

## EVENT

Climate Talk  
Economics  
Climate  
Energy

# China's next Five Year Plan - Towards a Green Revolution?



[1]

With its rapid economic growth and its rapidly growing energy hunger, the People's Republic of China plays a central role in international climate policy. The emerging economy is now the world's largest emitter of greenhouse gases. At least at the national level, the Chinese government has declared its intention to fight climate change. China implemented a series of measures on energy efficiency, energy saving and renewable energies and was able to reduce energy intensity of its economy by 20% in the past five years (according to own data). This is in line with the last five-year plan. The country also is the world's biggest producer of wind turbines and solar cells. But despite these successes and despite still moderate per capita emissions, China's total energy consumption and emissions continue to rise rapidly. Thus, the next five-year plan which lays down the foundations for China's economic and social development for the period 2011-2016 will decide whether China will be able to move away from energy and emissions-intensive growth. Content and implementation of the new Five-Year Plan were the subject of the Climate Talk on 28 March 2011.

The discussion was initiated by short presentations by [Kai Schlegelmilch](#) [2] (FÖS/BMU), [Miriam Schröder](#) [3] (SiNERGi) and [Gudrun Wacker](#) [4] (SWP).

Firstly, Kai Schlegelmilch (FÖS/BMU) explained the cornerstones of

the five-year plan. It encompasses several environmental and economic objectives, including the target of limiting economic growth to 7 % per year and increasing industrial energy efficiency by 19.1 %. For the first time, China plans to introduce market-based instruments such as emissions trading and energy taxes even though deployment of these instruments will initially be limited to testing in some provinces. Moreover, the plan aims at increasing the share of non-fossil energy sources to 11.4 % by 2015. According to Kai Schlegelmilch, many obstacles remain before these objectives can be implemented in practice, particularly with respect to the expansion of the electricity grid.

Miriam Schröder (SiNERGi) discussed China's emission reduction targets. According to the five-year, China plans to reduce the economy's CO<sub>2</sub> intensity by 17% until 2015 (relative to 2010 levels). This is consistent with China's obligations under the Copenhagen Accord to reduce its CO<sub>2</sub> intensity by 40-45 % until 2020. Yet the plan does not include a cap on total CO<sub>2</sub> emissions or energy consumption, and this is hardly conceivable in the foreseeable future. Energy efficiency measures, renewables and CCS will serve to implement the climate policy targets. For the first time, China also plans to create detailed emission inventories. In the next step, the targets must now be broken down to regions. For governors in the regions climate policy presents a dilemma: on the one hand, their success is measured based on whether they have achieved the region's climate and energy goals, on the other hand, they need continued economic growth in order to achieve their other social and economic objectives.

Gudrun Wacker (SWP) emphasised that the Chinese leadership primarily aims at increasing energy security rather than attempting to mitigate climate change with the actions of the five-year plan. The measures should be considered as parts of a larger strategy to diversify energy sources and countries of origin, intended to secure China's supply of energy resources. Secondly, China strives to reach dominance of the environmental technology market in order to consolidate its share of high-tech export products. According to Gudrun Wacker, the government's ultimate goal is to preserve stability in the country, not least by ensuring stable economic growth. When in doubt, the stability target would trump the environmental objectives again. Gudrun Wacker also dampened hopes for a rapid introduction of market-based instruments in China. Massive subsidies for state enterprises are expected to continue.

One of the topics in following discussion focused on the role the five-year plan will play in practice. The speakers argued that achieving the plan's targets generally has a high priority, but that trade-offs between different objectives often arise at the local level. In this case, economic growth usually trumps all other objectives.

To make matters more difficult, disputes over competences often occur during implementation, e.g. between state enterprises and local governments. Nonetheless, success stories exist, e.g. the promotion of solar energy, the program to close the 1000 most inefficient factories and the creation of low emission zones. These regions and cities are expected to develop their own strategies to promote climate-friendly technologies and behavioral change, which - if successful - can then be rolled out to other areas of China. When asked about the implementation of the five-year plan, the experts explained that the plan itself only provides general guidelines. Detailed programmes for individual sectors will now be elaborated in the ministries. Provinces also develop regional implementation plans which are then reviewed by the central government.

Following the discussion, the conversation was continued in a nearby restaurant in an informal atmosphere. Climate Talk is a platform for experts to discuss the current political, legal and economic issues surrounding climate protection. It is convened by [Dr. Camilla Bausch](#) [5] and [Benjamin Görlach](#) [6] of the Ecologic Institute, and [Dr. Susanne Dröge](#) [7] of the [German Institute for International and Security Affairs](#) [8] (SWP).

28 March 2011

Berlin

[Kai Schlegelmilch](#) [9]

[Miriam Schröder](#) [3]

[Gudrun Wacker](#) [4]

#### **Ecologic Related Websites**

- Presentation: Environmental Policy Think Tanks in the EU and USA - How influential? How independent?
- Publication: China's and India's emerging energy foreign policy
- Project: Legal and institutional aspects of the international post-2012-climate negotiations

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