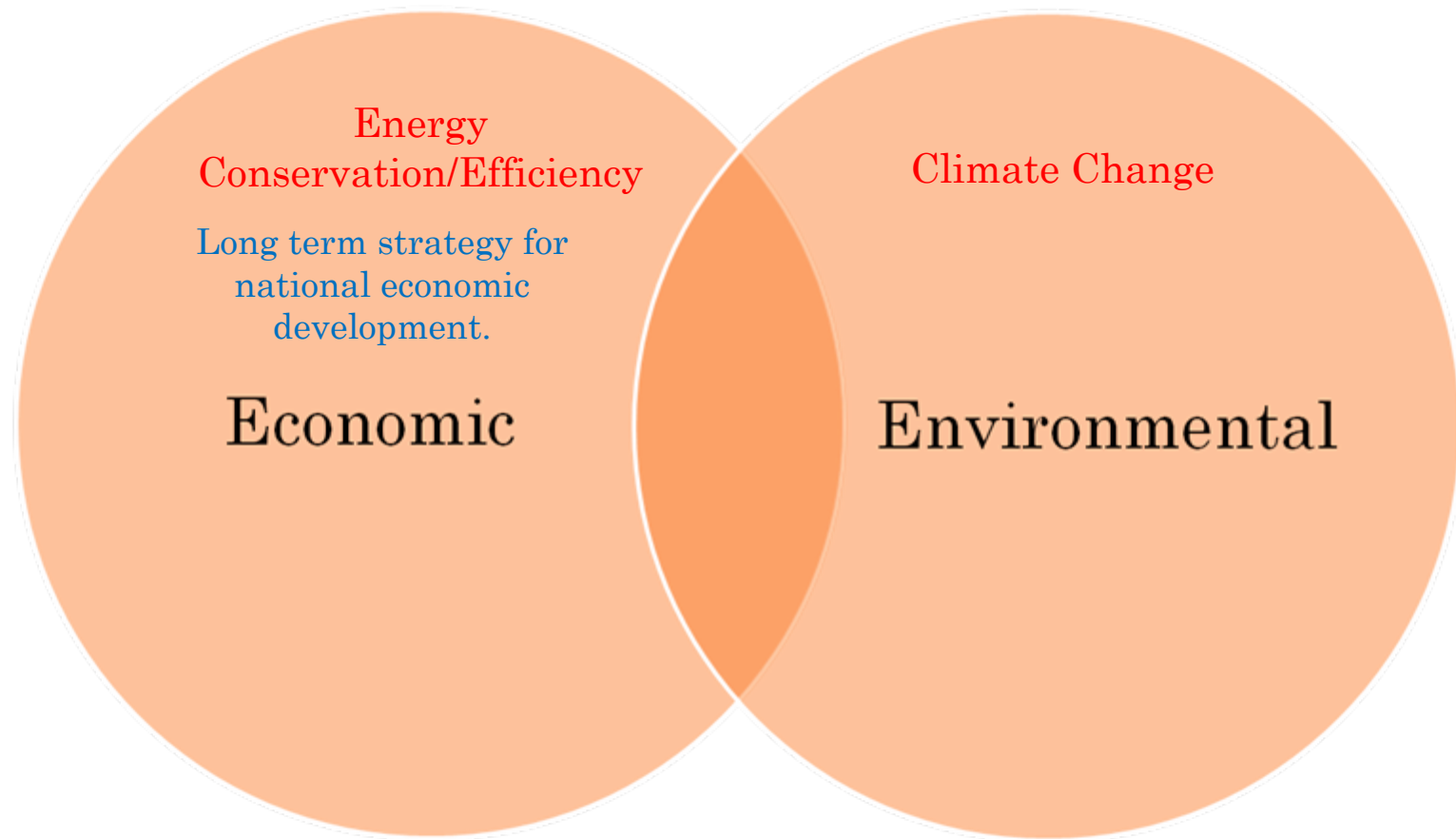


THE PROMOTION OF CARBON MANAGEMENT IN CHINA THROUGH CLIMATE AND ENERGY POLICY

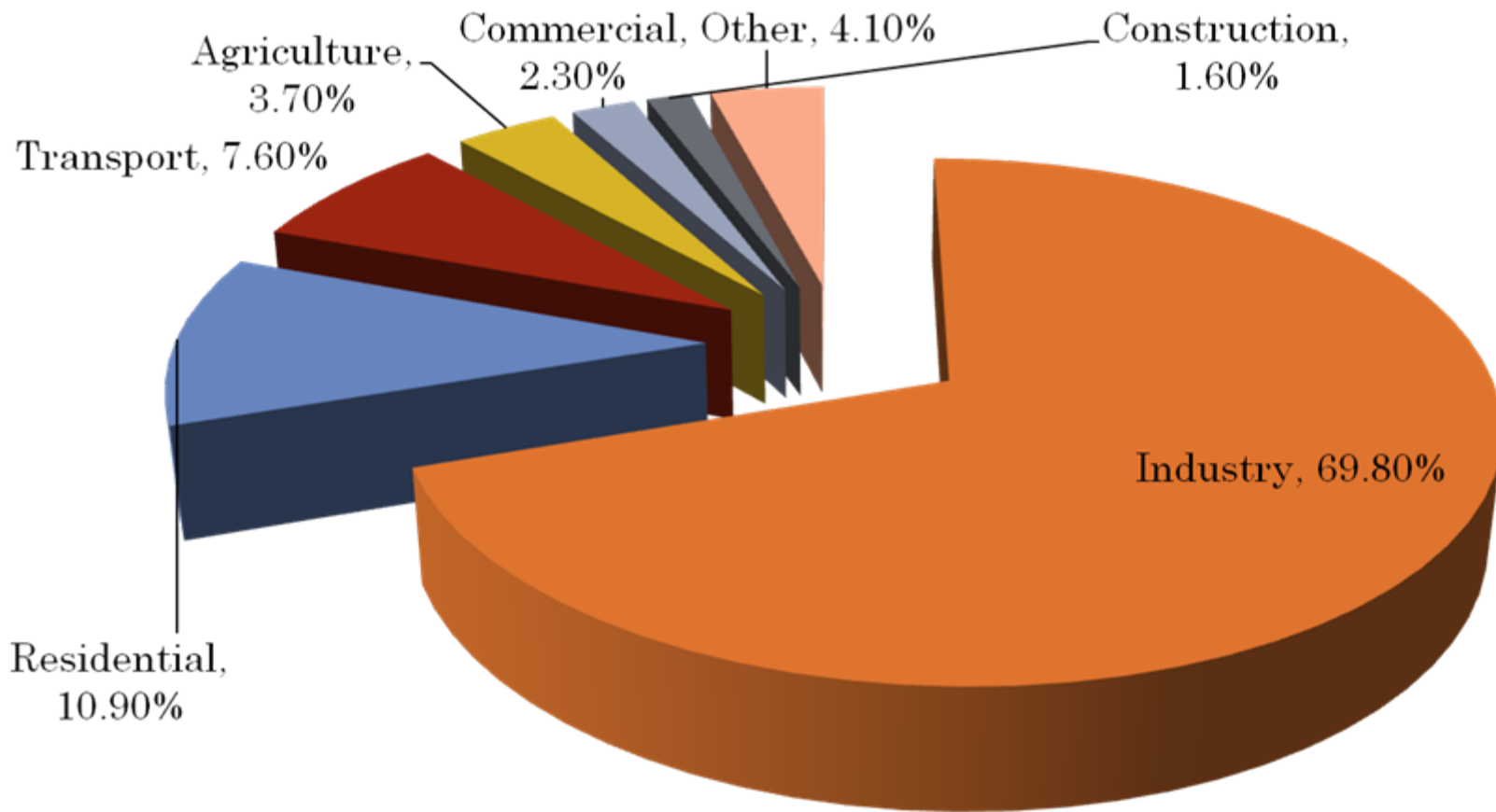
Stephen Tsang

Kadoorie Institute, The University of Hong Kong

ENERGY EFFICIENCY AND CLIMATE CHANGE IN CHINA



SHARE OF TOTAL PRIMARY ENERGY CONSUMPTION BY END-USE SECTORS



Source: China Energy Statistical Yearbook 2006



ENERGY POLICY

1980's

the principle of “equal treatment to development and conservation with immediate emphasis on the latter” is adopted, making energy conservation as a matter of strategic importance in energy policy

