

**CLIMATE CHANGE ISSUE:
A DOUBLE-EDGED SWORD FOR CHINA**

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Executive Summary

1. Latest scientific findings by the International Energy Agency (IEA) show that China will become the world's largest emitter of greenhouse gases in 2007; China is now one of the countries under close international scrutiny.
2. China's experiences in international cooperation against climate change show that the country has been more active at the bilateral level than at the multilateral level. The "Eco-City" scheme proposed by Singapore's Senior Minister Goh Chok Tong received warm response from Beijing.
3. Under the framework of the Kyoto Protocol, China is now the biggest beneficiary to the market-based Clean Development Mechanism (CDM), a kind of Robin Hood scheme to transfer billions of dollars from rich countries to developing countries to curb the emissions of global warming gases.
4. An imbalanced regional distribution of carbon trade income exacerbates international discord on current climate change regime when the World Bank released figures showing China dominating three-fifths of the total US\$4.8 billion in subsidies for all CDM projects around the world in 2006.
5. To fend off increasing international pressures for mandatory emissions cut, China on 4 June 2007 publicized its National Climate Change Program. Though the program still places economic growth before environmental problems, it recognises the seriousness of global warming and puts forward some voluntary targets in energy conservation and fuel switching.
6. China's "development first" stance is closely related to its special inter-agency mechanism on climate change with the National Development and Reform Commission playing a dominant role and the State Environmental Protection Administration and China Meteorological Administration playing minor roles.

7. Despite its refusal to accede to any compulsory emission abatement, the Chinese government fully understands the potentially devastating impact of climate change and is paying close attention to growing public outcries over environmental pollution.
8. The Chinese government has been especially sensitive to heightened public complaints about pollution; the number of protests caused by environmental pollution grows at an annual rate of 30% in the country.
9. China itself is experiencing the impact of climate change, including longer drought, abnormal weather in cities, accelerated glacier melting in the Qinghai-Tibet plateau, and rising sea level.
10. China perceives the climate change issue as a two-edged sword, one which brings valuable foreign fund and technology as well as enhanced international and domestic pressure.
11. China is especially interested in environmental protection measures, including afforestation, energy conservation, fuel switching, energy price reform and investment in energy-efficient technologies, that do not hamper economic growth; it is more willing to accept new international accord that calls for voluntary actions rather than mandatory emissions cutting targets.