

ISAP 2017

Current Status of Emission Trading Schemes (ETSs) in Japan, China and South Korea

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Research M

Climate and En

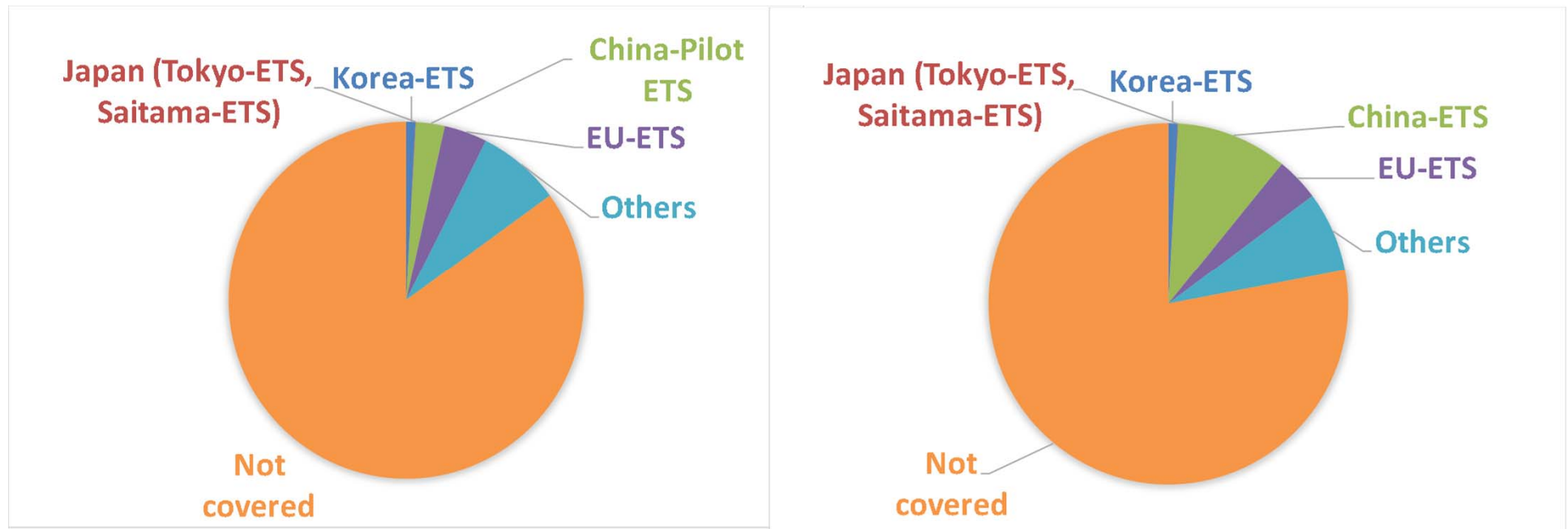
Institute for Global Environment

Country Share of Global Emissions Covered by Carbon Pricing

15 %



22 %



8-10 % < China ETS
(By end of 2017)

