

## Towards a Low Carbon Economy in China

<b>Countries/Region:</b>	China
<b>Project name:</b>	Research and Forum on Economics of Climate Change: Towards a Low-carbon Economy in China
<b>Partners:</b>	Chinese Economist 50 Forum (CE50), China; National Economic Research Institute (NERI), China; Potsdam Institute for Climate Impact Research (PIK), Germany
<b>Funding:</b>	Shell Limited, China; Swedish Government through Ministry of Environment (Regeringskansliet, Miljödepartementet); Rockefeller Brothers Fund, US; Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), Germany; The Secretary of State for Environment Food and Rural Affairs (DEFRA), UK; The Generation Foundation, US
<b>Duration:</b>	October 2007 – November 2009

### Background

China's economic reforms over the past three decades have resulted in the fastest economic growth in the world. China's policies have helped reduce poverty and raise standards of living for many of its people. But this growth has come at high and escalating environmental costs – for the country itself and increasingly for the global community.

Domestically China faces increasingly severe climate change impacts and the unsustainability of China's economic growth path, in combination with alarming evidence of rapid climate change, has led Chinese leaders to seriously consider how the country could move towards a low-carbon economy in the interests of both China and the world.

The concept of a "low-carbon economy" is only beginning to take hold in many OECD countries, and China knows no more than any other country on how low-carbon development can be pursued. The transition to a low-carbon economy will most likely require a massive undertaking on the Chinese side, with sweeping changes in domestic policies, technology development and international cooperation. What is known is it that no other country can provide a blue print for how the transition should be managed and that finding the pathway to a low-carbon future will most likely involve thinking well outside of the box.

### Objectives

With the purpose to provide evidence-based analysis in support of policies for a low-carbon economy, SEI and Chinese Economists 50 Forum (CE50) teamed up to establish a forum and research project named the 'Economics of Climate Change – Towards a Low-carbon Economy in China'. Based at SEI Stockholm, the projects draws on expertise from our SEI centres, as well as colleagues at Potsdam Institute for Climate Impact (PIK), Tsinghua University and the Stern Team of the Department of Energy and Climate, UK.

### The project has three overarching goals:

To mainstream climate change onto the policy agenda of the Chinese government by shifting the focus from a reactive position ("can we afford the mitigation and adaptation



costs?"), to an opportunity driven position ("can we afford not to take part in a low-carbon economy development" agenda?).

To promote collaboration between China and international partners to mitigate climate change through development of a low-carbon economy concept and to cooperate on adaptation strategies.

To explore long-term opportunities to develop the Forum into a global platform for collaboration on low-carbon economic development between developing and developed countries, in which China would play an important role.

### Process

The initiative is built around a core team of ten leading Chinese economists involved in China's economic reform policies. It also includes ten international economists with influence on climate change policies at the global level and with experience of China's macroeconomic and financial structure.

Having started in February 2008 with a brainstorming session to form a research agenda, a year of international collaborative research on a handful of key issues resulted in 13 actions-oriented background papers. The research findings were discussed, reviewed and disseminated at a

Global Forum in Beijing in September 2009, which hosted a number of prominent world wide economists and covered a wide range of aspects of the economics of climate change. In response to the background research and the Global Forum, a set of recommendations have been formulated for the Chinese government.

#### Outcome

The findings of this project, which blend academic research within a policy context, explores options for an alternate low-carbon development path for China. The project hopes to both shed light on and further the understanding of crucial issues related to international cooperation on climate change. Some of the original findings of the project include:

Suggesting a new regime for country level cooperation that allows for more flexibility than the current cooperation mechanisms between developing and developed countries, and is focused on the economy-wide effects of climate mitigation projects.

Introducing a consumption-based emissions concept where factors of investment, trade and social well-being are comprehensively covered.

Projecting emissions and proposing a new plan for international climate cooperation.

#### Publications

A compilation of the background studies carried out within the scope of the project, tentatively titled '*Economics of Climate China – Towards a Low-carbon Future in China*' will be available through EarthScan in early 2010. The compilation includes the 13 background papers carried out within the scope of the project, which all address various aspects of China's low-carbon future.

A comprehensive action-oriented synthesis report on how China can accelerate its current low-carbon modernisation will be published in November 2009. The Synthesis report summarises the research achievements of the project, sets to contextualise China's climate challenges, and to contribute analysis on the feasibility and policy options for China to embark on a low-carbon economy.

Background papers provided by: Stockholm Environment Institute (SEI); Potsdam Institute for Climate Impact (PIK); the Stern Team; the National Economic Research Institute (NERI); Institute of Labor Economics of the Chinese Academy of Social Science (CASS); Tsinghua University; and Peking University. Synthesis drafting team: Led by Karl Hallding, SEI China Cluster



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