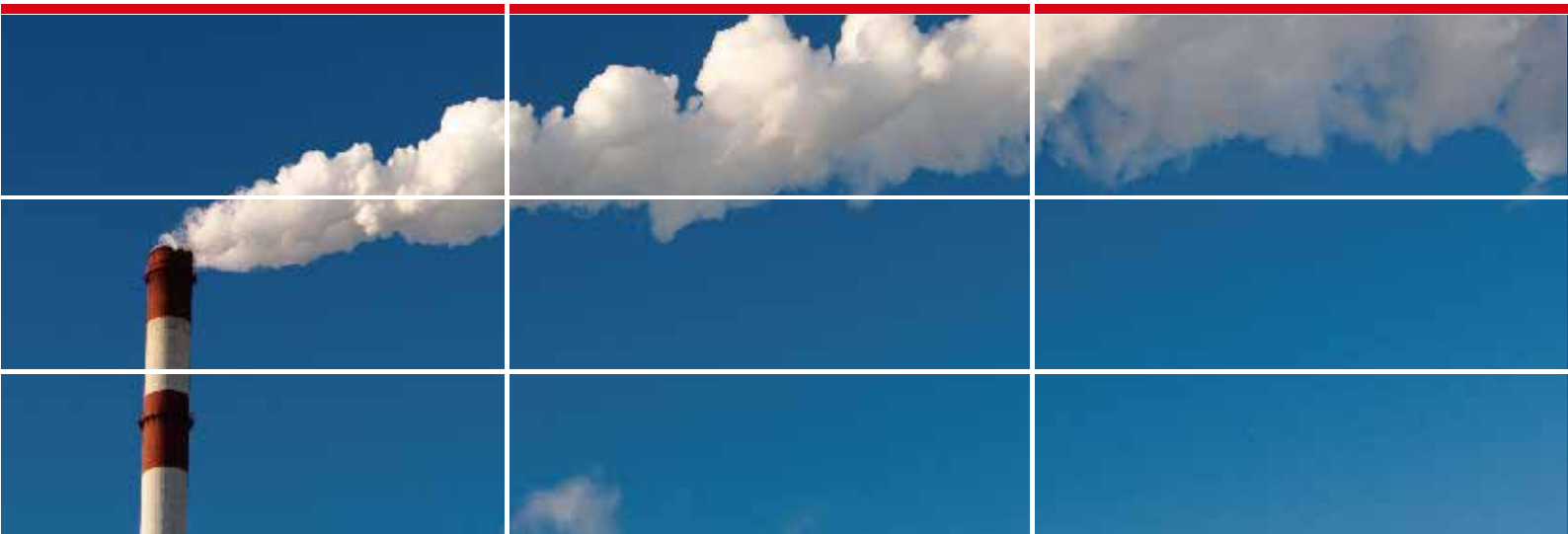
What We Do

With more than 30 years of experience in Sino-German technical cooperation, GIZ works within the framework of the Comprehensive Sino-German Strategic Partnership for the mutual benefit of both countries. Our services extend far beyond classical development cooperation. GIZ thus acknowledges China’s new role in the global architecture. The protection of global public goods is the focal point of our work, which also contributes to the establishment of fair trade relations between China and its partners in the region, as well as Germany and Europe. GIZ in China provides technical expertise to underpin numerous bilateral political dialogues between China and Germany.

We provide support for forging sustainable networks between stakeholders from the world of politics, business and society. Our portfolio includes policy advice, technical expertise, knowledge transfer, capacity building and organisational development support in those areas where German know-how and technologies are world-leading. We provide our services through experienced German, international and Chinese experts as well as German partner institutions.

Who We Work For

In China, GIZ operates primarily on behalf of the German government and is currently commissioned by seven German federal ministries. In addition we work for German federal states, foundations, the European Commission and increasingly for clients from the Chinese public sector as well as the Chinese and German private sector.



Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH

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