



BULLETIN

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China's Position for UN Climate Conference in Copenhagen

by Artur Gradziuk

As the world's largest greenhouse gases (GHG) emitter, China plays a key role in the negotiations on a future climate agreement. Having no reductions or financial commitments under the Kyoto Protocol, it has made it clear that it has the same expectations of a new agreement. China's main demands are: GHG emissions by industrialized countries to be reduced by 40%; mitigation and adaptation actions in developing countries to be financed by them; technology transfer to be conducted on non-commercial terms. Yet China's position is hardly acceptable to the United States or the European Union.

Determinants. China is the world's largest carbon dioxide emitter: in 2007 it discharged to the atmosphere 6.1bn tons of CO₂ (over 21% of global emissions), the bulk of which was from the energy sector (50%) and industry (28%). The transport sector's emissions have soared driven by the fast growth of the country's car market. These high GHG emissions levels are due, first and foremost, to the economy's high reliance on coal, which accounts for over 60% of primary energy consumption and about 80% of electricity generation. In addition, given the high energy-intensity of the Chinese economy, and assuming that high rate of GDP growth will be sustained, China's capacity for any meaningful slowing (to say nothing of reducing) of the growth of its emissions is limited.

A few years ago China embarked on an active climate policy. In 2006 it adopted, in its eleventh Five-Year Plan, a target of reduction by 20% energy intensity of GDP by 2010 from 2005 level, and a 10% increase in renewable energy sources' (RES) share in its total energy consumption. In 2007 it adopted a National Plan for Coping with Climate Change, which recognized China's vulnerability to rising sea levels and the desertification of some areas, and an action plan for adaptation to climate change. Being aware of the formidable challenges of containing the total GHG emissions level, the focus was put on the improvement of energy efficiency and the development of low-emissions energy sources (in particular nuclear energy and RES), with the carbon emissions per GDP unit ratio to be the gauge of these measures' effectiveness.

Key Elements of Negotiating Position. China, being responsible today for the largest GHG emissions, is expected to announce ambitious reductions targets, as is the U.S. Yet the Chinese government has emphasized that, development being the country's top priority, it would not accept any commitments potentially detrimental to economic growth. Invoking the principle of historical responsibility for emissions and the "common but differentiated" responsibility for counteracting climate change has been the fundamental element of China's negotiating position. One indicator frequently cited by China is its per capita emission, which, at 4.6 ton CO₂, is well below those in all industrialized countries. On these grounds the PRC has insisted that it is for the industrialized countries to carry the brunt of responsibility for climate protection. It has demanded that these countries cut their GHG emissions by at least 40% in 2020 from 1990. On the other hand, it has held that the developing countries should undertake no legally binding reductions commitments under their nationally appropriate mitigation actions (NAMA) and that their GHG emissions reduction efforts should be supported by the industrialized countries on a mandatory basis.

Even though China has not declared a GHG emissions reduction target, at the end of November (in response to the U.S. reductions declarations) it announced that by 2020 it would have reduced its per-GDP-unit emissions by between 40% and 45% from 2005 level. This does not mean a reduction

of total China's GHG emission, though: it only means a slower growth thereof. The declaration is China's voluntary national emissions reduction target that will not necessarily be written into a future climate agreement as a binding commitment.

China is the host to the greatest number of Clean Development Mechanism (CDM) projects underway (673 registered projects out of a global total of 1916)—i.e. developed countries' investment in ventures designed to reduce, avoid or absorb GHG emissions in developing countries, which give them carbon credit helping to comply with their Kyoto Protocol commitments. For this reason China has a positive attitude towards a potential increase in the number of CDM projects: it is counting on international cooperation on such undertakings to advance the domestic enterprises' capacity in climate protection actions.

China insists that the industrialized countries should supply the developing ones with appropriate technology for their climate change mitigation and adaptation effort. What's more, it wants this technology transfer to be financed by the industrialized states. The relaxing of the international intellectual property protection rules in respect of climate protection technology is high on China's list of priorities. It would welcome compulsory licensing for climate-friendly technologies and the developing countries' access to them at reduced or no costs. China has also championed new institutional arrangements to ensure the development and transfer of technology. It has proposed the establishment of a special UNFCCC subsidiary body to plan, coordinate, monitor and evaluate actions concerned with the development and transfer of technology. Featuring as the second pillar of this new institutional system is a Multilateral Technology Acquisition Fund to finance technology development and technology transfer for mitigation and adaptation actions in the developing countries (including China). The Fund's operations should be financed with mandatory contributions from the industrialized countries budgets, with respective contribution amounts to be written into a future climate agreement as binding commitments.

China's central demand in the negotiations on a future climate agreement is that the industrialized countries undertake appropriate financial commitments regarding the mitigation, adaptation and technology transfer actions in developing countries. To support its position, China has cited provisions of the COP13 Bali Action Plan to the effect that mitigation efforts (GHG emissions reduction) in developing countries will be subject to verification provided that they are financed by developed countries. China holds that, to ensure adequate funds for climate protection projects, financing should come primarily from public funds, with private funds and contributions from emissions allowances trading playing a complementary role. China has proposed that funds for climate protection actions be set at 0.5%-1.0% of the industrialized countries' GDP. The management of these resources would be the responsibility of four funds: the Adaptation Fund already in place, and a proposed Mitigation Fund, Multilateral Technology Acquisition Fund, and a Capacity Building Fund. These funds' board would consist of equitable and balanced representation of the developed and developing countries, which would take decisions on the allocation of resources among the mitigation, adaptation, capacity-building and technology transfer programs.

Conclusions. China is a key player in the negotiations on a future climate agreement. As a member of G77/China, it has a decisive influence on the positions of a majority of developing countries. Moreover, in the absence of its binding emissions reduction commitments, persuading the major parties to the negotiations to make commitments will be difficult—in which case the most important long-term goal, notably the reduction of global GHG emissions by 50% from 1990, will be unattainable. China's Kyoto Protocol commitments are modest and it is clear from its current stance in the negotiations that it intends to maintain this status in a future agreement. The demands it has put forward in respect of a non-binding nature of reductions commitments, principles of technology transfer, and expectations as to funds to be assigned by the industrialized countries to climate actions, are hardly acceptable to the U.S. and the EU. This being the case, unless China makes its negotiating position more flexible, concluding a climate treaty will be very uphill work indeed.