



China's role in advancing global climate policies in the face of a recession

Sustainable Energy- The Next Crisis?

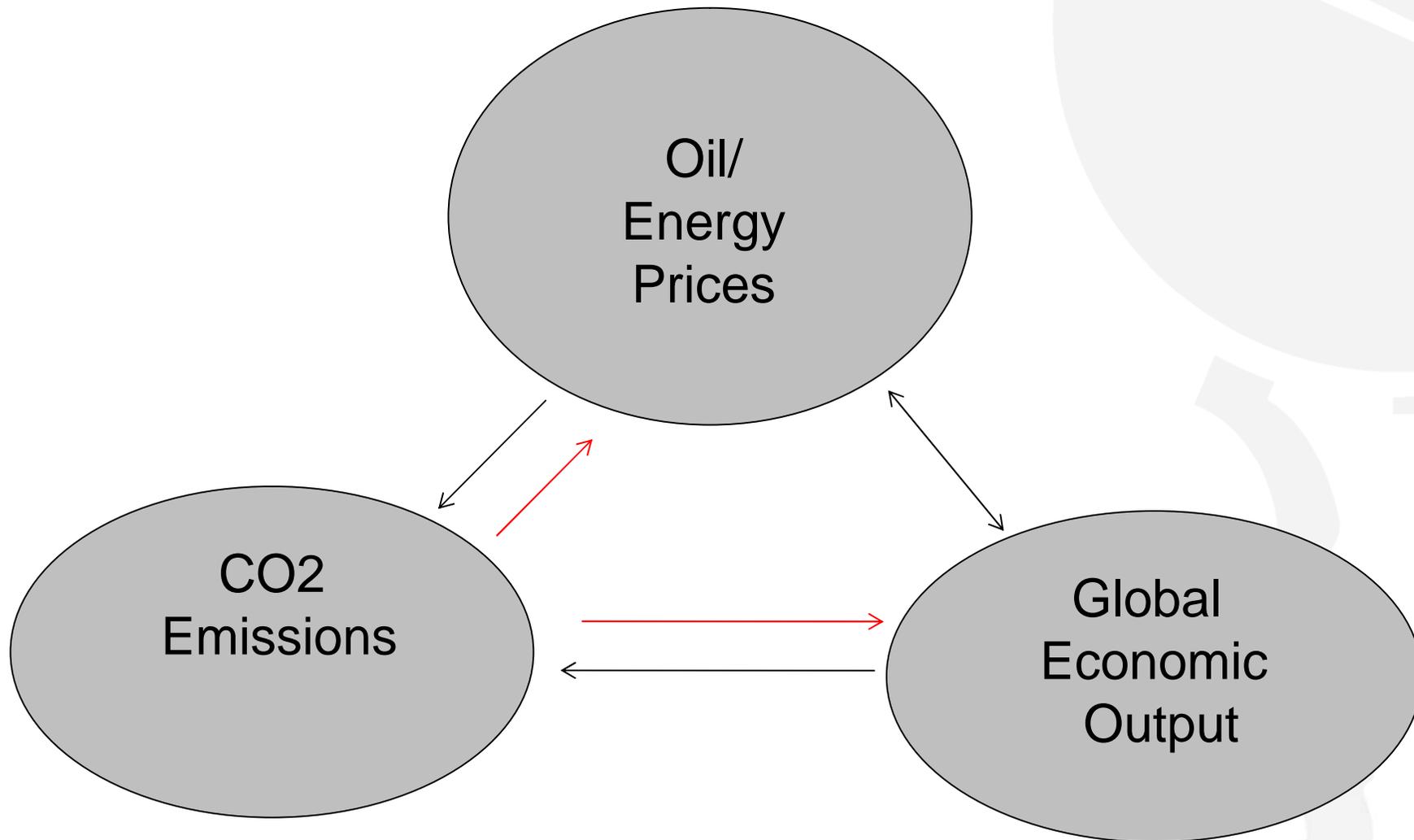
21st September 2009

Antony Froggatt

