

The last decade has seen heightened interest in carbon pricing to reduce greenhouse gas emissions responsible for anthropogenic climate change. Over the past decade, China—responsible for over a quarter of global carbon emissions—has aimed to reduce its emissions through an ambitious Emissions Trading Scheme (ETS) which charges certain firms for the greenhouse gases they emit. This dissertation evaluates the behaviour of firms regulated by the pilot ETS and also studies the economic consequences of adverse shocks in the form of natural disasters.

The first two chapters analyse the impact of the pilot ETS on firm behaviour in China. Chapter one assesses the impacts of the pilot ETS on technical change. The second chapter evaluates how the pilot ETS affected emissions reduction and whether the initial allowance allocation had no impact on emissions in subsequent years—a necessary condition for a cap-and-trade market to be efficient. The final chapter uses Chinese firm-level data to detect the international propagation of adverse shocks triggered by the US hurricane season in 2005.

# Impacts of Climate Policy and Natural Disasters: Evidence from China

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