



NEWSLETTER

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Analysis**Can China rescue the world climate change negotiations?**

Stephen Howes*

The three main propositions, around which the current global climate change negotiations are structured, were agreed at the Bali Conference in December 2007. The first is that developed countries should commit to binding emission reduction targets; the second is that developing countries should adopt policies and measures to reduce emissions below what they would otherwise have been; the third is that developed countries should support developing ones, principally by the supply of finance, to reduce emissions and to adapt to climate change.

This is a different framework from that of the Kyoto Protocol, which placed obligations only on developed countries. Under the Bali Roadmap, everyone acts, but different metrics are used to measure obligations in developed and developing countries — targets for developed countries, policies for developing countries.

While there is agreement on the three propositions, it extends only to the acceptance that they should constitute the negotiating framework. On the first point, most developed countries have now put forward emissions reduction targets for 2020. My assessment is that the offers made add up to a 10–20 per cent reduction for developed countries over 1990 levels. Developing countries think this isn't nearly enough. They argue for reductions in the range of 25–40 per cent.

On financing, the third point, there's also

a gulf. Developing countries are asking for hundreds of billions of dollars, and want it delivered through government channels. Developed countries, on the other hand, stress the role of the markets in delivering carbon finance, are reluctant to commit public funds, and overall tend to downplay the need for international funding. In this regard, though, a June 2009 speech by the UK Prime Minister, Gordon Brown, is encouraging, and suggests that there is a belated recognition by the developed countries that they will have to put significant volumes of public funding on the table if they want to see a deal.

I've put the second plank, developing country policies, last, because here there is not so much a gulf as simply confusion. What sort of policies developing countries might commit to, how their policy commitments would be registered internationally, what these policies might add up to, remains unclear, even at this stage, just a few months out from the Copenhagen meeting.

Summing up, the two main challenges in relation to the current negotiations are that developed countries need to commit to do more (in terms of both targets and financing), and that developing countries need to indicate more clearly what they are prepared to do. These two challenges are interrelated: progress on one will require progress on the other.

This is where China could come in. China has enormous influence, of course. It is a superpower and a leader among developing countries. But it is also the world's largest emitter; indeed, it has been responsible for most of the recent global growth in emissions. It already has domestic policies in place — for reasons that go well beyond climate change — to improve energy efficiency and to diversify into renewable and nuclear energy. And,

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importantly, China is yet to play its hand in the current negotiations.

China already has a target to reduce its energy intensity (the ratio of energy used to output or GDP) by 20 per cent between 2005 and 2010, and a renewable energy target of 15 per cent by 2020. China is now thinking about targets for the Twelfth Five-Year Plan from 2011 to 2015. It appears likely that China will extend its current policy targets. Perhaps China might announce a target of halving energy intensity by 2020. Perhaps China might convert this into an emissions intensity target, a ratio of greenhouse gas or simply carbon dioxide emissions to GDP.

We also already know, from the anticipatory response from the United States, that adoption of such a target out to 2015 or 2020 would be seen as ambitious. My own analysis confirms this. It will not be easy for China to halve its emissions intensity by 2020. China hasn't had much success in achieving its current target of a 20 per cent reduction in energy intensity by 2010. It's only in 2008 that China's energy intensity really started to fall, and that was because of the global downturn, which hit energy-intensive industries particularly hard. By my estimation, by the end of 2008, China had only achieved an 8 per cent reduction in energy intensity from 2005, well short of the 20 per cent target, and with only two years to go.

If China announces targets for energy or emissions intensity, but resists giving them legal international standing, it will not take us very far. It will make ratification by the US Senate (where a two-thirds majority is required) difficult if not impossible, for the same reason that the Kyoto Protocol was never ratified by the United States, namely that it places obligations on the United States but not on China. Unwillingness by China to give its policies international standing would also be interpreted as a signal that China is not taking climate change mitigation sufficiently seriously. The United States, indeed the world, needs to be able to say that China is also bound in some way to reduce emissions, even if it is not through the 'targets and timetables' approach being applied to developed countries.

The real question, then, is whether China will be prepared to table its policies internationally, as part of a climate change treaty. Would China sign up, say, to an intensity pledge, essentially a commitment to introduce policies with the aim of halving emissions intensity by 2020?

Such a target would be non-binding in the sense that there would be no penalty for not meeting it. So it wouldn't be very costly for China to sign up, but it wouldn't be cost free either. It would open China up to some form of international monitoring, and it would be seen as a step along the road to China's taking on binding targets at a later stage. However, these costs should be manageable. If the United States passes its cap-and-trade legislation, pressure on China will increase. More than anything, though, what China is willing to offer will come down to whether it sees an effective global agreement on climate change to be in its interests. There are increasing signs that it does.

The world climate change mitigation regime has languished over the last decade because of a lack of leadership from the United States. Getting the United States back into the negotiating room was the first precondition for achieving a post-Kyoto agreement. But negotiations are still stuck. Developed countries need to do more, but need to have a reason to do more. China, by virtue of its superpower status and its evolving domestic policy stance, seems to be in a better position than any other developing country to send a positive signal to the developed countries, and thereby push the negotiations forward beyond the current impasse.

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