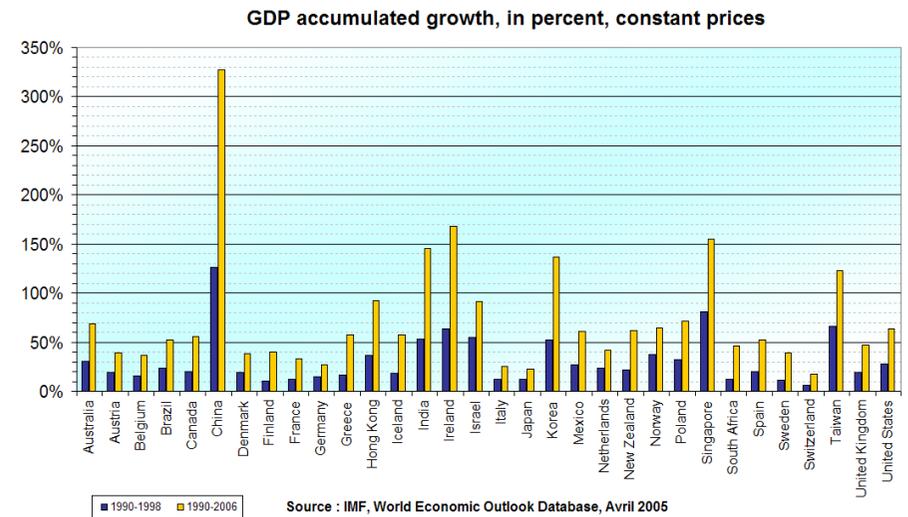
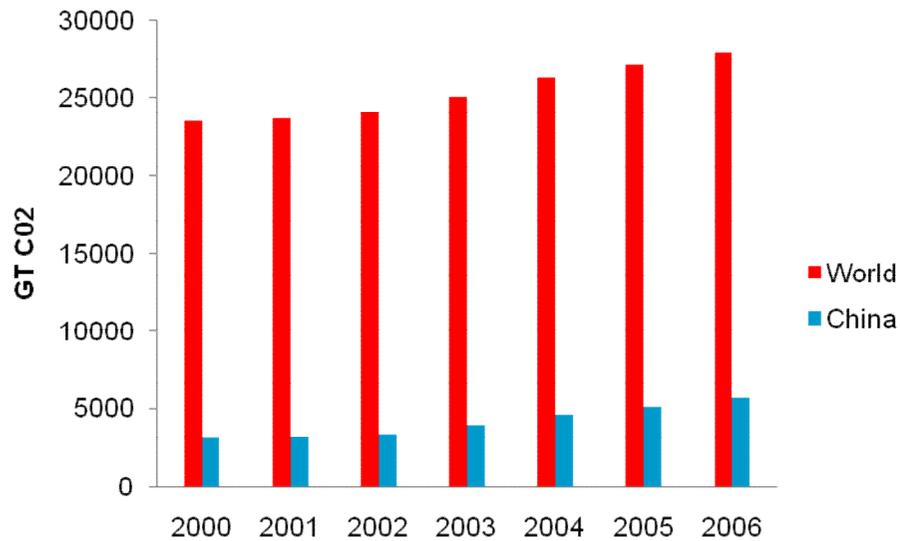
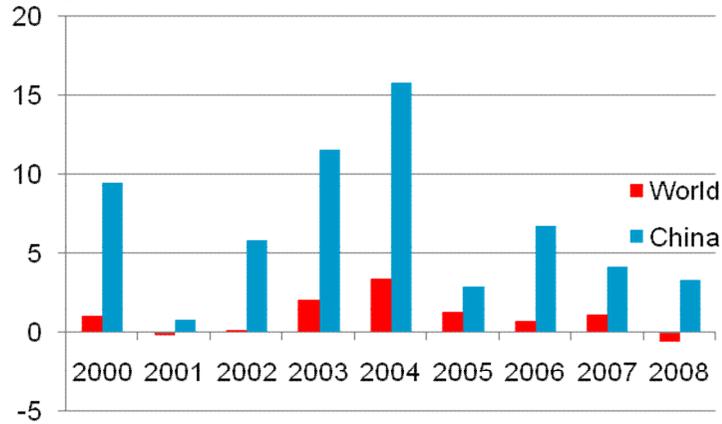
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Key Inter-relations



