

EMISSIONS TRADING IN KAZAKHSTAN: LOOKING BACK TO LOOK AHEAD

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Abstract

Emissions trading schemes have been increasing in popularity in middle-income countries as a market-based instrument to meet a country's CO₂ commitments. In this paper, we examine Kazakhstan's emissions trading scheme. Results from interviews, facility-level emissions data, trading data, Government of Kazakhstan regulations and official documents, and other literature are used to assess the effectiveness of Kazakhstan's emissions trading scheme in relation to the EU's emissions trading scheme. Our findings suggest that (1) the motivation behind launching an emissions trading scheme may not always be cost effective abatement but a desire to access investment capital; (2) the nature of the economy especially the existence of pre-existing distortions plays an important role in the success of emissions trading; (3) pushback from dominant firms and lobbies makes it difficult for the government to stay the course and highlights the need for adequate preparation and consensus building; and (4) the design of ETSs is significantly influenced by political and economic realities.