



China Carbon Forum | 中国碳论坛

An independent platform to foster trust and cooperation among China's stakeholders for climate action

Interview with Ms. Wu Changhua, 9th July, 2015

China Carbon Forum recently met with Ms. Wu Changhua, the Greater China Director of The Climate Group. A China specialist for nearly twenty years and an environment and development policy analyst, she leads the organization's strategic development in the region and manages its greater China operations. We get her view on China's recent INDC announcement, its role on the global stage of climate change negotiations, and the important work that her and her colleagues are doing. We hope you enjoy the interview.

So last Tuesday China submitted to the UN its INDC. Given the need to keep the global temperature rise to under 2° and the mixed response that the 60 to 65% carbon intensity target has received, do you think that China is doing enough?

I think "enough" is a sort of tricky word. I think you have to use the word and put it in a context. There are different scenarios done by different research institutes like International Energy Agency, MIT, and others, and they're all scenario-based analyses. And if you put the 60-65%, the commitment actually, in the context of those analyses, you have to admit 'yes, definitely China definitely is on – they call it - the sort of accelerated efforts, sort of track, there. So in that sense, I see yes, it's a very ambitious commitment, it's definitely, you know, China is seriously considering taking on its own responsibility to tackle the climate change issues. So yes, absolutely, I wouldn't say adequate or enough but I think it's very ambitious.

You think it's very ambitious even given the previous 2020 target for 40-45% carbon intensity, which China looks set to be very much on course achieving and then bearing in mind from 2020 to 2030 it's...

No, no, no that's a good point actually. See let's put things in perspective. We started the 11th Five Year Plan we set a 20% energy intensity target between 2010 and 2005. Then came the financial crisis but we managed to achieve 19.1% and so we didn't really achieve 20 but we were not too far away from there. Then build upon that, actually getting into the 12th Five Year Plan. So we had two tracks of intensity target: one is energy and one is carbon. That's also set in line of the 2020 commitment China has set in Copenhagen which is a 40-45% over 2005 level. So as you've said actually I think so far, again there are different assessments about

whether how China is on the track, and how far China is going to be going. And again actually, you're referencing some mainstream research results, so it's been assessed by both Chinese scholars and American scholars. The American scholars' research is basically saying China probably will be achieving somewhere around 53%, which is great. And Chinese scholars, actually the conclusion says China should be around like 50%. So they are pretty much aligned there already, so that's sort of leading up to 2020. So it's a 40-45%. If we achieve the 50% that's 50% over 2005 level and I think we are on the track. Then build upon that, and then we set this further, we set this 60-65% leading up to 2030. You need to keep in mind, basically saying when you have lots of low hanging fruit it's cheaper, it's easier, right? So that's why we could achieve more earlier stage. But when you get higher and higher, because you don't have so much low hanging fruit around and the cost, actually, would be much, much higher and the technology level required to capture those potential would also be complicated. So again actually, I like to put things in perspective when you talk about these numbers. So put that in perspective, as I said. One, the current assessment led by IEA and MIT basically saying China current commitment actually, of the 60-65% definitely is on the accelerated, the most aggressive, actually, scenarios. China is definitely on that. And then, as I've said, we've started in the last ten years already; we've been making efforts towards getting higher and higher energy efficiency and carbon productivity there. So I think yes, we are also on the track, even though we achieve 50%. So by 2020, still when you take, say, going up to [60-65%] that requires lots of efforts, requires more investment, requires more technology import, whatever stuff like that. So if you put things, all things, in that landscape, and you probably will get a very good understanding in terms of how serious the commitment is and the determination, the commitment actually made by the government already, and definitely that's in line with the global effort addressing climate change issues.

Thank you. Taking a sort of step back, perhaps, you could say. Many analysts see the Paris COP as an opportunity to take leadership on the climate change negotiations. Do you think the Chinese government will further engage proactively with other governments in the buildup between, well up to Paris, between now and Paris, Paris COP? Do you think that the tide is changing now, that China is being seen more as an influencer with regards to climate change negotiations?

You probably, if you noticed, actually followed what the top leadership has been saying. A month ago, probably a few weeks ago, before China announced the actually the INDC, Chinese Premier Keqiang convened a meeting at the national level and I think more like this working climate change working group whatever he chairs, actually. It's sort of interesting to notice, the sort of slightly changing, you know, the language in terms of China and global, as you were asking the question. In it specifically he said China is going to be more proactively engaging the international community in order for the success of Paris COP process. So to answer your question, yes China definitely not only say 'I'm going to do whatever stuff I've done, I don't care about the others.' Rather, China already recognizes its own role in terms of, you know, bringing others together. So I think we are sort of in that process. If,

