

**INVITATION BY MARIA DA GRAÇA CARVALHO**  
**Member of the Committee on Industry, Research and Energy,**  
**EP**

To a meeting on

**“Climate for Cooperation: The EU, China and Climate Change”**

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**14 October 2009, 18:H00-20:H00**  
**Room (to be confirmed)**  
**European Parliament, Rue Wiertz**

China alongside other emerging economies is a key country to a climate change agreement. Over this, it is often forgotten that EU-China co-operation on climate change offers considerable opportunities both for China and the EU.

The panel will identify “new ways of EU-China climate cooperation”, based on the findings of a recent report by Brussels Institute of Contemporary Studies (BICCS). The report has already received media attention, e.g. in the Financial Times by L Barber.

**Tentative Panel of speakers:**

- **Maria da Graça Carvalho**, Member of the Committee on Industry, Research and Energy, EPP Group, EP (confirmed)
- **Duncan Freeman**, BICCS and co-author of the study (confirmed)
- **MEPs** from the four major political groups
- Representative from **DG Environment**
- Representative from the **US Mission**

Hard copies of the report will be available at the meeting. For further information on the meeting or the report, please contact Isabelle Tenaerts [Isabelle.Tenaerts@ceps.eu](mailto:Isabelle.Tenaerts@ceps.eu) Tel +32 2 229 3956 or the CEPS website ([www.ceps.eu](http://www.ceps.eu)).

## EXECUTIVE SUMMARY

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# CLIMATE FOR COOPERATION: THE EU, CHINA AND CLIMATE CHANGE

**AUTHORS: DUNCAN FREEMAN & JONATHAN HOLSLAG (BRUSSELS INSTITUTE  
OF CONTEMPORARY CHINESE STUDIES)**

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The policy priorities of the Chinese government have undergone a significant change in recent years. Economic development remains a central objective, but this is increasingly considered in terms of sustainability. Energy security has become a primary concern of the Chinese government and it recognizes that China has already begun to suffer significant effects of climate change. The twin questions of energy and climate security have prompted China to focus increasingly on how it produces and consumes energy.

China's greenhouse gas (GHG) emissions have increasingly contributed to global climate change. As China's economy and energy consumption has grown, so have its carbon emissions. Growth in emissions from China was particularly rapid in the period from 2001 when the economy expanded very quickly, notably in sectors that have high energy intensities. A significant percentage of the growth in emissions was also accounted for by the rapid growth of China's export industries.

But the situation with regard to China's emissions is complex. Compared to most developed economies, China still has low per capita GHG emissions, although these are rising. At the same time, the carbon intensity of the Chinese economy has been falling, although the trend was reversed in the years after 2001. Nevertheless, if there is no change in current trends, China's emissions will continue to rise sharply, and even if efforts at mitigation are undertaken it is likely that they will grow for a lengthy period of time.

Mitigation by government policy in China faces many challenges, among the most important of which is the structure of China's energy consumption. China is more reliant on coal for its energy supplies than any major developed economy. Despite the rapid growth and size of its economy, China remains a relatively poor country with a large population, most of whom have living standards well below those in developed nations. As economic development and growth continue, so will the rise in its energy consumption. In particular, China will experience a rapid move towards urbanization, which will greatly increase demands for energy.

The challenge faced by China will be different from that faced by developed nations, since it will have to find a path to greater resource efficiency and a low carbon future from a much lower level of economic development.

This may create difficulties, for instance the relative technological backwardness of China's economy, but also offers opportunities, since it is not yet committed to many of the highly energy intensive practices prevalent in developed economies.

China has adopted a wide range of policies that will have an impact on climate change. The National Climate Change Programme promulgated in 2007 sets out a strategy for tackling climate change, but even before this policies had been adopted that impact GHG emissions. Many of the policies China has adopted do not directly address carbon emissions, but are concerned with energy conservation and efficiency. For instance, at the centre of its policy China does not set goals for reductions in GHG emissions, but has targets for energy intensity (the amount of energy required to produce a unit of Gross Domestic Product).