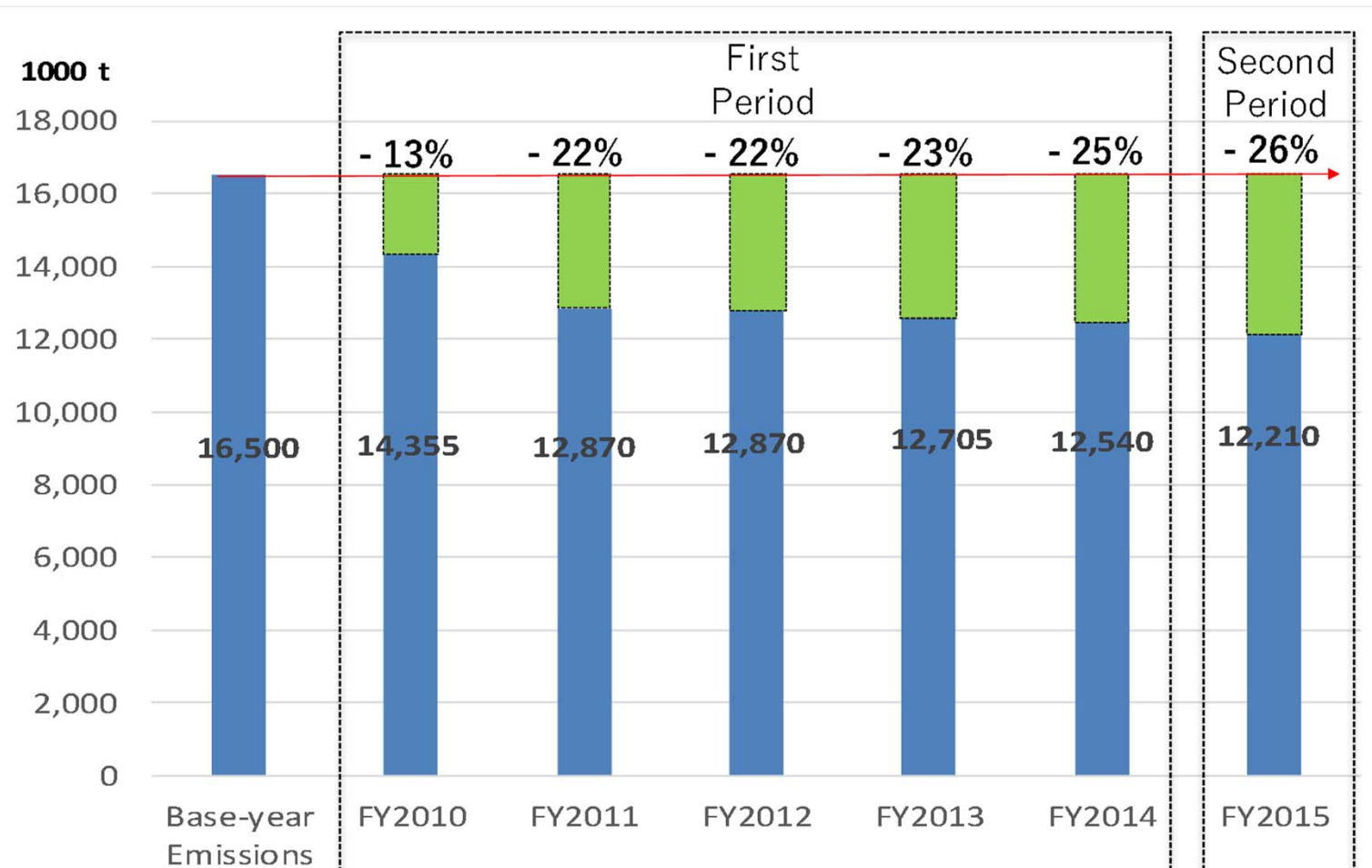
Progress of ETS in selected East Asian markets

	Tokyo-ETS	China-ETS Pilot Program	Korea-ETS
Starting date	2010/4/1	2013/6/18	2015/1/1
Trading period	2016-2019 (Second period)	2013-2017 (Phase one)	2015-2017 (Phase one)
Compliance period	Five years	One year	One year
Amount of GHG emissions covered by ETS (%)	13.5 MtCO ₂ e (2014)	1.27 GtCO ₂ e (2012)	472.3 MtCO ₂ e (2013)
Emissions covered by the ETS (%)	20% of Tokyo City emissions	35% - 60% for 8 regions or, 12% for national	68% of national emissions
Number of liable entities	1300	3295	602
Carbon price	9-13 US\$/ ton (Excess Credits)	2.7 US\$/ton (Allowance)	14 US\$/ton (Allowance)

Source: "Hubei Emission Exchange Monthly reports" 2017, Hubei Emission Exchange (in Chinese), "Carbon Pricing Watch 2017" 2017. WB, "icap county factsheet"201.icap,"Tokyo Cap-and-Trade Program: Achievements in second period- facilitates reduce the emissions continuously under second period"2017. Bureau of Environment of Tokyo Metropolitan Government (in Japanese), "Masteries for plan of ETS market stabilization"2017. Ministry of Strategy and Finance of Korea(in Korean).

Main Result of Tokyo-ETS(2010-2015)

- Compliance performance reached **100%** during first period, and over 90% of targeted facilities surpassed their reduction targets. Total emissions of covered facilities has decreased 12.27Mt by 2015.



Source: "Tokyo Cap-and-Trade Program: Achievements in second period- facilitates reduce the emissions continuously under second period "2017, Bureau of Environment of Tokyo Metropolitan Government.

Main Result of China-Pilot ETS

- By 2015, 6 pilots of compliance performances reached **100% or nearly 100%.**

Main Result of Korea-ETS

- By 2015, the compliance performance reached nearly **100%**, only one company failed to reach its target.

Source: "Second basic plan for ETS" 2017, Ministry of Strategy and Finance of Korea(in Korean)..