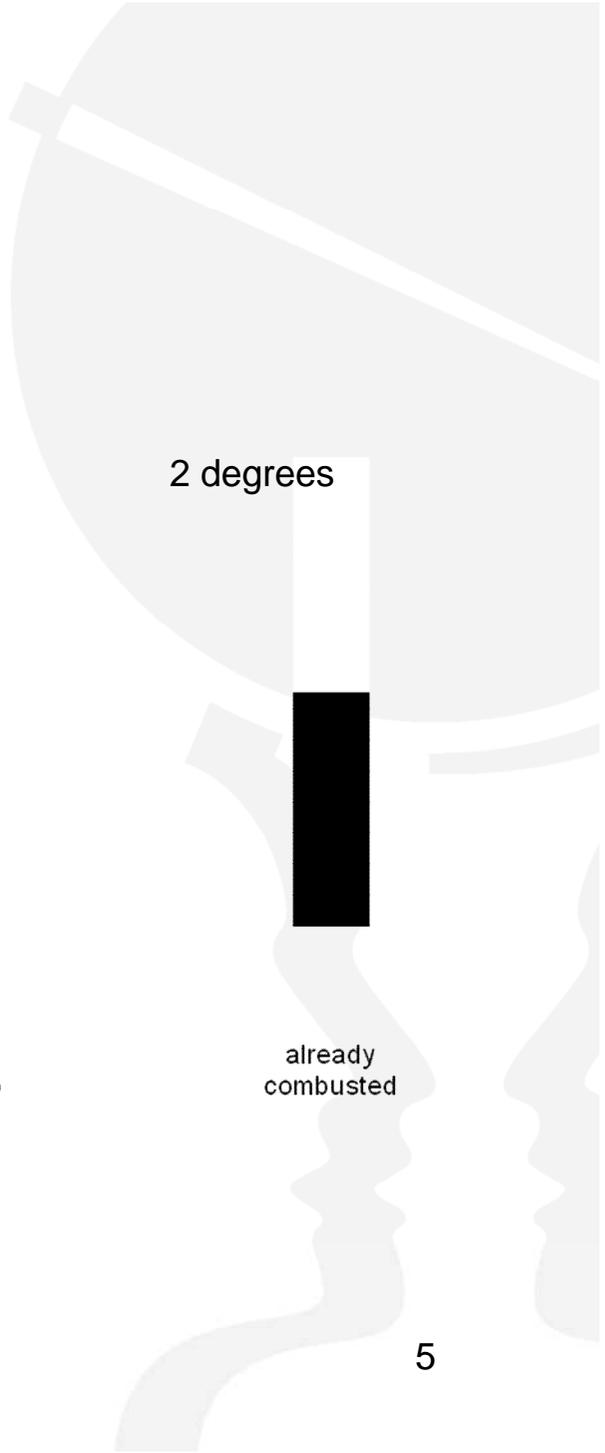
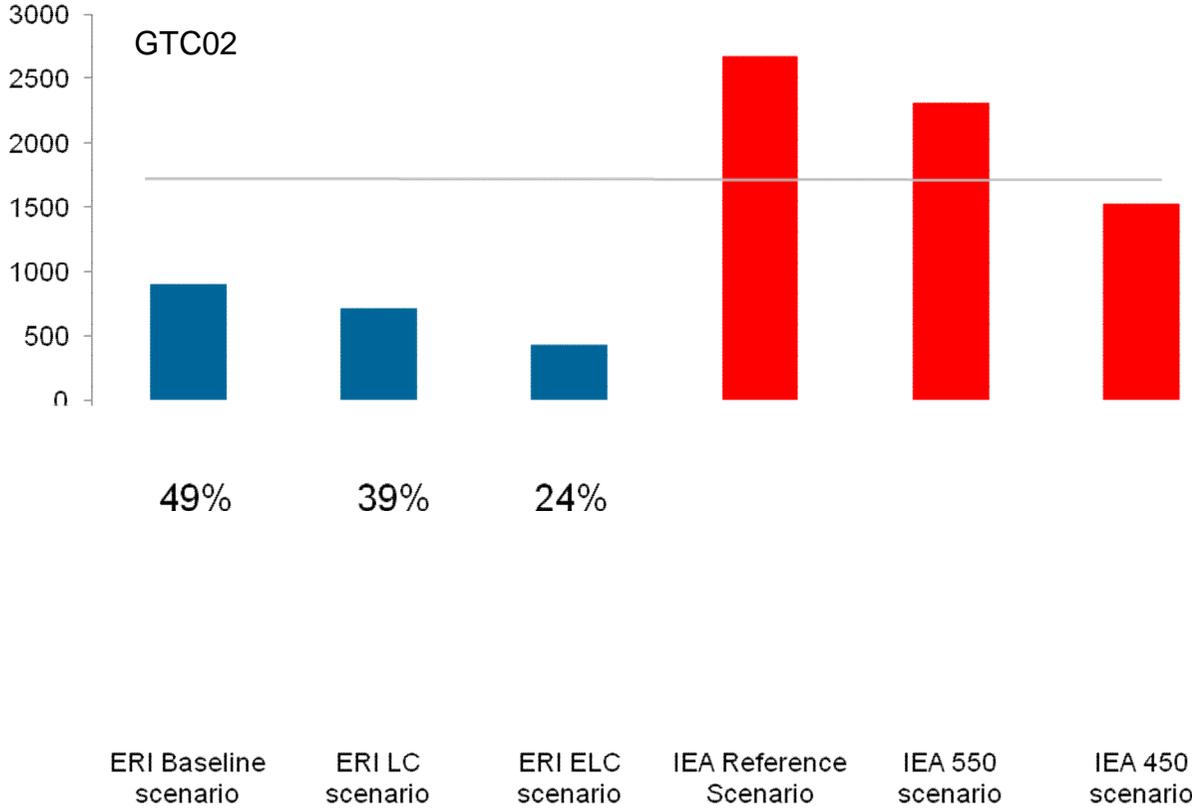
Chinas Impact on Global Energy Price, GDP and Emissions