The means China has adopted derive very much from the domestic circumstances. Even after 30 years of economic reform, the state still plays a central role in the Chinese economy. In addressing climate change, there has been an emphasis on state direction through administrative targets and enforcement, and industrial policy. Unlike the European Union (EU), China has not adopted market methods such as an Emissions Trading Scheme (ETS) as a central pillar of its climate change policy. China has committed itself to strong targets on energy efficiency and expansion of renewable energy production. There are signs that it is well on track to meet or exceed many of the targets which it has set itself.

China has a strong interest in continuing its commitment to seeking energy and climate security. While participation in the international process will be part of that commitment, the domestic policy process will be more important. Most of China's policy initiatives that affect climate change have come about without any direct reference to international frameworks, but have been driven by domestic policy needs. It is likely that China's policy on climate change will be strengthened in the future as the government seeks to address energy and climate security.

The EU and China have adopted different approaches to dealing with climate change, but have separately set ambitious objectives for the coming years. The EU has had a significant policy focusing on climate change for much longer than China, culminating in the Climate Action and Renewable Energy Package (CARE) of December 2008, and has claimed a position as an international leader in mitigation efforts.

China and Europe have highlighted clean energy cooperation as a key pillar of their partnership. The EU considers the combat against climate change as an important element in the development of its external relations and even as a source of soft power. China and the EU have adopted a number of mechanisms to cooperate on climate change and various Member States have their own initiatives. These mechanisms have created a substantial basis of cooperation on climate change focusing on a number of key issues like Carbon Capture and Storage (CCS). Despite the many cooperation projects that exist between the EU and China, it is not clear that their effect has been as great as desired by either side.

In the run-up to the United Nations Climate Conference to be held in December in Copenhagen the EU and China have set out positions that diverge considerably. The CARE Package states that by 2020 the EU will reduce its emissions from the 1990 level by 20 percent, and will increase this to 30 percent if other developed countries commit themselves to the same target. The EU also argues that as a group developing countries will need to limit the rise in their GHG emissions to 15 to 30 percent below the baseline projection for their growth by 2020.

By contrast, China rejects any binding targets for developing countries. China insists on the principle of “common but differentiated responsibilities” rather than universal targets for all countries. According to the Chinese government, developing countries should adopt Nationally Appropriate Mitigation Actions. China also demands that developed countries accept their historical responsibility for GHG emissions and accept a binding target of a 40 percent reduction by 2020.

China and the EU appear to have differences in negotiating position, but both sides clearly take climate change seriously, even if their policies are not the same. The relationship between the EU and China on climate change does not just focus on the post-Kyoto agreement, although this will be an important in defining the ongoing relationship. The EU and China have considerable experience in cooperating on climate change, and have made it one of the key areas of their relationship. At another level, there is also the business relationship that must be taken into consideration. Although still relatively small, the potential economic gains from cooperation in the energy and other sectors related to climate change may be enormous. All of these will have to be taken into account in the future relationship between the EU and China, including the negotiations leading to the Copenhagen Summit.

The EU will need to recognize that China presents unique problems within the negotiation of a global agreement. Both quantitatively and qualitatively, China’s climate change challenge is different from other developing countries. While it is a developing country, China has taken greater strides than many to tackle climate change. Both the EU and China have recognized the importance of climate change. They will need to combine their domestic and international efforts to seek a successful outcome to the Copenhagen Summit and to sustain their long-term partnership on climate change that is likely to be based on both cooperation and competition.

The report recommends that the EU must have a clear understanding of China’s priorities on climate change and harness the domestic policy dynamic to achieving global goals. The EU must balance concern for climate change with commercial interests, and ensure its own policy is effectively coordinated. The EU may provide policy models for China, and also focus on specific technologies such as clean coal, and will also have to effectively address the wider question of technology transfer.