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## China's New Climate Diplomacy in the COP16

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Compared to the bleak, frustrated atmosphere in which the COP15 in Copenhagen ended, the COP16 in Cancun closed with a collective sigh of relief from the parties: "the Cancun Decisions saved the climate talks". However, the Cancun Decisions will not save the planet. Based on current reduction commitments, the United Nations Environment Program (Emissions Gap Report, November 2010) warns of a mere sixteen percent emission reduction by developed countries by 2020 (in the best scenario) or even a six percent emission increase in the worst scenario (without offsets) compared with 1990 levels, which could increase the global temperature up to a possible 5 degrees Celsius by the end of this century. Furthermore, many countries within the G77 and China bloc complained that the process replicated the much-criticized secretive small-room meetings seen the year before. But, despite Bolivia's repeated plea that the Cancun agreement was going in the wrong direction, at the end a near consensus was reached on technology transfer and a new Green Climate Fund to help developing countries adapt to global warming. The next COP17 in Durban will further discuss the remaining contentious items in the negotiations. It is not surprising that the posturing and commitments made by the US and China were followed closely during the negotiations as the two major powers are now seen as key shapers of the negotiation's outcomes and our future. It seems that in Cancun, both China and the US got what they wanted and gave only what they were prepared to offer. This article will discuss China's new climate diplomacy in the COP16 and the various efforts that it is pursuing domestically to achieve its own low-carbon development targets. Our assessment is that the new policies and measures that are being carried out by the Chinese government are a continuation of the current high-growth, energy intensive development paradigm albeit with efforts to reduce greenhouse gas emissions through the increasing use of non-fossil fuel energy such as large scale hydropower and nuclear power. CHINA'S POSITION IN THE COP16 China's basic stance in COP16, as expressed by Xie, Zhen-Hua (Vice Chairman of the National Development and Reform Commission) and Su Wei (lead Chinese negotiator) in numerous announcements and briefings before and during the negotiations, was as follows: 1. Reaffirmation of the Kyoto Protocol as the legally binding international agreement in the Convention, of the Bali Road Map, and support to the Copenhagen Accord. This includes the:
- demand that Annex 1 countries have measurable standards of emissions reduction, and

provide support for mitigation, adaptation, technology transfer and finance to developing countries;

- support for the Copenhagen Accord's long-term objectives; - support for developing countries to take measures to adapt to climate change under the prerequisite that they obtain finance, technology and capacity-building from developed countries. 2. Reaffirmation of the "common but differentiated responsibility" principle. 3. Consideration of the right to economic development, poverty alleviation, climate protection, to ensure development rights of developing countries; and reaffirmation of China's sustainability principles which involve environmental protection in economic development. Based on its situation, development stage and capacity, China will take reasonable international responsibility. 4. Demands that Annex I countries commit to mitigation, adaptation, and offer developing countries technology transfer, finance and capacity building. REPORTING AND TRANSPARENCY: MRV OR ICA? One main concern for China is the International Consultation and Analysis (ICA) mechanism, a system designed to measure the efforts of developing nations to combat climate change. The ICA was first discussed at the COP15 in Copenhagen as a formal review process for verifying countries' emissions and actions. It was proposed by India, as a way to bridge the gap between the United States and China on verification, and includes the declaration of emission reduction targets by developing countries and regular reports about how they meet the targets, but without international inspection or penalty for failure to completion. All developing nations would be subject to this mechanism, not just major emitters such as China, India and Brazil. The Copenhagen Accord proposed to establish an ICA system, but did not define how to implement it. During the UNFCCC negotiations in Tianjin in October 2010, China and the US had a dispute over the US interpretation of the Copenhagen Accord and in particular US pressure for developing countries to adopt "measurable, reportable and verifiable" (MRV) transparency requirements in the ICA, which would attach binding obligations to the "voluntary" domestic emission reduction actions of developing countries. The G77 and China understood this move as a way to do away with the Kyoto Protocol and the Bali Road Map, replacing them with the Copenhagen Accord. At the beginning, China strongly opposed the ICA and argued that the Copenhagen Accord lacks the majority support of developing countries and that the provision is unfair to low carbon emitting countries. At the same time, China pushed hard for developed countries to be more transparent in their financial and technology support to developing countries and insisted that the ICA must be pursued "in a manner that is non-intrusive, non-punitive and respectful of national sovereignty." In spite of China's opposition, ICA documents were circulated during COP16 in Mexico at the end of 2010. Other major emitters, including Brazil and South Africa, also opposed

