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# **RESEARCH ARTICLE**

# **CLIMATE POLICY MAKING IN CHINA: ECOLOGY VS. ECONOMICS**

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### **ABSTRACT**

Climate Change has emerged as an international problem warranting policy responses from all countries, rich or poor alike. Developing countries face the dual burden of securing ecological health and pursuing economic development. China as one of the leading developing economies today has instituted an elaborate climate change policy. Given China's predisposition towards economic growth and developmental concerns, this paper seeks to analyse the various factors that has helped in determining its climate policy. The paper argues that China's climate policy is not governed by ecological concerns alone. It is rather an array of economic and developmental concerns and opportunities that has provided the leadership with the incentive to initiate climate change policies.

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# INTRODUCTION

Climate change has emerged as an important policy agenda both internationally as well as nationally. Several factors have fostered this development; such as the increasing salience of climate science, a de facto agreement among nations over the imminence of climate change's catastrophic effects, and the ongoing effort to arrive at a common global solution to avert such effects. While the above is has pushed or at least nudged all countries to institute a climate plan, many developing countries are left with a dilemma of choosing between economic growth and ecological security. Countries like China being the largest emitter of GHG and the largest growing economy to reckon with, has thus become the target of intense international focus. China is increasing learning of its vulnerabilities to climatic disruptions and natural disasters in a changed climatic scenario. On the other hand, the primary interest that trains the Chinese political elite's razor sharp focus is undoubtedly economic growth and development. However, faced with the perilous ecological vulnerabilities, the country has sought to institute its own rather elaborate climate policy. China understands the importance of refurbishing its international image and be seen as a responsible power for its own economic and security interests. Climate change offers China this opportunity. Besides, Climate change is also important to be dealt with because it ultimately hampers the country's national interests of resource and economic security among others. This paper is an attempt therefore to understand how China has sought to resolve this dilemma of economic growth and ecological health in the context of climate change.

This will be done by analyzing the various factors instrumental in shaping its climate policy. It therefore looks into the international, domestic and ideational drivers of climate policy so as to understand whether ecological concerns or economic imperatives underline climate policy making in China.

## International pressure and image concerns

China has come to be at the centre of international focus on the issue of climate change owing to its growing GHG emission and the sheer pace of its economic growth. The international community has fittingly recognized the fact that China is the largest emitter of GHG today and that this is likely to continue growing unless it takes effective measure to control its emissions given the rate of its economic growth. Thus, China clearly matters when it comes to climate change. Without substantial efforts on the part of China to limit future CO<sub>2</sub> emissions, any measures undertaken by other countries to address the climate change question will have much less impact. Hence, China's approach to climate change and its role in international negotiations are of critical significance. There has, therefore, been intense pressure on China to adopt binding emission cuts at international climate negotiations. The United States refrained from signing the Kyoto Protocol since it did not warrant any emission reduction commitment from China and other larger developing countries. In the absence of pressures from abroad, it is unlikely that China would have devoted much attention to the global warming question.<sup>2</sup> The COP at Copenhagen in 2009 saw China declaring its intentions to reduce carbon intensity by 40-45 percent by 2020 as a voluntary commitment. China has an elaborate climate change programme which aims at bringing down emissions by reformulating its economic development pattern through the