you know, a couple of things. One, as I've said, in order to engage others, and I think particularly as the largest emitter today, China needs to basically say 'you need to be very serious about it, you need to have serious commitment, making more efforts.' I think China's INDC is a good indication of that sort of commitment and leadership. In the meantime, actually, rather than saying, you know, using languages 'If you don't do this I don't whatever' China said 'I'm going to do this voluntarily,' you know, 'this is my intended commitment. I don't care.' It's not like conditioned on whatever the US or others are doing. So that's part of the leadership there already. In the meantime actually, with China more and more globalized, you know not at original level but also globalized at the sort of global level, and China definitely is better positioned in terms of engaging others. So it's not so 'you have to do this or that', but rather to bring everyone, more and more players around the table to have a more constructive, meaningful conversation [saying] what we can do more in order to bring everyone, build up more consensus actually leading up to Paris. Leadership is a tricky word. How do you define it? Right, and then you have for G20s, like big economies, they should. It's not necessary they do something that's definitely their leadership. I think yes, there's a sort of a leadership in quotation marks [that] is very important, that's the fundamental thing. Basically [it's what] you have to do. It's there obligation there as well. So it's not, say, 'Oh, I'm a leader' whatever. Yes we like leaders, stuff like that. And global climate change is a global issue. It's not any one single country, whatever stuff like that. So particularly I would like to see the larger economies, probably around like G20s whatever that platform. Those countries need to really come together, take serious actions, because they account [for] the largest proportion of the energy consumption and the biggest part of emissions. If they figured out, actually, the solutions, and make serious commitments we know pretty much, say down the road, near the future we have hope, right? And it doesn't matter 2° or what point, by whatever stuff like that, without their commitment actually it's just more saying and talking. And so I'm hoping that in that G20 particular is a good platform for them to really take serious efforts. You could call them leadership; I would call them actually efforts because it's their obligation, right? On the positive side, there are some analyst, actually studies already done by some research institutes, whatever, going one step deeper. It's not just 'I take the responsibility', rather say in real life, countries work together but also they compete with each other. So every country in this national conference is trying to build up their competitive advantages, right, uniqueness whatever, stuff like that. So technology becomes very fundamental, very key, in order to address the issues of climate change issues. So some analysis is already pointing to some very interesting conclusions, saying in order to address the global climate change issues, there maybe around six countries that are really, really critical, or have the capacity, capability in terms of this industrialization of clean technologies, basically. For them, it's not just 'I have the obligation, I need to address the climate change issues' but rather it's how you grow your economy and the need is huge because we're talking about climate change issues literally this century. So countries like US, EU, China, Australia, Japan and Korea; those are the six major countries actually recognized by loads of analysis studies by the research community. Basically saying they are very well positioned in terms of to take on that sort of opportunities but

also of course responsibility as well. So the argument becomes not say, 'Gosh you are obligated to do something, it's your responsibility' rather actually it's how you grow your economy differently because there is marketing need in the development. Basically we're all talking about marketing, we are moving towards a market economy. What does that mean? Fundamentally, where the demand, where the need is, then you build up your structure, build up your expertise capability to capture that need. That's how you grow your economy. So I think the narratives actually, on the global level would be more and more shifted towards that sort of direction, very constructively. So together, they will always compete, there's no doubt about it if everyone believes in market economy, so competition is the norm. But rather say 'this pie is this big. If you take a larger piece, I take a smaller one.' So that's a sort of a really bad situation. So I think in this particular case actually, it's sort of how do we figure out, we work together to create much, much larger pie or enlarging pie. In that process I take larger piece [and] you also take larger piece. So it's more healthy, constructive competition rather than that sort of narrow-minded situation.

What do you think of the US and the EU commitments so far?

I think internationally we already recognize the nationally voluntary - little bit bottom-up - process probably makes more sense today in terms of political barrier. So that's why, so like China, EU, US all the others, they also submitted their INDC's as well. And I believe their submissions are also based on economic, technology, political, whatever, all those sort of analysis and then they came up with that sort of level. In reality, US, probably developed countries should take more if they could. But we will see how the Paris process will work out in the end. I think, you know, the bottom line is for the Paris process, is like everyone in it, rather than like the Kyoto process everyone was in it, most of us were in it actually the US was not in it and that's not the way we're going to address the most challenging global issues actually in this century. So I'm hoping that whatever the commitments on the table today, that should be regarded as the bottom line. And if they could overcome whatever, their domestic or political barriers or dilemmas, so that they can aim high. The aim higher part even will see the negotiation process. Currently, the international, the UNFCCC process does not have any sort of rewarding system or incentives actually for countries. If you do more, that's good. If you do less, no one cares whatever, right? So this is sort of a check and balance, check and review process, so we will see how that's going to be agreed in the Paris process. Hoping somehow gradually, if not totally in Paris actually, somehow in the national process there is going to be some sort of reward for countries who aim higher, sort of mechanism there. So that rather than just say 'this is your commitment, if you don't do it, that's bad' right, and if you do more say 'Yeah, it's okay, it's good, no one cares, whatever' stuff like that. So we will see how that part, that element will be sort of integrated into [the] international process. I wouldn't really comment on whether the EU's 40% is enough, the US's 26-28% is enough. I think whatever the numbers you put on the table today, you know, they have their own reasons but I'm definitely hoping that's not 'yeah, I just managed to comply with that.' Rather, I'm hoping that countries, particularly larger countries with larger economies would be able to aim

higher, to be incentivized actually to aim higher, to achieve higher. So at the end of the day we need to solve the problem, right? And rather than say 'just do this number' and that's it.

