

## Beyond national policy

Issues around implementing climate action in China

Liam Salter  
WWF Hong Kong  
FCCC Nov. 2007



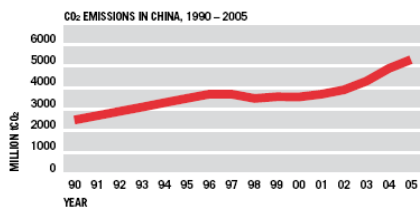
## Overview

- China in context
- Ambitious policy developments
- Short implementation analysis
- Next steps



## In context

- China may be the number 1 GHG emitter
  - This is not the important statistic 1.3 billion vs 300 million



Source: The Climate Group

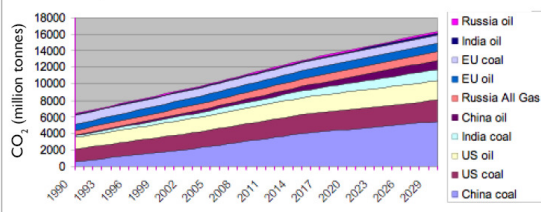


IEA Reference Scenario: 75% of China's incremental CO2 emissions to 2030 from coal

74% of incremental coal use to 2030 in power sector

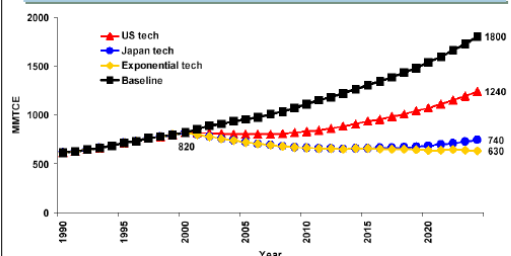
China 72% of increase in global coal consumption since 2001 (India 9%)

## Major Sources of Carbon Dioxide to 2030



Coal use in China's and India's power sector are No. 1 and No. 4, respectively, of the 10 biggest sources of carbon dioxide globally by 2030. (Note that 'oil' figures are for power sector only and 'oil' figures are for transport sector only. 'Russia All Gas' is oil sector.) Source: IEA World Energy Outlook 2006.

## China's Emissions With Advanced Technology



Source: P. Bernstein, S. Tuladhar, and W. D. Montgomery, "Potential For Reducing Carbon Emissions from Non-Annex B Countries through Changes in Technology", forthcoming in *Energy Economics*

### Policy response

- National Assessment Report (end 2006)
- National Climate Programme (June 2007)  
<http://en.ndrc.gov.cn/newsrelease/P020070604561191006823.pdf>
  - Unique
  - Mitigation and adaptation
  - Incorporates a large range of existing measures and associated CO2 savings
  - Carefully balanced political document



### Energy efficiency

- **11<sup>th</sup> Five Year Plan:** Energy intensity -4% per year to 2010
- **1.33%** 2006, **2.78%** first half 2007
- Low awareness with large enterprises on implementation
- Continued commitment and a raft of new initiatives e.g. from NDRC, MOST, State Asset Supervision and Administration Commission .....
- "The central government is strengthening its energy saving and pollution reduction efforts, but relevant rules and regulations are loosely enforced by local governments" **Dai Yande, ERI**



### Pollution

- Cut major industrial pollutants by 10%
- SO2 2006 **+1.5%**, 2005 **+13%**
- SO2 **-0.9%** Summer 06 – 07
- Many reports of plant closures, sanctions for non-performing officials, penalties for polluting companies
- Yet risks to health and population exposed figures remain extreme
- "The crazy expansion of high-polluting, high-energy industries has spawned special interests. Protected by local governments, some businesses treat the natural resources that belong to all the people as their own private property." **Pan Yue, SEPA Vice Minister**



### Wind

- Renewable energy law Jan 1 2006. Not all implementing rules and regs yet drafted.
- Capacity is booming expected to achieve 5GW 2010 targets by 2008
- Yet many investors remain nervous about the sustainability of the boom
- NDRC review April 2007 and Baker Mackenzie June 2007 have both focused on pricing policy providing adequate incentives for new investment



### How can policy implementation be improved?

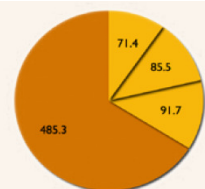
- Issues of time and stretch targets
- True costs
- Governance
- Isn't China's pollution a global responsibility?



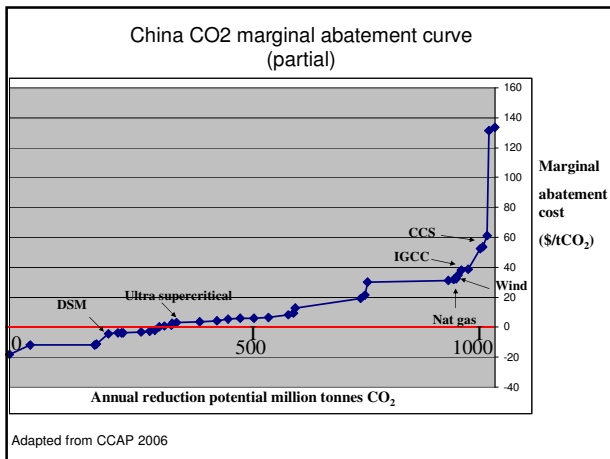
### True Costs

**True Cost of Coal: 733.9 RMB/ton**

- Conventional Costs (RMB/ton)
- External Costs include (RMB/ton)
  - external costs of coal mining
  - social costs of coal production
  - external costs of coal burning



Source: Energy Foundation / WWF 2007



### Improving TAP

- Prayas, India “Transparency, Accountability, Participation”
  - [www.prayaspune.org](http://www.prayaspune.org)
- Improved TAP can support implementation of policy and regulation
- It can also drive new approaches to clean energy alternatives to coal e.g. Iloilo, Philippines
- ‘Chinese TAP’ could include consumer power
  - Institute for Public and Environmental Studies’ Water Pollution Map
  - [www.ipe.org.cn](http://www.ipe.org.cn)

Sn.	Name	Effective from
1	Environmental Impact Assessment (EIA) Law	1 <sup>st</sup> September 2003
<i>Comments</i> The first ever law in China’s history that requires public participation in environmental decision making process		
2	The Provisional Management Method of Public Participation in EIA	18 <sup>th</sup> March 2006
<i>Comments</i> It sets legal requirement on the disclosure of basic information during environmental impact assessment		
3	Access to Environmental Information Measures	1 <sup>st</sup> May 2008
<i>Comments</i> According to this regulation, corporations violating standards will be required to disclose emission data		
4	Regulation for Public Participation in Environmental Protection	Being drafted
<i>Comments</i> This pending legislation is expected to clarify legal requirement for public participation in a broad range of environmental issues.		

### A global responsibility?

- Net exports accounted for 23% of China’s CO2 emissions in 2004 (Tyndall Centre)
- Increasing Western consumer accountability is being translated through carbon labeling and supply chain carbon management
- International companies working with their supply chains can support policy implementation
- Can also support TAP
- Can go beyond regulation and introduce technology best practice (in effect over-achieving the targets)

### Conclusion

- Coal is key to emissions trends in China
- China’s policy goals are more ambitious than many ‘Annex 1’ countries
- Huge opportunities exist for organisations’ to support ambitious government policy targets at the provincial level through implementing true costs and TAP
- China’s pollution problem is a global responsibility and requires a global response