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Reverse positions : can China be the winner in Sino-EU's post-Kyoto negotiations of combating climate change?

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Reverse Positions: Can China be The Winner in Sino-EU's Post-Kyoto Negotiations of Combating Climate Change?

Yu Qiao¹

Introduction

This study examines the Sino-EU's post-Kyoto negotiations for combating climate change from 2007 to 2008, and answers the question why the EU could not lead China to adopt the post-Kyoto quantitative reduction targets on greenhouse gases by exploring the characteristics of China's climate negotiation strategy.

This study argues that until the end of 2008, the reason that the "tug of war" between China and the EU did not result in any new perspectives or feasible outcomes is due to China's reluctance of adopting the post-Kyoto quantitative reduction target and the EU's lack of leadership. Both China and the EU wanted to gain as much as possible from the other side through minimal effort.

This study also argues that since the beginning of 2007, in the Sino-EU's post-Kyoto negotiations, the Chinese government reversed its passive position gradually and reached its objectives, which were to refuse binding quantitative objectives, keep a responsible stakeholder image, and gain international support, which included funding and technology transfers, by using its advance and retreat strategy. On the other hand, the EU's role in the negotiations has switched gradually from leading to waiting and seeing.

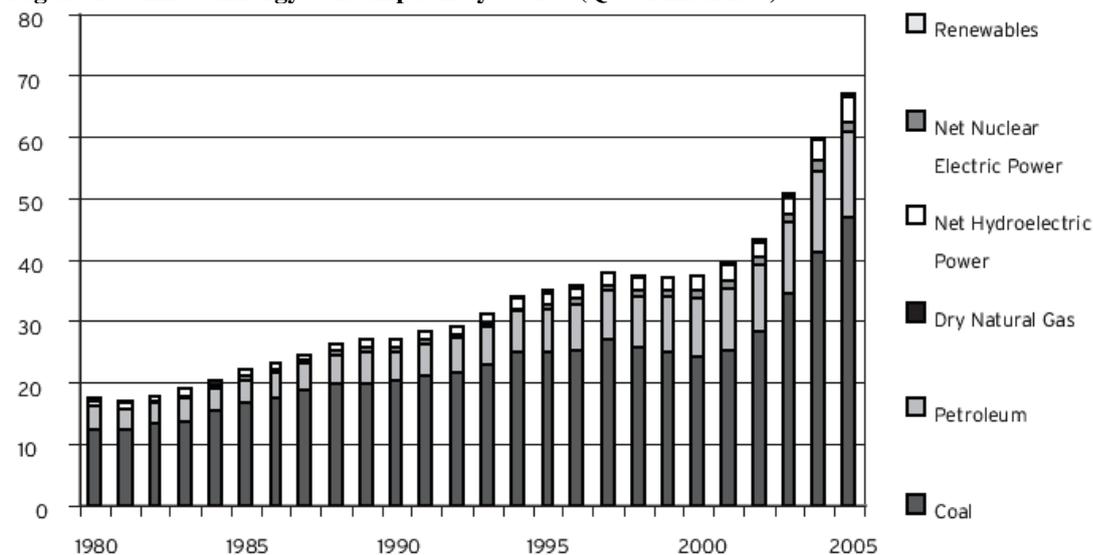
Chapter I of this study introduces how China has been involved in the post-Kyoto negotiations. Chapters II, III, IV analyze China's advance and retreat negotiation strategy. The last chapter concludes this study.

1. China's involvement in post-Kyoto climate change negotiations

1.1 Rising emissions and China's position in the 1980s and 1990s

China is the largest emitter in the world of greenhouse gases after the United States. China's booming industry and its corresponding burst in energy consumption and rapid urbanization are largely responsible for its rapidly climbing greenhouse gas emissions.