Could you please just tell us a bit about the Climate Group? How that has perhaps evolved in terms of the work globally but also focused in China as well? What are the current sort of priorities for China and the steps The Climate Group is taking here in particular?

Sure. The Climate Group was established 11 years ago. We are headquartered in London and we have presence in Europe, North America, China and India, so we jokingly said we're G4. We are targeting, out of the G20, we are four of them, largest ones there. So most of our work, actually, are focused on those sort of players within that sort of geographic landscape there. At the global level there are a few things we do, actually four pillars. One is leadership and climate leadership means [particularly] at the sub-national sub-governmental level and also business level. So those are the two most critical stake holders for us in terms of how we support and drive changes there. We want to make sure we work with our partners to provide, to identify the evidence, actually the trends, and really to communicate them very effectively. And there is a sort of theory of change, which is a sort of foundation of this organization which we believe actually a small group of leaders, will be able to lead the transformation of the world. So that's why we focus on the small group of people mostly at the sub-national government level and business level. We work closely with them to support them to lead the changes there. So one is leadership. The second one actually is policy. And the policy is mostly focusing on the sub-national government and so globally we have something called the Compact of States and Regions. So we have a network of states and governments, and provinces actually, in particular those two levels. Some of the cities but mostly states and provinces. We work very, very closely with them, with decision makers, premiers, governors, whatever to make sure we support them in terms of making policies to incentivize innovations and skill-level solutions there. The third pillar actually is innovation. And this is mostly focusing on the business community. So over the years, first we'd worked on LED lighting and we worked on 2020 smart solutions and now, actually, there are a few major things happening. One is called renewable energy 100: are you 100? Which is focusing on demand side, large corporate energy users and the commitment is between now and 2020. We plan to recruit the 100 largest influential brands, working with them to work out the pathway towards 100% renewable. So far since it launched last September in New York there are already more than 20 national companies in it and the first Chinese company in the global partnership is the Yilian [sic] Group. And last Thursday in Beijing we just launched the China Renewable Energy 100 there as well. So the second thing is LED lighting which is more focusing on the city level street lighting. So there are serious consultations happening now basically saying energy managers or utility managers at the city level who are in charge of LED lightning, trying to go deeper to understand the barriers and also understand what works, the best cases whatever, stuff like that. Very soon, before the end of this year, we are going to have something

focusing on energy efficiency and also something focused on home living. So with the business community we have serious, or specific activities, actually initiatives with them. The fourth one actually is finance – climate finance, with a particular geographic focus in India and China. So China, actually, we started a few years ago with the 12th five year plan , and we started to focus on how to finance the 12th five year plan targets, which I see as the first green development plan actually in China. We completed actually [the] national-level climate finance policy design. We completed the policy mapping and case studies for Guangdong and we completed the designs of two finance mechanisms. One is called Green Cynical [sic] Fund, the other one is ADB supported TPP-based Water Fund in the Shuxue River, actually that's China's first of its kind. Currently we are focusing on Shanxi province, actually provincial-level energy efficiency financing supported by EU there. So globally, those are the four major pillars today, basically, and we are working a lot of things around that. Besides that, of course, the thought leadership is also very important, so policy has been part of the very important DNA of this organization. So we influence the global process leading up to Paris. We are very actively engaged. And of course the sub-national government level, particularly in China and India at this moment. In Beijing, a sort of example, I've been engaged in all kinds of debates, discussions, whatever. So that's the global effort. China, actually we came to China about eight, more than eight years ago. So in China, of course, this is a part of the international platform. So we've been evolving based on the policy context here, and now today, actually, we have two unique features. One, we're very globalized in terms of the global priorities, I mentioned the four pillars. But in the meantime there is something sort of uniquely China-needed there as well. So in China, besides the four, actually, we add the fifth element which is called the Future Academy, which is human talents there. So on the climate leadership part this is communications, thought leadership, whatever. So we do a lot of things, more than a spokesperson for the media than the policy landscape or whatever. So that's one thing, more communication focused. With the sub-national government, now we are setting up and also run this platform with the 12 we call new areas, new areas designated by the State Council. So it's actually a [unintelligible] of that platform as the sub-national complement there to support policy innovation. And then we work on the new energy, stuff like that, on the business side in China. So a lot with the international community. And lastly, finance I mentioned already [is] mostly China and India focused and then work on future academy that is human talent focused. So that's what we [do].

Brilliant. Thank you very much for your time.

Thank you.