	2014(2013) (%)	2015 (%)
Shenzhen	99.4	99.7
Beijing	97.1	100
Guangdong	98.9	100
Tianjin	96.5	99.1
Shanghai	100	100
Hubei	Unavailable	100
Chongqing	Unavailable	Unavailable

Source: Calculated by annual reports from exchange of Beijing, Shanghai (in Chinese).

Tokyo-ETS

South Korea-ETS

Average price

9-13 US\$/ ton
(Excess Credits)

14 US\$/ton
(Allowance)

Needs

0.19Mt credits used
to obligation

2.9Mt credits used to
obligation

Market Size

1,7 million US\$
-
2,5million US\$

40.6 million US\$

Cost Mitigation

40%(60% transacted as
free)

47% (53% of credits needs
from borrowing)

Purchasers

124 regulated facilities
bought credits

239 regulated companies
bought credits

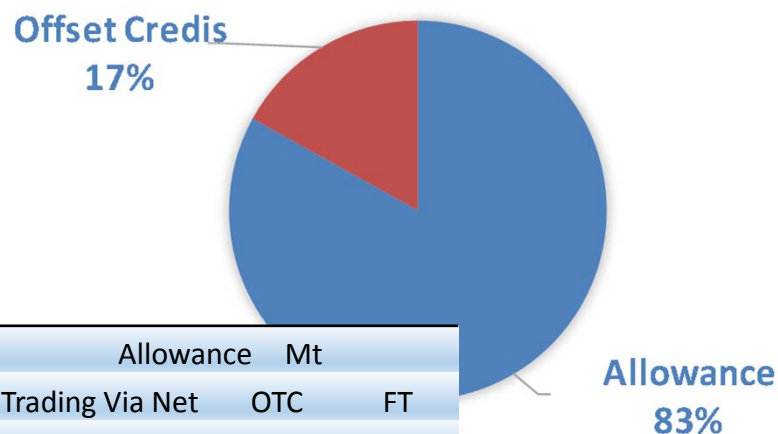
Average Costs

5,500-8,000US\$

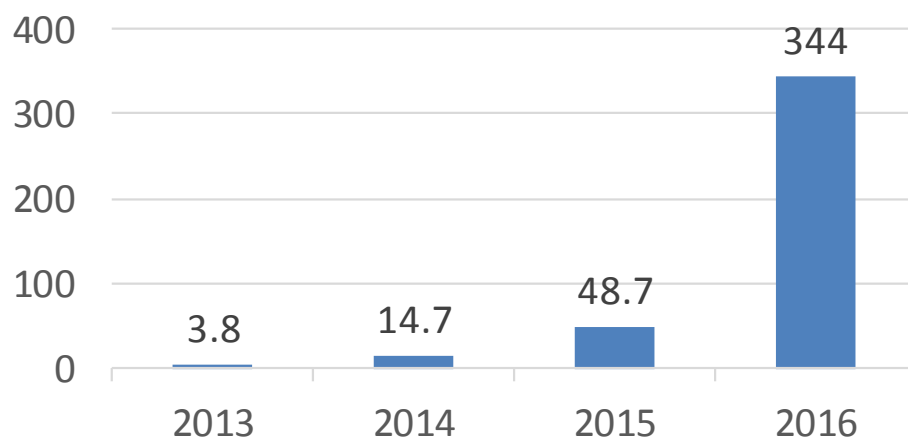
80,000US\$

China-Pilot ETS

DISTRIBUTION OF MARKET VOLUME BY TYPE OF CREDITS DURING 2013-2016



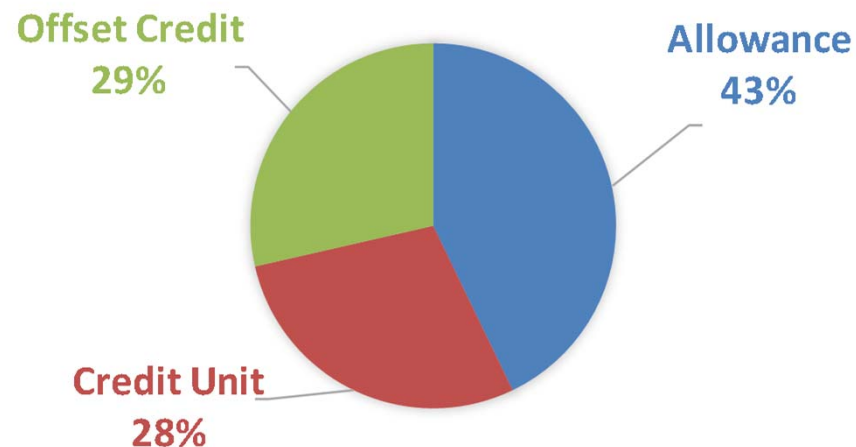
ANNUAL MARKET VOLUME
China-ETS (Mt)



