



China and Climate Change: Does Copenhagen matter?

von Jürgen Maier (Member of the German Asia Foundation's Advisory Board)

In den nächsten Tagen sind die Augen der Welt auf Kopenhagen gerichtet. Nicht nur die Regierungen, sondern auch Tausende von Umweltschützern aus aller Welt werden dem Ruf des Klimagipfels folgen, um Druck auf die Regierungen auszuüben, damit ein tragfähige Vereinbarungen verabschiedet werden. Gleichzeitig stellt sich die Frage nach dem Sinn des bevorstehenden Gipfels - wird er doch aller Wahrscheinlichkeit die hoch gesteckten Erwartungen nicht erfüllen.

Am Beispiel Chinas stellt Jürgen Maier die These auf, dass trotz der Zurückhaltung bei der Festlegung verbindlicher Ziele zur Reduzierung von Treibhausgasen China im Bereich der erneuerbaren Energien und der Steigerung von Energieeffizienz ein Vorreiter des Klimaschutzes werden kann - nicht getrieben von UN-Resolutionen, sondern von ökonomischen Notwendigkeiten und Gewinnerwartungen. Der Markt plus aktiver Wirtschaftspolitik und nicht UN-Konferenzen treiben den Klimaschutz voran.

The statement by Chinese civil society groups on climate change¹ is clearly a welcome one: without China the challenge of global warming cannot be solved, and so far there has been no major emitter country where a policy change towards low-carbon development has been possible without active civil society involvement or pressure. The limits of civil society pressure in China are well-known, and yet we also know the limits of civil society pressure in democracies. A democratic country may know no limits to the rights of civil society groups expressing their views, and its government may even proclaim publicly its full support of such civil society pressure, and essentially continue with »business as usual« anyway.

Alas, civil society is not a homogenous entity, but very diverse – any move towards changing something produces countermoves by other pressure groups almost automatically. Changing something as fundamental as lifestyles and the entire setup of an economy in a democracy almost inevitably is a very long and painstaking process. There may be winners in such transitions, but also lots of losers who are using their democratic rights to resist such changes, and of course there is the large »silent majority« that by its very indifference is perhaps an even bigger problem for anyone who pushes for rapid change.

What if China's government would not only allow the »Chinese Civil Society Coalition on Climate Change« to air its views, but also coal miners, autoworkers, would-be car owners etc – the usual »fossil lobbies« we know from our countries? Could we welcome this if that would mean China's transition towards low-carbon development would be blocked for many years – in the face of climate scientists telling us we have absolutely no time to lose? Or does the planet need China's Communist Party becoming an eco-dictatorship?

¹ Chinese Civil Society on Climate Change: Consensus and Strategie, November 17, 2009, EU-China Hintergrundinformationen 14/09.

China on the way towards a low carbon economy?

Fortunately, such questions seem hypothetical for now, but they could arise more quickly than we now believe. China's government seems determined to push for the world's fastest transition towards a low-carbon economy, with climate change probably being not so much the cause but rather the fact that the People's Republic in 2007 became a net coal importer and now faces acute power shortages if previous development trends continue. Meanwhile, China's government and an increasing number of Chinese companies blend the transformation towards low-carbon development and their economic interests in rather ingenious ways. While the government in the UN climate negotiations claims, in accordance with longstanding G77 rhetoric, that it needs support and technology transfer from the OECD countries for this transformation, it is swiftly moving to become the world's renewable energy technology powerhouse. Chinese companies seem determined to dominate the key markets of solar and wind energy technologies. The times are gone when Chinese solar technology was seen as cheaper but low-quality, inferior stuff. More and more Chinese companies establish themselves as innovators on the frontline of technological development, investing enormous amounts in research and development, supported by the government in many ways. German solar companies now claim unfair dumping practices and call for the EU to investigate the possibility of antidumping tariffs. The reality, however, is that European solar companies are increasingly producing themselves in China and other Asian »tiger« economies. More than 60% of the world's PV module production is now located in the Asia-Pacific area.

Does China really need technology transfer?

Indeed: Why should renewable energies be different from TV sets, computers, video cameras, cellphones, refrigerators, cars and so on where China and other Asian countries increasingly dominate as well? The irony is, however, that China and other Asian economies have taken leadership positions in all these markets, both in terms of research and development as well as production, without UN negotiations on technology transfer or OECD financial support. There is no reason to believe why this should be different in renewable energy technologies. The government announced in spring to invest \$440bn in supporting renewable energy development. Much of that support is not only aimed at the domestic energy markets but at gaining sizeable shares in the export markets.

In October, the Wall Street Journal reported that the world's largest windfarm is going to be built in Texas – largely by Chinese investors bringing in the windmills from China. More than 1.5 billion dollars will be invested. The 600 MW-plant is expected to be finished by 2011. At the same time, a team of environmental scientists from Harvard and Tsinghua University has demonstrated that the enormous potential for wind-generated electricity in China has the potential to meet the country's entire electricity demands projected for 2030.

In May, the New York Times reported: »China's frenetic construction of coal-fired power plants has raised worries around the world about the effect on climate change. China now uses more coal than the United States, Europe and Japan combined, making it the world's largest emitter of gases that are warming the planet. But largely missing in the hand-wringing is this: China has emerged in the past two years as the world's leading builder of more efficient, less polluting coal power plants, mastering

the technology and driving down the cost. While the United States is still debating whether to build a more efficient kind of coal-fired power plant that uses extremely hot steam, China has begun building such plants at a rate of one a month.« China seems to be destined to become the world's technology center for energy, and economies such as the USA don't have much time to lose if they want to avoid to replace their dangerous dependence on fossil fuel imports by a similar dependence on foreign renewable energy technology.

The world is not changing by unanimous UN decisions

While the world watches the Copenhagen UN climate negotiations and the enormous difference between the magnitude of the climate challenge and the ability of the world's governments to agree on anything in these negotiations, we may well realize that the world never has been changed by consensus or a unanimous UN decision.

The problem with Copenhagen may well be that it is burdened by unrealistic expectations that it cannot achieve. An economic transformation of the magnitude of decarbonizing the global economy will not be »agreed« by consensus by anybody, not on national level in a democratic country, let alone on international level. It will take place because more and more profits can be made with the future technologies, at the expense of the old technologies. Like other countries such as Germany or Spain, China demonstrates that intelligent government policies can greatly help to create champion companies that are able to establish dominant positions on the world markets for such technologies. They are creating hard economic facts that will seriously punish economies such as the USA or Canada that still are in the grips of yesterday's sectors. Unlike UN conferences the global markets don't know veto rights, and what's even more important: you don't need UN agreements to create such economic facts. The more ahead of the other players you are, the better. Let there be no misunderstanding: China's rapid move to become the world's renewable energy powerhouse is entirely welcome. The cheaper these technologies become, the better – the sooner modern renewable energy technologies outcompete the fossil stuff on the markets, the better. If economies such as Germany or Denmark that pioneered these technologies now face cut-throat competition from companies in China and other countries in Asia, protectionism would be the wrong response. The world needs a race between its best engineers and most efficient producers to phase out fossil fuels as soon as possible. Enormous economic prizes are waiting for the winners, and it is these prizes that motivate the potential winners at least as much as their desire to save the world.

China's economic policies in the energy and research sector in the coming years will be of enormous importance for this transition. They are unlikely to be much influenced by a Copenhagen agreement at all, and – fortunately – they are also unlikely to be slowed down if Copenhagen fails. It is well possible that China's government may avoid the move towards an eco-dictatorship by successfully reaping the fruits of becoming a green technology champion.