

## Who Pays for Carbon on 'Made in China' Labels?

IPS, 11 December 2007 - Standing on the brink of a year when its capital hosts the much-proclaimed 'Green Olympics', China is anxious to present a constructive presence at the United Nations climate change conference underway in Bali, Indonesia.

Unlike in the past, when the country defended its poor environmental record by simply shifting blame to industrialised nations for the buildup of greenhouse gases (GhGs) in the atmosphere, China leads developing nations in demanding that the developed West subsidise efforts to contain climate change.

With its juggernaut economy China is believed to have surpassed the United States as the world's top emitter of GhGs, that cause global warming. Under the current climate-change treaty -- the Kyoto protocol that expires in 2012 -- developed countries have mandatory targets for emission reductions while emerging economies like China and India, are exempt.

At the Bali conference, which represents the first round of negotiations aimed at hammering out a new pact to succeed the Kyoto protocol, Beijing has expressed support for an international treaty on climate change. The Chinese delegation has used the Dec. 3-14 meeting to demonstrate the country's new pro-active attitude in fighting global warming.

A "China-in-action" booth erected by the delegates to the conference has been showcasing recent policies adopted by Beijing to address climate change. Chief among them is China's pledge to improve its energy efficiency by 20 percent and boost the use of renewable energy to 10 percent of its total by 2010.

The booth also puts on view Beijing's most recent decision to include environmental protection and carbon dioxide CO<sub>2</sub> emissions as criteria in work assessments of government officials at various levels. For years, Chinese bureaucrats were appraised mainly on the basis of their abilities to deliver high economic growth.

"China is acting," Su Wei, a member of the country's delegation to the Bali conference, told a side-panel on China's cooperation with the U.N. "We will do what we should and what we can".

China has persistently rejected mandatory emission cuts, arguing that it needs to grow its economy to eradicate poverty and deliver prosperity to its 1.3 billion people. It had instead pointed finger at the U.S. and other industrialised nations, saying they produced 77 percent of total CO<sub>2</sub> emissions from 1950 to 2000 and they should shoulder the burden of fighting global warming.

But at the Bali conference China has shifted stance. The country's delegates have pledged that Beijing would work towards controlling its GhG emissions, provided the developed countries agree to technology transfers and financial incentives.

"The key issues at the (Bali) meeting should include not only the question of emission reductions, but also technology transfer and the financing of developing countries," said an editorial in the official China Daily on Dec. 9.

The Chinese delegation has put forward a proposal for the establishment of a "mitigation fund" under the umbrella of the U.N. that would pull out funds to help developing countries pay for clean-power technologies.

Su Wei told the Bali meeting China has much higher expectations in technology development and transfer than what it currently possesses. The country has scarce natural resources but is tasked with increasing production for the world markets.

"Because of this China has an enormous task of deploying clean and carbon-less technologies and know-how for energy efficiency, renewable and nuclear energy," Su was reported saying.

China's new focus on technology and funds has been boosted by recent studies, which say nearly a quarter of the country's carbon emissions are created by goods manufactured and exported to Western consumers.

Research by Britain's University of Sussex, published recently, provides evidence that industrialised countries were historically responsible for much of CO<sub>2</sub> in the atmosphere and may also have responsibility for driving the rapid growth in emissions from countries in the process of industrialisation, like China.

Beijing has commissioned its own study into the effect of "Made in China" carbon footprint on the country's overall emissions.

"'Made in China' is not at all the chief culprit in driving energy prices as some have been arguing," says Chen Ying who works on the project with the Centre for Sustainable Development under the Chinese Academy of Social Sciences.

"On the contrary, our initial research suggests that China's manufacturing has been helping developed countries to reduce their emissions. China is in fact, using its own energy to subsidise the consumers of the West," she says.

The rise of new awareness about the many facets of China's carbon footprint has been greeted here with a relief. The country has been under increasing international pressure to act on its environmental record, in particular, on global warming. China relies for two-thirds of its energy on dirty, polluting coal and has some of the most contaminated air and water in the world.

But Chinese participants in the Bali conference have decided not to use the argument of China being the "factory of the world," to advance their demands.

"Linking policies on climate change to international trade may be dangerous because it could lead to trade barriers," Li Liyan, a member of the Chinese delegation told the China Business News.

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