infusion of sustainable development principles such as circular economy and increasing reliance on renewable and nonconventional energy. More recently, in 2015, the much hyped "US-China Climate Deal" came through with the United States pledging to reduce its emissions by "26%-28% below its 2005 level in 2025 and to make best efforts to reduce its emissions by 28%." China, similarly vowed to "achieve the peaking of CO2 emissions around 2030 and to make best efforts to peak early and to increase the share of non-fossil fuels in primary energy consumption to around 20% by 2030. Both sides intend to continue to work to increase ambition over time." Apart from being pushed into action by international pressure, China's increasing domestic attention to climate change and its international involvement is also motivated by the desire to bring about an image makeover internationally and be seen as a responsible global power. Enhancing China's international image and elevating its international stature are important goals of Chinese foreign policy. On one hand, Chinese foreign policy is premised on independent policymaking and refrains from entering into alliances or strategic relations with any big power or group of nations. On the other hand, China traditionally considers solidarity with developing countries as fundamentally important.<sup>5</sup> Although China always had enjoyed solidarity of views with the developing countries on global environmental issues, the west has observed China rather negatively. Pundits from the West often characterize China as a recalcitrant, non-cooperative actor in the climate change regime. Some even view China as an "environmental bully". Such criticisms seem to have stemmed from frustration that China sometimes held out during the negotiations on certain issues, especially related to obligations of developing countries.<sup>6</sup> Moreover, after the Chinese government's response to democracy supporters in Tiananmen Square in 1989, China suffered diplomatic isolation with most of its aid temporarily cut off and there was a sharp deterioration in Sino-US relations. The climate change issue came into focus at the same time, thereby serving as an ideal tool for China to regain its international position.<sup>7</sup> To achieve this aim, China was, in 1994, one of the first countries to formulate a domestic "Agenda 21," mirroring the UNCED program of action on sustainable development. China also established the China Council for International Cooperation on Environment and Development in 1992 and passed the Air Pollution Law in 1996 accounting for provisions in the UN Framework Convention on Climate Change (FCCC). The FCCC negotiations were high profile negotiations, putting China in the spotlight whenever it took the initiative. Its officials stated that China was a constructive player, citing afforestation and population growth controls as China's contributions to the FCCC effort.8 China's concerns over its international image generally induce cooperative behaviour and contribute to international cooperation.9 The climate change issue has provided an unprecedented opportunity for China to boost its prestige and shore up support from developing countries, and also to enhance its relationship with developed countries.

### **Domestic influences**

Apart from international influences, China's climate policy making is strongly influenced by its domestic concerns. Just as in the case of India, Climate policy making in China concerns not only to the local ecology but the larger questions of energy, security and economic well being. Socio-economic ambition of the country such as human development, employment, human health, etc. condition and guide climate policy decision making. China's grave ecological issues characterized by severe pollution of water and air, widespread deforestation and desertification however befit serious governmental attention.

#### **Political determinants**

Politically, China is governed by a single party which derives its legitimacy primarily by successfully addressing the key political, economic and social challenges faced by the people. Mainly, this has been achieved by maintaining domestic security and an economic growth rate above 7-8 percent per year, keeping inflation low, and reducing poverty. Since 1980, China's economic output has grown by nearly 1100 percent in Purchasing Power Parity (PPP) terms, and the number living in extreme poverty has been reduced by as much as 500 million.<sup>10</sup> However, this incredible economic feat has come at considerable cost to the environment. Demand for water, energy and land has increased exponentially; forests have been depleted, resulting in desertification and flooding; water pollution has increased dramatically; and, of course, all these has led to a diminished air quality. 11 Economic development has caused a set of concerns for the Chinese people in the form of widespread environmental degradation which the leadership must address immediately. Widespread deforestation and pollution of air and water are part of the daily lives in China today. Climate change as an issue of global reach cannot be ignored at any cost as it is only bound to aggravate local ecological concerns along with other catastrophic events. Thus, along with eliminating poverty and improving living conditions of its people, the government now faces an added challenge of addressing environmental issues in order to continue maintaining the mandate of its people. The Chinese leadership understands the centricity of the issue of climate change and has therefore begun taking giant strides in abating its impact and drivers.