1996
1997

Renewable Energy Law (National People's Congress)

Energy Conservation Law (National People's Congress)

2004



China Medium and Long Term Energy Development Plan
Outlines 2004-2020 (State Council)

2006

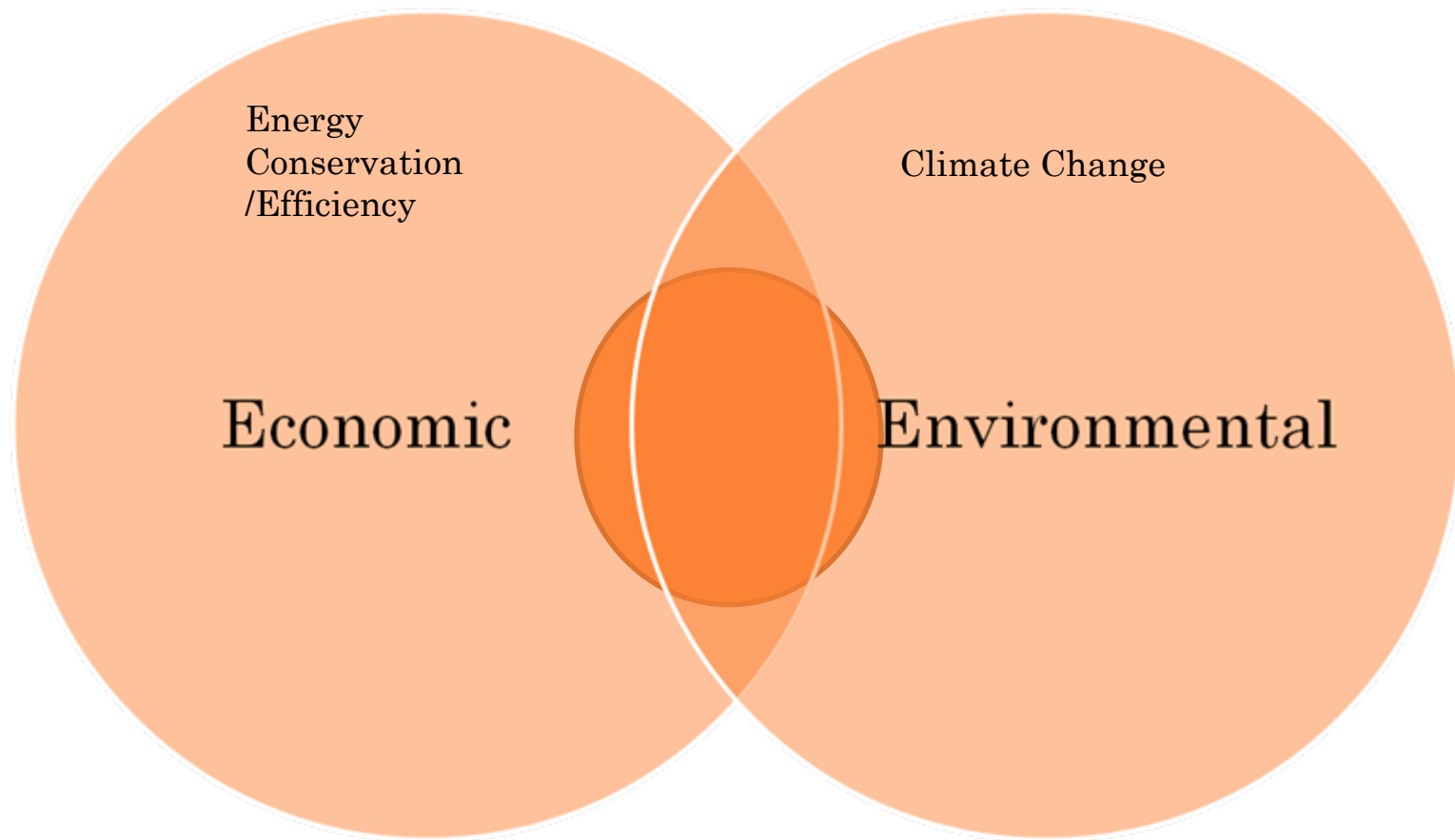
Establishing target-oriented responsibility and assessment systems for energy conservation (involve 1000 major energy-consuming enterprises in energy-conserving actions)