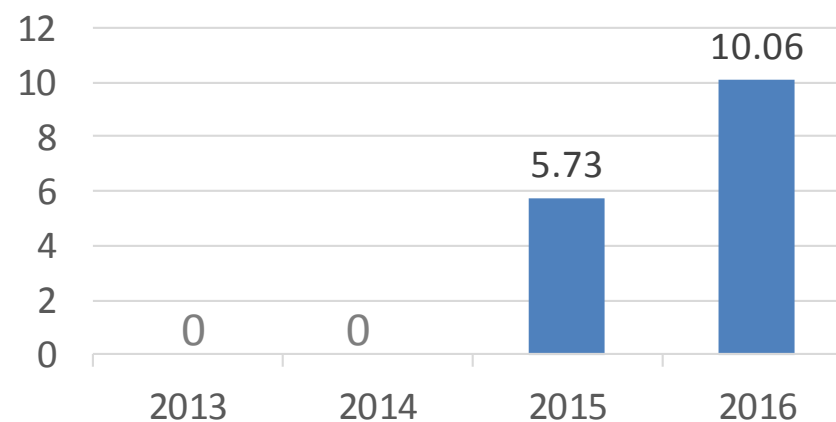
Source: Circulated by annual reports from Hubei (in Chinese).

South Korea-ETS

SHARE OF TRADING VOLUME BY TYPE OF CREDITS DURING 2015-2016



ANNUAL MARKET VOLUME
Korea-ETS (Mt)

