Beyond Reach? Chinese Climate Policy and the Role of External Actors

Science & Pretzels seminar, Australian-German Climate & Energy College, July 22\textsuperscript{nd}, 2015
Core message

Under what conditions are EU-inspired climate policies adopted in China?

• Bureaucratic dynamics mediate the role of external policies, where instruments of coercion or conditionality are not at hand (most literature on policy diffusion through enlargement and neighbourhood)

• EU-inspired policies are adopted if they empower domestic agencies

• Central bureaucratic actor: Chinese National Development and Reform Commission (NDRC)
Structure

- Puzzle and Research Question
- Adoption of EU-inspired Climate Policy
- Bureaucratic Politics in China
- Emissions Trading
- Preliminary thoughts on Australia-China relations
- Findings and Conclusion
Puzzle

Approved Pilot Carbon Trading Schemes in China

Emissions Trading vs. CO$_2$ tax
Emissions trading vs. global deal and emissions caps
Research Question:

Under what conditions are EU-inspired climate policies adopted in China?

Emissions Trading vs. CO$_2$ tax
Emissions trading vs. Global deal and emissions caps
EU Environmental Foreign Policy

• Institutional structure (2005), EU climate diplomacy (2011)

• Multilateral and bilateral high-level meetings, joint programs and projects funded by the European Union (€500m EIB loan), capacity building (CCS, CDM) and delegation visits, coercive attempts (ETS aviation)

• EU environmental foreign policy vis-a-vis China determined by normative commitment, material interest and polity-building (Torney 2012, Romano 2010)
Core Concepts

• **EU-inspired policy**: Policy has been either pioneered by the European Union or where the European Union has a unique and discrete policy approach.

• **EU environmental foreign policy**: Outcome of inter-EU negotiations which is pushed in its relations with third countries.

• **Policy adoption**: Chinese adoption of an EU inspired climate change policy (policy idea), while there may be adjustments in instruments and timeline.
Chinese climate policy-making is informed by a variety of stakeholders, with the NDRC holding crucial power.
Little official information on decision-making processes available:

- Literature review and **70 semi-structured interviews** (timeframe 2003-2013 post government reforms, 2007 as crucial turning point)

- **Questions**
  - EU influence & role
  - Processes of policy adoption
  - Decision-making and institutional structures

- Analysis using **MAXQDA**
CASE STUDY: EMISSIONS TRADING v. CO$_2$ TAX
# ETS adoption

<table>
<thead>
<tr>
<th>Year</th>
<th>Policy Document</th>
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<tbody>
<tr>
<td>2002</td>
<td>Measures for the Administration of SO$_2$ Emissions trading (a trial version)</td>
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<td>2006</td>
<td>11$^{\text{th}}$ Five Year Plan (2006-2010), NDRC, 2006</td>
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<td>Introduction of ambitious energy intensity targets</td>
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<td>2008</td>
<td>Voluntary Trading Schemes, Shanghai, Beijing, Tianjin</td>
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<td>2011</td>
<td>Approval of Pilot Emissions Schemes by NDRC: five cities (Beijing, Tianjin, Shanghai, Chongqing and Shenzhen) and two provinces (Guangdong and Hubei)</td>
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<td>June 2013-2015</td>
<td>All ETS start operation</td>
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<td>2017-2020</td>
<td>Planned: Improvement Phase, commencement of national carbon trade system</td>
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<tr>
<td>2020</td>
<td>Planned: Full Trading</td>
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Consequences for EU-China relations?

• Policy Areas
  – EU has something to offer that China cannot yet supply itself (reforestation, natural flood risk management, allocation methods for emissions reductions, coordination mechanisms in a devolved system...)
  – Public communication, use of social media

• Instruments
  – Bilateral dialogues, technology transfer
  – Invest in understanding the Chinese decision-making process, embedded work exchange
  – Study tours, socialization of Chinese policy-makers
  – long-term personal relationships/guanxi development
Testing hypotheses for Australia-China relations

1. What is the relative role of external actors, specifically the EU and Australia, for Chinese climate policy adoption?
2. What was the impact of trilateral relations in the past decade on Chinese climate policy adoption, considering Australia’s strategic change in climate policy?
Comparative case of Australia

• Similarities with the EU
  – Development level
  – Distinct approach on CPM (until 2014), Direct Action
  – CCS and domestic disenchantment

• Differences
  – Coal dependency
  – Geographical Vicinity – highly developed bilateral relations
  – Funding levels
Conclusion

• Frames of climate change have been aligning – climate security / vulnerability

• Turf competition (mostly over access to decision-making and control, not budget) around NDRC characterize climate policy adoption and mediate EU climate policy promotion

• The EU plays the role of an agenda-setter:
  – Actively: capacity-building through financing demo/pilot projects, study tours, personal interactions (longterm professional relationships/guanxi)
  – Passively: as a model
Thank you very much.

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