



Climate Focus Briefing Note

China and Climate Change

Domestic Policies and International Negotiations

October 2009

- China is the World's largest GHG emitter and continues to have a low energy efficiency.
- China has established ambitious targets for energy savings, increased energy efficiency and environmental protection, and has implemented policies and initiatives to achieve these targets.
- China is committed to domestic standards, but refused to translate them into internationally binding GHG reduction commitments.
- A potential scenario for China's commitment in the international climate negotiations are sectoral approaches and the adoption of dedicated climate policies.

China is the world's largest greenhouse gas emitter. While coal is fuelling much of its economic development, China recognizes climate change as one of the most important challenges of humankind and has engaged in implementing low carbon development strategies that combine poverty reduction, economic growth, social development with ambitious environmental goals.

Domestic Action

China has implemented significant national measures and policies promoting energy efficiency and renewable energy. Domestic initiatives range from subsidies for energy efficient products over fuel standards to awareness raising campaigns. The key areas for GHG emission reductions are energy production and transformation, energy efficiency improvement and energy conservation, industrial processes, agriculture, forestry and municipal waste.

In 2007, China adopted the National Climate Change Programme, and a high profile Leading Group on Climate Change that is headed by Premier Wen Jiabao. This shows that the central government is clearly committed to moving towards a more sustainable development pattern. However, it is hard to assess to what extent environmental protection policies are implemented on the local level as local decision-makers are often unwilling to compromise local employment or tax income for the sake of environmental protection.

The government intends to allocate CNY 210 billion of the CNY 4 trillion economic stimulus package issued by the Chinese government in 2009 to energy conservation and

environmental protection projects. However, China still lags behind in an international comparison when it comes to energy efficiency and environmental regulation. According to an NDRC research panel, China would have to spend at least an additional CNY 40 trillion by 2050 on energy efficiency if the country were to raise its living standards to the level of developed countries without a large increase in greenhouse gas emissions.

These various national policies aim at slowing China's further growth in carbon emissions. Official Chinese figures show that energy consumption per capita has decreased by 4.6 % in 2008 and 10.1% between 2006 and 2008.

National Targets

Despite the lack of an absolute national target to cut GHG emissions, the Chinese government has an ambitious target to reduce energy intensity and major pollutants. The objective of China's current Five Year Plan (2006–10) is to lower the energy consumption per unit of GDP to 20% below 2005 levels. Energy conservation targets are likely to be even stricter during the five year period 2011–15. For a number of major pollutants, including water pollutants and sulphur dioxide, the government has assumed an absolute target of 10% reduction against 2005 levels before 2010. The government has established individual targets for renewable energies. China stands by its aim to have an installed capacity of 100 GW in wind farms by 2020. In 2008, the installed capacity amounted to 12 GW, with 6 GW of new capacity added that year only.



CDM

Thanks to a predictable and efficient CDM approval process and a high number of capacity building measures, China has become the largest host country for CDM projects. The Chinese CDM approval procedures set a number of restrictions. The Chinese DNA, for example, limited until very recently the CERS that the project owner is authorised to sell to those generated before 2012. Furthermore, although China claims to support Program of Activities under the CDM (POA), it has not approved internal regulations on POA. It is unclear when such regulation will be adopted. Consequently, many CDM consultants and project owners have put off the development of POAs.

International Climate Negotiations

Despite its domestic action, China maintains a tough line in international climate negotiations, insisting that developing countries, including emerging economies, should not be pressured to assume binding emission reduction targets.

In its official position paper, China makes demands high commitments for developed countries. China refers to the principle of “common but differentiated responsibilities” that puts the primary burden to reduce emissions to developed nations. China calls for developed countries to reduce their emissions with 40% below 1990 levels by 2020 and to provide funding and technology transfer for mitigation and adaptation measures and sustainable development in the developing world.

However, if China does not want to put the outcome of the climate negotiations at risk and position itself as a responsible member of the international community, it might have to compromise its standpoint.

Given China’s position as the world’s largest emitter, China is exposed to international pressure to implement emission reduction targets after the first commitment period of the Kyoto Protocol has elapsed in 2013. While it is unlikely that China will adopt any binding targets in the 2013–2020 period, compromise on gradual engagement may be the most likely outcome at the Copenhagen climate conference. Targets that are non-binding and not overly ambitious are one way of supporting international climate action without China compromising its own development objectives. Developing countries in general, and major emerging economies in particular, have already agreed to assume “nationally appropriate mitigation actions” that go beyond the current CDM and involves the adoption of low carbon policies. Major emitting economies may further agree to engage in sectoral mitigation action that rewards greenhouse gas reductions against a sectoral intensity or absolute emissions target.

China has accepted in principle the IPCC goal of limiting global temperature raise to two-degrees above pre-industrialized levels. And as a member of the G20, China has reaffirmed its “commitment to address the threat of irreversible climate change, based on the principle of common but differentiated responsibilities, and to reach agreement at the UN Climate Change conference in Copenhagen in December 2009”.

Given the international pressure, China has to balance its determination not to compromise its development with its wish to position itself as an active participant in an international climate regime. Sectoral action and the commitment to adopt certain policies may be a first step to prove China’s commitment as a responsible world power and major emitter, while safeguarding its national sovereignty to decide on its development.

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