### **Economic determinants**

Also, the fact that climate change threatens to hamper China's economic development and growth by weakening its natural resources and adding huge economic losses to its infrastructure makes economic sense to the policy makers to take action against climate change. China has now come to be heralded as one of the biggest economies in the world. It is in China's interest to secure its environment from the impacts of climate change so that it can continue to maintain its ambitious growth rate. Also, the fact that climate change presents an opportunity to diversify its manufacturing sectors into areas such as renewable energy goods, etc., is well understood by the Chinese leadership. In fact, China has become the world's largest producer of solar panels and has more or less captured the market for renewable energy equipments. Thus, both at the level of gaining political mileage domestically as well as capturing new markets, China tries to embrace climate change as an opportunity. Climate policy making in China, therefore, is strongly informed and influences by these crucial economic concerns and imperatives.

### **Environmental degradation and vulnerability**

Environmental issues on their own have emerged as major issues before the Chinese government. Success stories of economic development and growth can no longer eclipse the major environmental problems given the severity of pollution, desertification and water scarcity China faces. The economic costs of these environmental problems have become more apparent as their affects on public health have resulted in growing unease. China's leaders have become more concerned about environmental threats. As a result, protection of the environment and the sustainable use of resources have slowly moved on to the government's list of priorities although they remain subordinate to

economic development. 12 The Chinese leadership also has become more concerned with the vulnerabilities China faces from Climate Change. It commissioned the first comprehensive and authoritative review of climate change in China, the National Assessment Report on Climate Change, published in 2006 by the Ministry of Science and Technology, the China Meteorological Administration and the Chinese Academy of Sciences forecast a range of negative trends, and received considerable attention from policymakers. This was then followed, in 2008, by the State Council's White Paper on China's Policies and Actions for Addressing Climate Change which also adumbrated a number of negative effects and stated that China is 'one of the countries most vulnerable to the adverse effects of climate change'. 13 In 2012, China published the Second National Assessment Report on Climate Change with updated data which expressed grave concerns for China. Climate change as an issue that encompasses all the major environmental problems China faces automatically warrants urgent attention from the part of the Chinese leadership. It has thus become that major plank through which China seeks to address all of its environmental problems through the myriad policies and programmes it has developed.

#### **National Interest**

Climate action is ultimately determined by national interest. There are two aspects of economic national interest at stake vis-à-vis global climate change. The first aspect involves the impact of climate change on China; the second has to do with the costs and benefits of taking domestic actions to limit GHG emissions and of participating in international cooperation on climate change. 14 It was discussed above that the environmental costs of climate change are bound to be heavy for China if not addressed immediately. Ecological vulnerability warrants committed effort in the interest of the nation towards formulating befitting policies and measures to deal with the issue of climate change. This has been a crucial factor in determining action on the climate issue in China. Internationally, as also discussed above, China's interest in dealing with the climate problem lies with refurbishing its image as a responsible global power to reckon with. It is in China's interest to gather the confidence of the international community, developed and developing countries alike for its own economic and political gains. China also understands that climate change has the potential to undermine its long cherished interests of becoming a global economic powerhouse by destroying its natural resource base and crippling its economy. Thus, taking positive action towards curbing its emissions and shifting reliance on cleaner fuel makes both economic and political sense both nationally and internationally. China's climate action is also determined by its national interest to maintain peaceful and tranquil domestic atmosphere. The leadership cannot afford to have a hostile citizenry upon whom its legitimacy and authority ultimately lies.

### **Ideational determinants**

Apart from the above discussed international and domestic influences to climate policy making in china, several ideational principles form the foundations upon which China founds its climate policy. These ideational factors are mentioned in China's climate change programme which suggests would form the major cornerstones around which climate change policies are to be structured. <sup>15</sup> They are discussed below.

# Sustainable development

China seeks to address Climate change within the framework of sustainable development as it is not only the important common understanding of the international community, but also the basic option of all the parties to the United Nations Framework Convention on Climate Change (UNFCCC) to address climate change. <sup>16</sup> China's climate policy is based on the principle of sustainable development as an ideational cornerstone wherein present day utilization of resources does not hamper the needs of the future generations.