US pressure to provide detailed reports. The Indian Environment Minister Jairam Ramesh mediated and talked to the Chinese delegation in a four-hour meeting to clinch a compromise. The US narrowed the differences two days before the closing of the negotiations and eventually China's main demands -- for transparency in financial aid to developing countries, ensuring transfer of clean energy technology to poor nations and continuing the discussions under the 1997 Kyoto Protocol -- were met. THE CANCUN AGREEMENT AND CHINA'S COMMITMENTS The Cancún Agreement obliged all developing countries to the ICA. Voluntary domestically-financed mitigation actions, domestic laws and implementation timelines will be reported and reviewed in a manner that is non-intrusive, non-punitive and respectful of national sovereignty. Reports will be analysed by experts about the information related to greenhouse gas inventories, mitigation actions, progress of the implementation of mitigation actions, and domestic MRV. The terms of the Cancún Agreement related to finance do not solve the problems that developing countries criticized in the Copenhagen Accord. These include delays in financial support, the insufficient amount plus the condition that developing countries set up transparent mechanisms to obtain financial support. It is not yet clear whether payments from the new Green Climate Fund will be by grant or loan. Many countries are also unhappy that the World Bank will be the Fund's trustee for the first three years. China's announcement of a voluntary commitment to reduce carbon intensity by 40 percent to 45 percent by 2020 compared to 2005 levels was a departure from its previous stance of avoiding specific targets. Together with its decision not to receive any climate funding and its plans to offer financial support to help developing countries, especially small island states and African countries and capacity building to deal with climate change, showed Beijing's new climate diplomacy of leadership. It has set up more than 80 projects in small islands states in Pacific Ocean and has a programme to establish small-scale clean energy projects over the period 2008 to 2013, such as the small hydro-power plant in Fiji. WAS THE KYOTO PROTOCOL SAVED? China considers the Kyoto Protocol as the most important and useful mechanism to identify "common but differentiated responsibility" between developed and developing countries. Together with other BASIC (Brazil, India and South Africa) countries and the G77 countries, China believes that the Kyoto Protocol should be continued with its second phase. Whereas Japan, Russia and Canada refused to make commitments at the beginning of the second week of negotiations, and the US maintained its unwillingness to join the Kyoto Protocol. After COP16, Xie said "China along with other BASIC countries has successfully defended developing countries needs from the US' unreasonable demands" and expressed China's

satisfaction with the negotiation results. Dissenting opinion by analysts points to the fact that the Cancún Agreement upheld and legitimized the 2009 Copenhagen

Accord. Furthermore, they point out that Cancun was a rollback from the spirit of Kyoto Protocol´s principles that developed countries must set binding commitments and not just voluntary mitigation pledges. GREENING CHINA China came to the COP16 with its overall emission reduction and energy-efficiency targets. This was widely welcomed, as a greener and more climate-friendly China could help cool the planet. These targets include: 1. Energy-saving and energy efficiency. China is accelerating the phase out of outdated energy, and has shut down many small factories and power plants which cannot achieve the targets. The closed factories include cement and iron factories. As promised by Premier Wen Jiabao right before COP15, the emission reduction will be 20 percent per unit of GDP every five years, and expected to meet 40 percent~45 percent per unit of GDP reduction during year 2010~2020 compared with 2005 level. (Department of Climate Change, National Development and Reform Commission, et al. "Addressing Climate Change: China in Action 2010") 2. Green energy development including renewable energy, solar power, hydro-power and nuclear. In April, 2010 the amendment to the energy law includes provisions on green energy funds to build and develop renewable energy sources including wind power, solar power, etc. China is now the leader in nuclear power plant construction and has the highest hydropower capacity in the world. Its solar power and wind power are growing significantly as well. (Department of Climate Change, National Development and Reform Commission, et al. "Addressing Climate Change: China in Action 2010") China's energy efficiency and green energy development plans have been inserted in the upcoming Twelfth Five-Year Plan (2011-2015), while the emissions reduction target were announced in the Tianjin meeting. China's targets were noted and praised not only by Chinese NGOs, but also by international NGOs that are monitoring the negotiations. International NGOs and the US groups often cite China's commitments as an important advocacy point to emphasize the US' lack of domestic energy policy and very low targets. What is crucial to point out is that the low-carbon power generation targets will be mainly accomplished by hydropower, wherein targets have increased from 117.0 GW in 2005 to 190.0 GW in year 2010 and will expect to jump to 300.0 GW in 2020. Nuclear power targets are also growing from 7.0 GW in 2005 to 12.0 GW in 2010 and 70.0 GW in 2020; that is from 5.46 percent in 2005 to 13.46 percent in 2020 of low-carbon generation capacity (National Development and Reform Commission, 2010) Citing pressure from the need to reduce emissions, the Chinese government argues that it cannot avoid accelerating hydropower construction, as this is the renewable energy with the