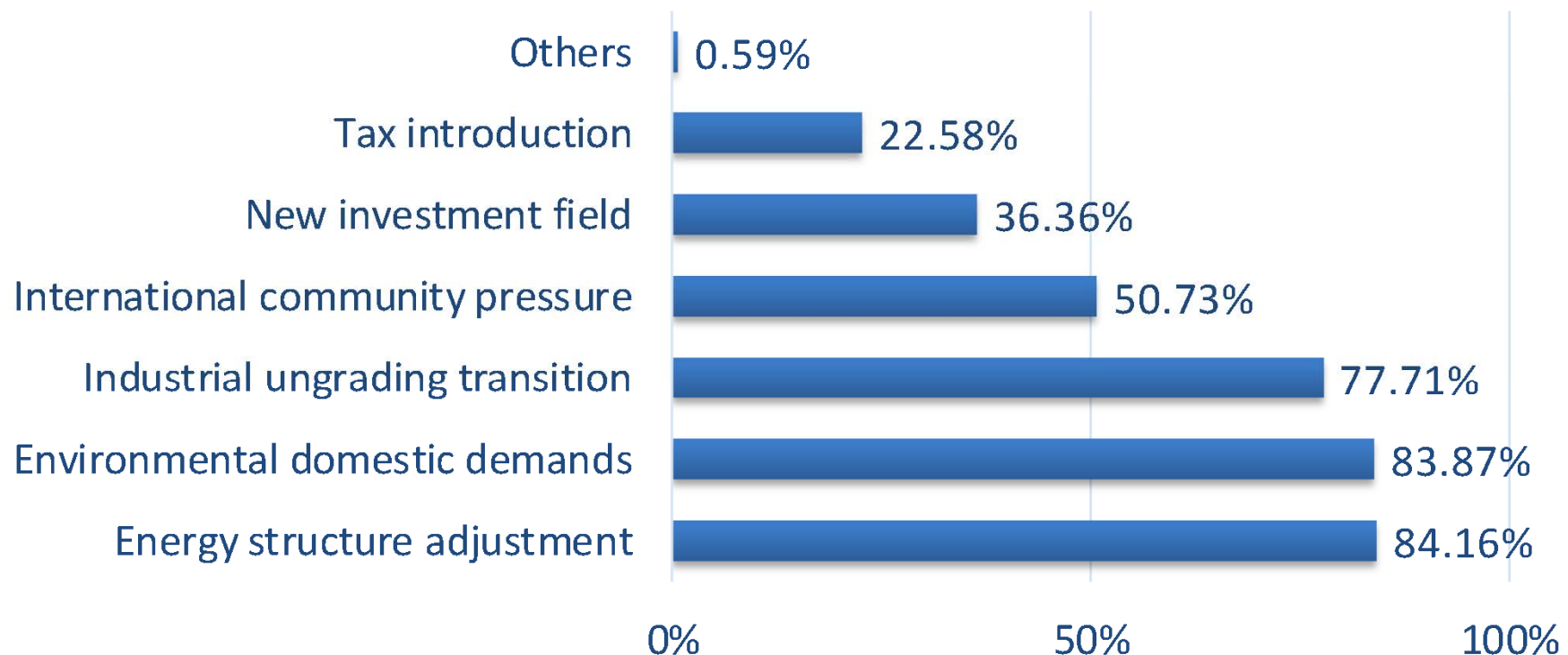


Source: "Second basic plan for ETS" 2017, Ministry of Strategy and Finance of Korea(in Korean)..

Survey of introducing China-ETS

- 341 respondents including financial institutions, regulated enterprises, research institutions etc. have responded to the survey in 2016.

Q:In your personal view, what's the purpose of the establishment of China's carbon market?

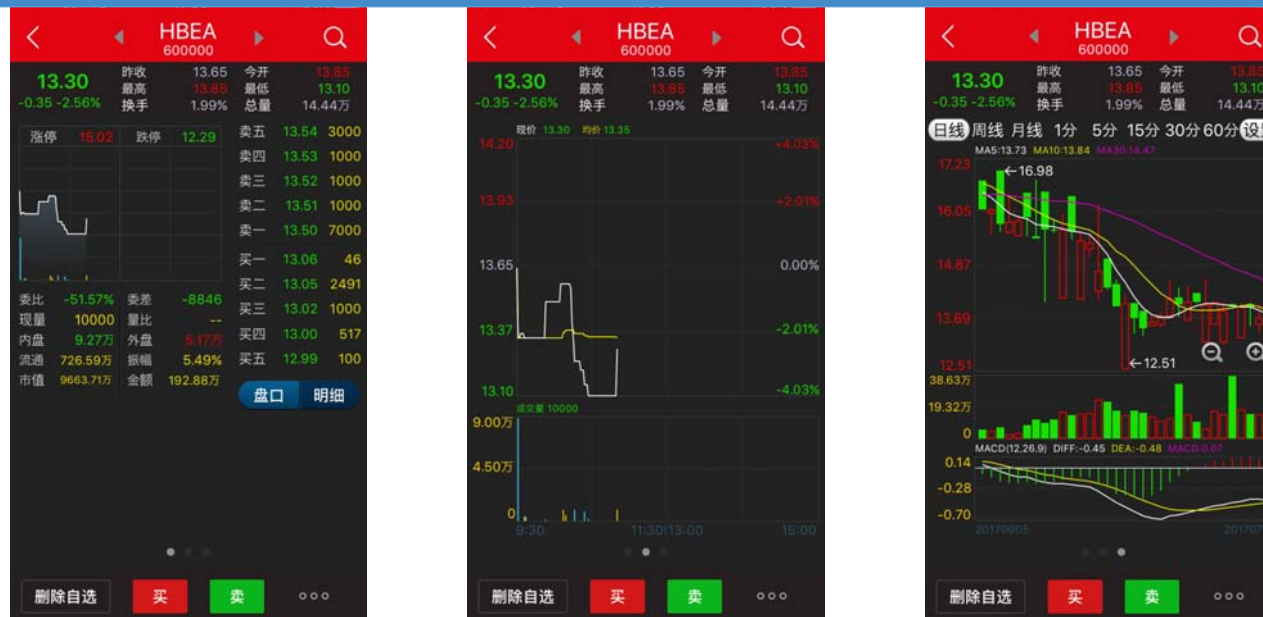


Source: "Prediction and Prospects of China's carbon market in 2017"2017, Center for Energy and Environmental Policy Research, Beijing Institute of Technology(in Chinese).

Innovative Carbon Finance in China

- By the end of June 2017, accumulative trading volume reached to 446 Mt (Average price 2.7 US\$/ton), and accumulated market value recorded to 1.2 billion US\$.
- Various Carbon finance services are deployed: Carbon bonds, Carbon funds, Carbon asset collateral/pledge, etc..
 - CIB Wuhan branch provides a loan of 6 million US\$ to Hubei Yihua Refco Group Ltd. as collateral against its allowances.
 - Chinese Import and Export Bank branch in Hubei province provides a loan of 15 million US\$ to Hubei Yihua Refco Group Ltd.

Smart Phone Application for Allowance Transaction



ご清聴ありがとうございました。

Thank you !