CLIMATE POLICY

- 
- 
- 1990** Set-up of the National Coordination Group on Climate Change, based in China Meteorological Bureau
- 1992** Rio Earth Summit
- 1993** Set-up of the National Coordination Group on Climate Change Strategy (NGGCCS) with office located in the National Development Reform Commission (13 agencies)
- 2002** China rectified the Kyoto Protocol
- 2006** “Climate change” was first mentioned in the 11th Five-year plan
- 2007**
1. Set-up of National Leading Group on Climate Change with office located in the National Development Reform Commission (27 agencies – essentially the same group of agencies as in the National Leading Group on Energy Saving and Pollutant Reduction)
 2. NDRC issued China’s National Climate Change Program
 3. Series of institutional change at local levels

SYNERGY BETWEEN THE TWO ISSUES

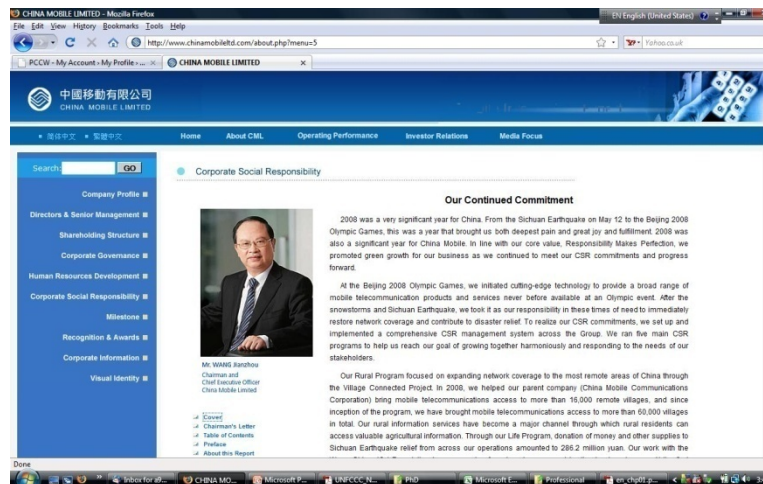


RESPONSE OF CHINESE ENTERPRISE TO CLIMATE AND ENERGY POLICIES

Research:

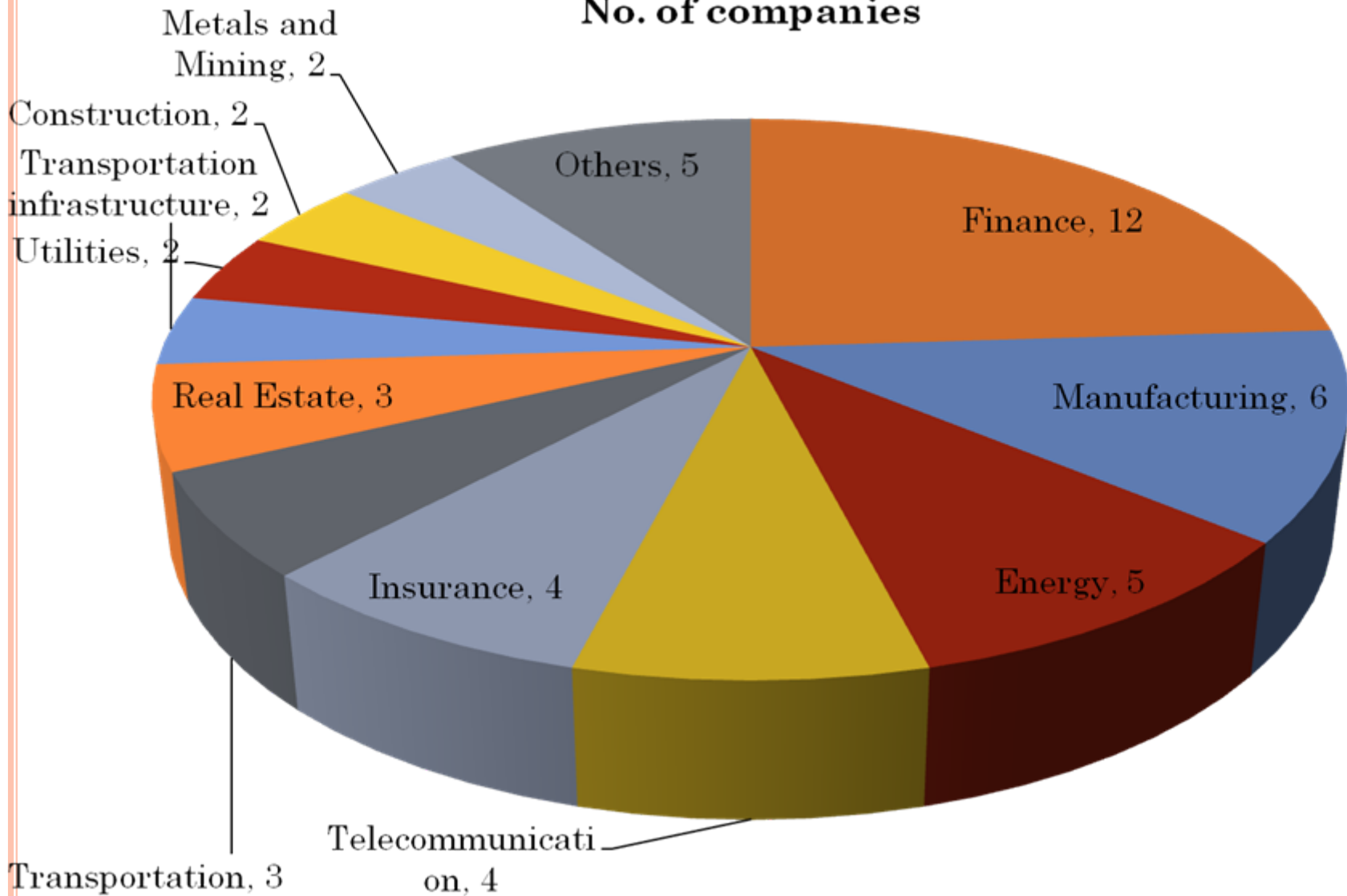
Analysis of 50 largest listed companies in China
(Hang Seng China 50 Index)

Data collection:

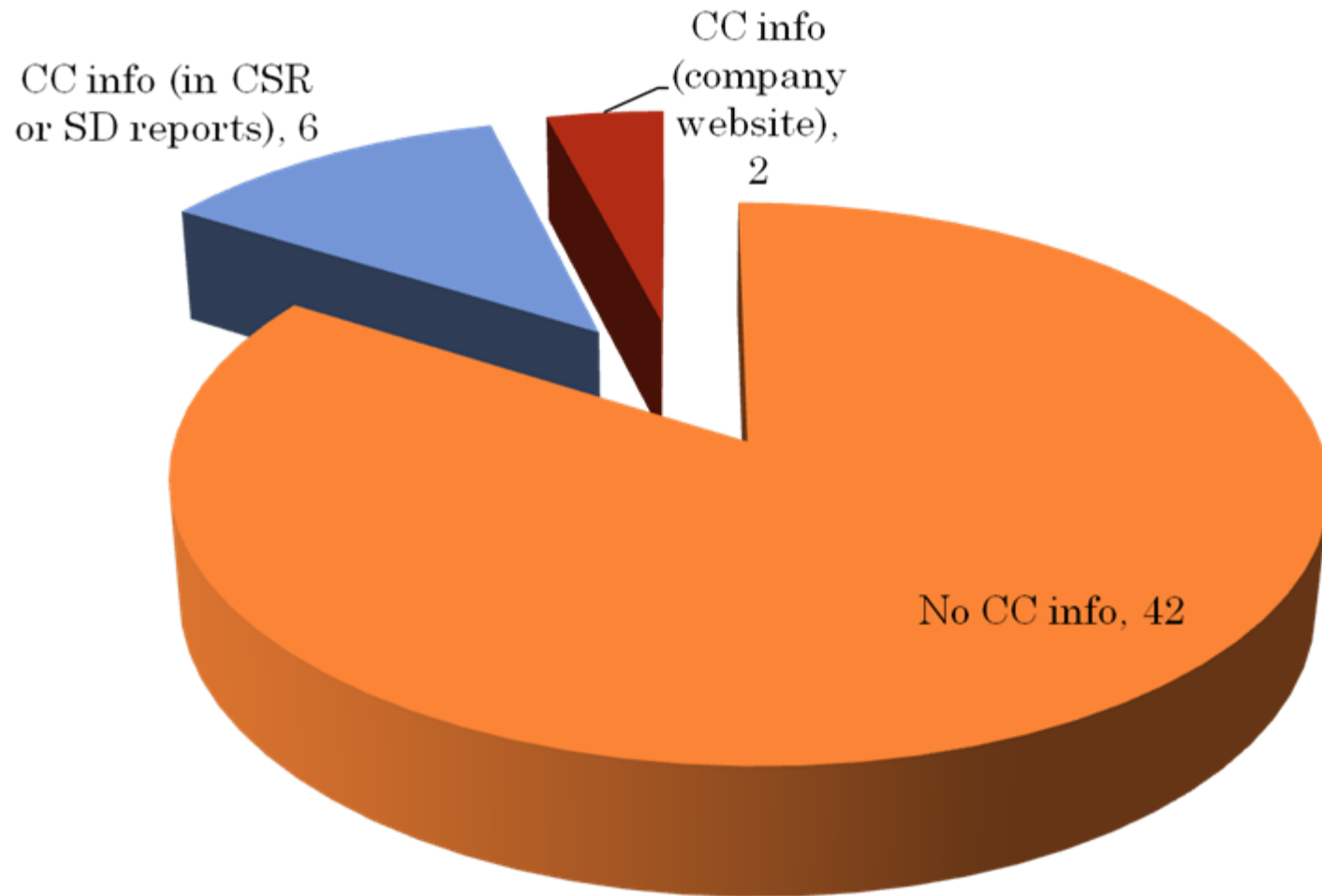


SECTORAL DISTRIBUTION

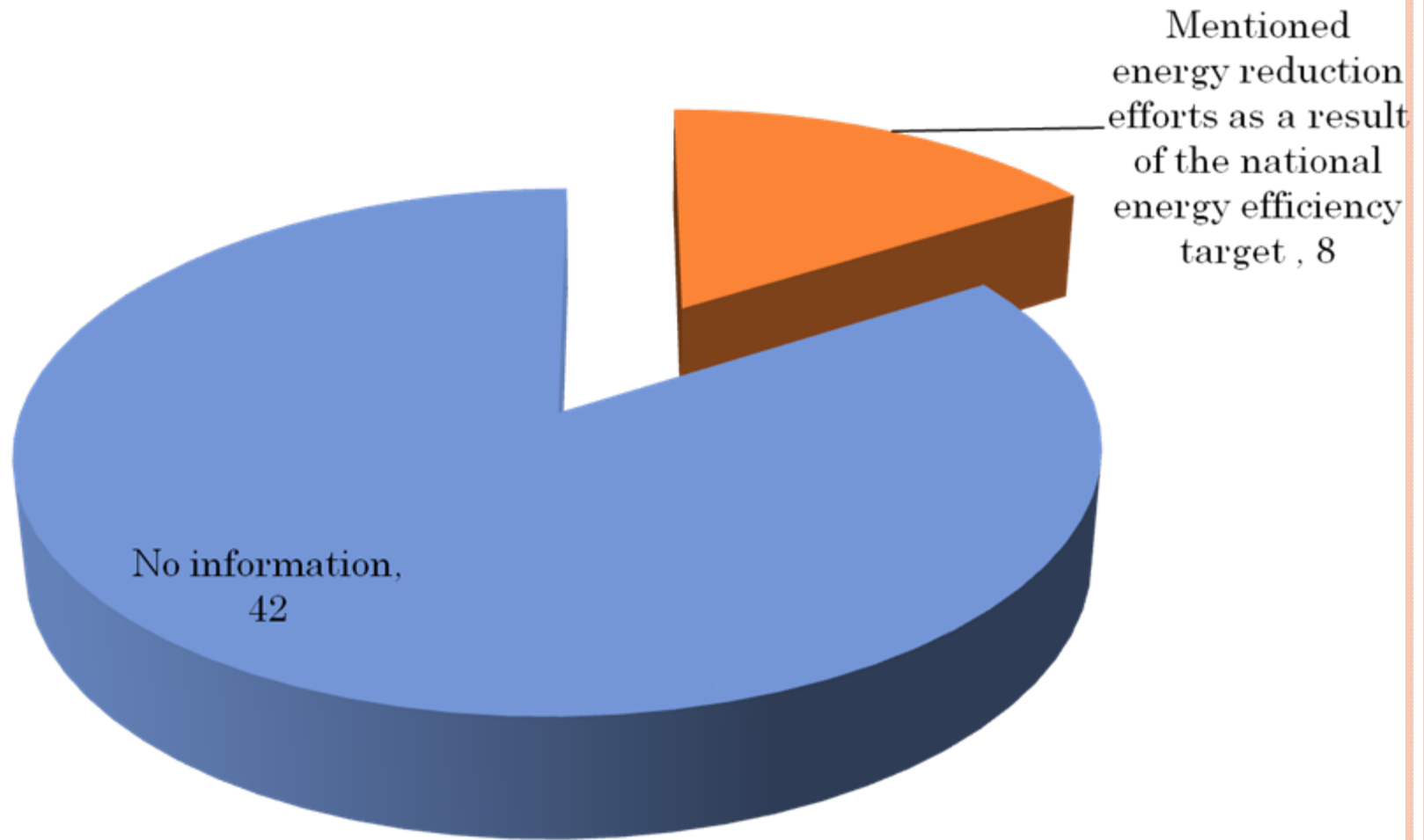
No. of companies



INFORMATION DISCLOSURE ON CLIMATE CHANGE



THE INFLUENCE OF NATIONAL ENERGY EFFICIENCY TARGETS



OBSERVATIONS

- Target-oriented responsibility and assessment systems for energy conservation seems to work effective only on energy intensive sectors, in which most of them are SOEs.
- Other sectors are largely not influenced by the national climate/energy policy.
- Rarely do companies measure/report on carbon emissions.
- Businesses' awareness on climate change issues seems not high.



DISCUSSION

- Target-oriented responsibility and assessment systems for energy conservation also motivate local political leaders to initiate institutional change for climate change issues. How businesses at provincial level are affected are not yet known.
- The availability of such kind of “political accountability system” as a policy tool on influencing businesses depends on the ownership of these energy intensive companies . The State-Owned Assets Supervision and Administration Commission (SASAC) and China's State Council identified seven strategic industries in which the state must maintain "*absolute control through state-owned enterprises,*" and five heavyweight industries in which the state will remain *heavily involved*.
- Other policy measures are necessary to help non-energy intensive sectors and SMEs to manage their carbon footprints. What are your thoughts? (fiscal, market – carbon trading in China, regulatory, etc.)
- What kind of institutional change is necessary to increase the influence of energy and climate policy on businesses?