lowest cost. Under the Eleventh Five-Year Plan (2006-2010), only one third of policy targets for hydropower construction have been completed because of environmental problems, including mudslides, sedimentation and environmental system damage. In 2009, there was great controversy about the continuation of two previously suspended hydropower dam constructions, despite the construction companies' failure to pass environmental impact assessments. The reason cited for the continuation of the project was the estimate that the energy lost due to suspension was the equivalent to the entire output of electricity generated by solar power and wind power in recent years. Existing plans to build more large-scale hydropower projects show that dams are still a preferred energy source. In 2020, hydropower will still represent 57.69 percent of planned low-carbon generation capacity. However many problems remain to be solved. Most of the construction sites are concentrated in the south east provinces where there is high geographical vulnerability and abundant biodiversity. Not only are people's houses and land under threat, but the methane emissions produced by rotting biomass in dam reservoirs can outweigh the carbon emissions savings of hydropower. As for nuclear power, China has the world's largest number of nuclear plants, with 13 plants in use. It still has more than 25 nuclear power plants under construction, and is planning to build hundreds more. The construction speed is around 10 plants per year, representing three-quarters of the world's new nuclear power plants in the coming decade, in spite of the three radiation leak incidents at the Daya Bay plant in May, October and November 2010 (New York Times, 16 June, 2010. Also see the map of nuclear power reactors in China: http://www.world-nuclear.org/info/inf63.html.) In August 2009, the Chinese government dismissed and detained the powerful president of the China National Nuclear Corporation, Kang Rixin. A $260 million corruption case involving allegations of bid-rigging in nuclear power plant construction, which have raised a lot of safety concerns. (New York Times, 15 December, 2009) CDM AND CARBON MARKET IN CHINA By the end of 2009, 2,279 CDM projects had been approved by the National Development and Reform Commission, out of which 673 projects have been issued with Certified Emissions Reductions (CERs) as of the end of 2010 and China currently holds 96 per cent of all CERs in the world. Even so, several hydropower and wind power projects have been rejected or revoked due to lack of additionality. The European Commission has proposed to forbid specific industrial greenhouse gas reductions to be included in the EU Emissions Trading System (EU-ETS) from January 2013. These are HFC-23 and N20. Of the total 19 projects with HFC-23, 11 are in China. Apart from the registry problems, it is worth noting that CDM in China includes mega-hydropower construction, which has negative social

and environmental impacts, and accounts for 185 of the 673 CDM. As of 2010, sixty percent of all credited hydropower is in China (UNFCCC, 2010). China has already set up several exchange platforms for carbon trading; the
Shanghai Environment and Energy Exchange, Tianjin Climate Exchange, and China Beijing Environmental Exchange were set up in 2008, with other platforms in Shanxi, Wuhan, Hangzhou, Kunming, Shengzhen and Hong Kong were established in 2009. The global carbon trading market is expected to reach about 3.5 trillion USD in 2020 and China's emission reduction credits account for 70 percent of total sold credit value. Even so, China claims that in reality most of its CDM profit is going to foreign speculators, while the domestic companies only act as brokers and are merely developing secondary carbon products (which also produce profit). Domestic carbon trading platforms have already been established although the details of implementation are still under discussion. The "Panda Standard" specifically designed for measuring China's voluntary greenhouse gas reduction has been introduced to the carbon market. China sees that developing the domestic market could avoid difficulties of CDM emissions reduction certificates being rejected or revoked internationally. Furthermore, trading certificates that say carbon emissions have been reduced is considered to have a lower monetary cost than actually reducing emissions by closing energy-guzzling manufacturing companies or not using coal for energy. To reduce emissions to achieve the 2030 peak emission goal is estimated to cost the Chinese economy RMB 1 trillion annually. IMPROVED NEGOTIATION STRATEGIES, OLD PREFERENCES During the COP16 negotiation, Chinese domestic NGOs and international groups cited the emission reduction efforts made by China as a way of comparing and shaming the US position. China's improved preparation and communication showed its new diplomatic capacity and negotiating power in the international arena. China has repeatedly announced its commonalities with the G77 bloc; however, the difference between China and other developing countries seems to be growing. More importantly, a deeper look into how China implements its green policies shows that is still far from abandoning its business as usual approach. Its renewable energy plans remain focused on large-scale hydropower and nuclear power energy generation, which are promoted with financial incentives including domestic subsidies and the international CDM mechanism. The development of these two kinds of energy will definitely continue despite criticisms inside China and abroad. Regardless of challenges, such as the low revenue from CDM credits, the exclusion of some GHGs in EU-ETS in the near future, and the increasing public awareness of the problems posed against hydropower and nuclear power use, Chinese energy policy emphasizes their

continuation. Although China's leadership role was noted in COP16, the cost of sacrificing people and the environment behind the negotiations clearly shows that saving the Kyoto Protocol is not equivalent to saving our planet.

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