China's Recognition of the Climate Issue

- In existing policies energy security concern is main driver, but it can bring environmental benefits:
 - Energy efficiency, current plan to decrease energy intensity by 20% in current five year plan
 - Use of renewable energy is increasing: current levels of wind are 12 GW, with proposals to increase to 100 GW by 2020.
 - Nuclear power proposed to go from 8.5 GW to 40 GW by 2020
- Next five year plan may introduce carbon intensity targets for the first time.
- Other purely climate related technology and measures may be more difficult to implement, such as CCS
- Piloting of low carbon economy measures are accelerating on the city and municipal level

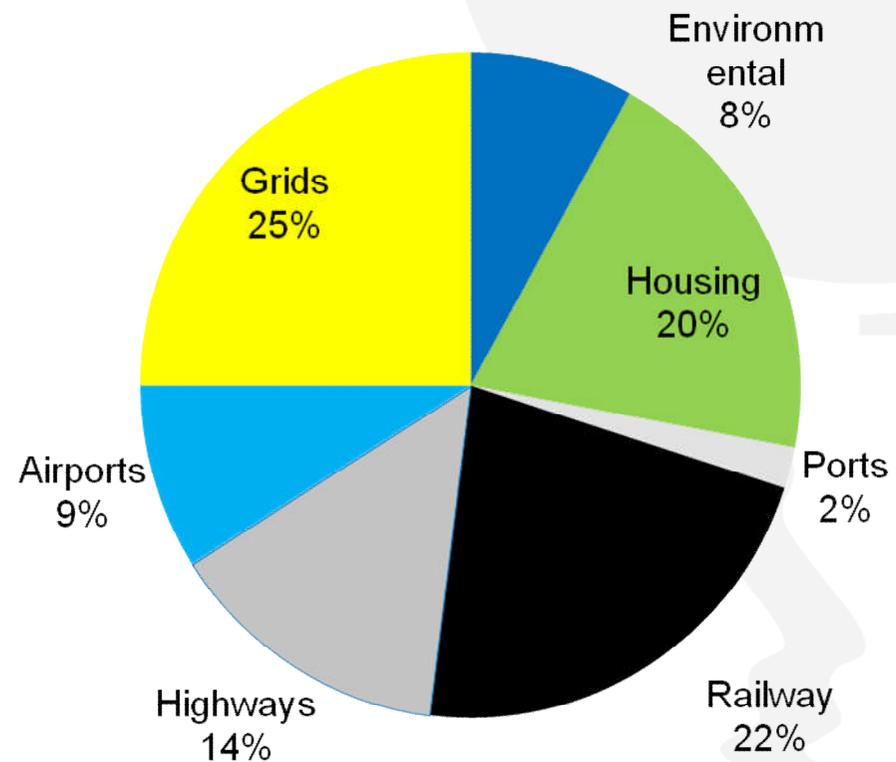
What impact will measures have ?



Chinese Impact and Response to Economic Crisis

- Massive decrease in exports,
- Policy to encourage domestic consumption
- Stimulus package significant infrastructure, not as always as green as reported
- Highlights the importance of avoiding lock in.

HSBC Assessment of \$585 billion Stimulus package



National Technology Developments; International Impacts

- **Renewables:**
- Wind Power: China installed more wind than any country in 1st half of 2009
 - Become a major wind manufacturer
- Solar thermal: Largest producer and manufacturer of solar thermal
- **Vehicles:**
- 2008 manufactured 9.3 million cars, United States 8.7 million. In 2009, China will build 8.7 million to become world's largest manufacturer
 - 50% of cars made under Joint Venture; most are for domestic use
 - Production of electric bikes soared from 200,000 in 2000 to 22 million 2008, electric vehicles?
- **Coal:**
- More IGCC plants than any other country
- China, first commercial scale CCS plant? For domestic or export ?

Final Thoughts

- Chinese energy demand is increasing largely due to rise in manufacturing as a result of domestic and international demand, is this back to BAU ?
- Will global economic recovery further stimulate Chinese economy, energy demand and emissions – and global energy prices leading to downturn ?
- Will stimulus measures be adequate to bend energy/emissions curves?
- Will trade balance put off large scale mitigation finance from OECD countries in China and what impact will this have? – No China no meaningful deal ?