### Common but differentiated responsibilities

China's climate policy making is based on the principle of common but differentiated responsibilities. China's National Climate Change program states that since the first and overriding priorities of developing countries are sustainable development and poverty eradication, it will choose to follow the principle of the principle of common but differentiated responsibilities underlined in the United Nations Framework Convention on Climate Change according to which developed countries should take the lead in reducing greenhouse gas emissions as well as in providing financial and technical support to developing countries. The extent to which developing countries will effectively implement their commitments under the Convention will depend on the effective implementation by developed country of their basic commitments.<sup>17</sup> This is to say that China would take necessary actions for the abatement of climate change and its impacts but within the confines of its socio-economic capabilities while stronger actions are performed by developed nations in consideration of their historical responsibilities.

# Equal emphasis on mitigation and adaptation

Taking cognizance of the importance of both mitigation and adaptation in dealing with climate change, China as a matter of principle seeks to put equal emphasis on both fronts of action. To this effect, the National Climate Change Programme calls for strengthening its policy guidance for energy conservation and energy structure optimization to control its greenhouse gas emissions as mitigation efforts. Meanwhile, it also mandates that China will take practical measures to enhance its capacity to adapt to climate change via key projects for ecosystem protection, disaster prevention and reduction and other key infrastructure construction. Emphasising on mitigation aspect also creates room for manufacturing of eco-products, which in the final analysis accrues to dual benefit. China's climate policy therefore is based on a holistic understanding of climate change which seeks to tackle both the cause and effects of climate change.

# Integration of climate policy with other interrelated policies

As mitigation and adaptation measures involve many aspects of the social and economic sectors, China follows a strategy in which policies to address climate change and other related ones are integrated. For instance, programmes such as energy conservation and energy structure optimization are to be integrated with ecological preservation and construction, and overall agricultural productivity advancement. All such programmes form important components of its national climate change policy. <sup>19</sup> China thus seeks to address climate change within the larger context of development and not independently as an ecological issue per se.

# Advancement and innovation of science and technology

Realizing the fundamental function of scientific and technological advancement in mitigation and adaptation to climate change, China places advancement and innovation of science and technology as its core principle in climate policy making. It seeks to focus on developing new technologies for renewable energy and

energy conservation, and promotion of carbon sink technologies and other adaptive technologies. China's national climate change program states that it would aim to accelerate scientific and technological innovation and importation, and to provide a strong scientific support to address climate change and promote the capacity of sustainable development.<sup>20</sup>

# **International cooperation**

Being optimistic about arriving at a global consensus for cooperation and dialogue, China would continue to actively participate in the international negotiations of the UNFCCC and relevant activities of the IPCC. China is willing to strengthen international cooperation of addressing climate change, including cooperation of clean development mechanism and technology transfer, and join forces with the international community to tackle climate change.<sup>21</sup> The above analysis throws light on the important drivers of climate policy in China. It is evident that although climate change is primarily an environmental issue, it has far reaching implications on economic and social realities of societies. These socio-economic concerns add to the urgency which leads countries to take action. China is no exception. Primarily concerned about economic growth and maintaining a dominant global economic power position in the future, the Chinese leadership realises the importance of dealing with climate change head on while also locating room capitalize on it for further economic growth. The above discussion evidently shows that China's climate policy is borne out of ecological concerns but driven by socio-economic imperatives. It is also a product of the deep seated need to refurbish its international image as a responsible country capable of playing leadership roles on issues as pertinent as climate change. Climate change therefore provides China with the unique combination of opportunity and stress, which it has chosen to use for its advantage in more ways than one. It may be an approach which many other countries can learn from.

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<sup>16</sup> Ibid.

<sup>&</sup>lt;sup>17</sup> Ibid.

<sup>&</sup>lt;sup>18</sup> People's Republic of China, NDRC *China's National Climate Change Programme*, 24.

<sup>&</sup>lt;sup>19</sup> Ibid., 25.

<sup>&</sup>lt;sup>20</sup> Ibid.

<sup>&</sup>lt;sup>21</sup> Ibid.