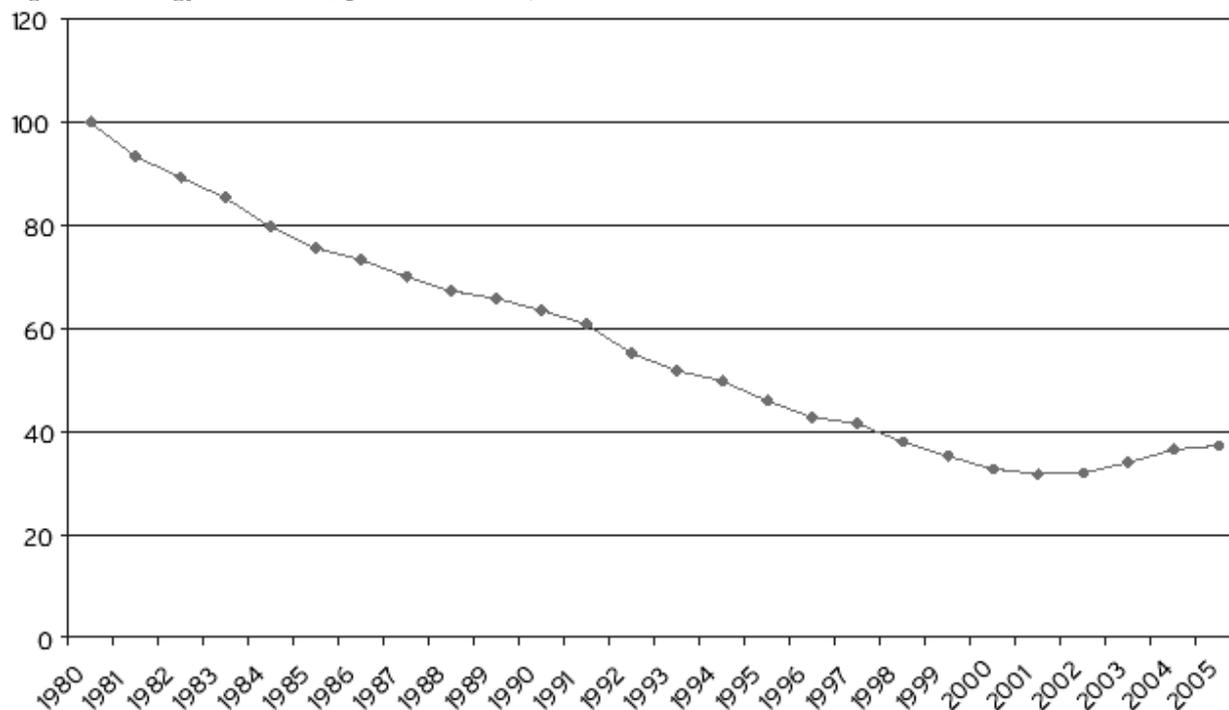
Figure 1: China's Energy consumption by source (Quadrillion Btu)



Source: Energy Information Administration, 2007

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Figure 2: Energy (1000 BTU) per unit of GDP, (1980=100)



Source: Energy Information Administration World Energy Outlook

Since the beginning of international negotiations on climate change in the 1980s, China has consistently emphasized that developed nations must be held responsible for past greenhouse gas emissions. When the Kyoto Protocol was negotiated in 1997, China officially stated that it would not consider limiting greenhouse gas emissions until it reached a “medium level of development” which would be reached around the middle of the twenty-first century.

Years have gone by; the Chinese government has been more flexible in participating in international efforts to mitigate climate change. This flexibility has included participating in the Kyoto Protocol's Clean Development Mechanism, and cooperating on the technological development of renewable energies, as well as on carbon capture and storage. Beijing saw climate change negotiations as an integral part of its foreign policy, and a terrain on which it, and other developing countries, would need to protect development rights and opportunities.

After the Kyoto Protocol was negotiated in 1997, the Chinese government shifted responsibility for climate change policy from the China Meteorological Administration (CMA), which was given the responsibility of advising the government on policy options since the 1980s, to the more powerful National Development and Reform Commission. The move indicated a shift in perspective: for China, climate change had become predominantly a development issue.

1.2. The EU Prepared for the Post-Kyoto Negotiations

The EU is a world leader in combating climate change. It is setting an example with tough objectives on cutting energy use and emissions within the EU.

The EU believes that the present commitments under the Kyoto Protocol to the United Nations Framework Convention on Climate Change are only the first step in addressing the climate change threat, and that the necessary cuts in global emissions can be achieved only if all countries contribute their fair share according to their responsibilities and

capacity.² Therefore, the EU is leading the world in preparing post-Kyoto negotiations that are under way to conclude a global agreement at the UN climate change conference in Copenhagen for the period after 2012. “To keep global warming to tolerable levels we need an ambitious new international agreement to cut greenhouse gas emissions, and we need to reach it urgently so there will be no gap when the Kyoto targets expire in 2012.”³

After the withdrawal of the U.S. from the Kyoto Protocol, the EU realized that without the effort of developing and emerging countries, it would be extremely difficult to combat climate change. Therefore, the EU called for developing countries to join the industrialized countries to reduce greenhouse gas emissions. As the biggest developing country in the world, China’s action and effort to reduce greenhouse gases was necessary for the EU. The EU then set up its next objective which was involving China in the post-Kyoto negotiations.

1.3. China Becomes Involved in Post-Kyoto Climate Change Negotiations

With a view to modernizing Sino-EU bilateral relations, under the leadership of the EU’s ambitious plan of combating climate change, China became involved in the Sino-EU post-Kyoto climate change negotiations.

Agreeing on the growing importance of Sino-EU relations, in September 2005, both sides highlighted the need to move towards early negotiations on a new Sino-EU framework agreement to reflect the full breadth and depth of the strategic partnership between China and the EU. British Prime Minister and acting President of the Council of the EU, Tony Blair, said, “[...] the strategic partnership between China and the European Union is of immense importance, not just in terms of trade and the economy, but also in terms of our cooperation in all the major political issues the world faces” when he attended the 8th EU-China summit in Beijing with Chinese President Hu Jintao.⁴

After several presidential- and ministerial-level meetings, in October 2006, the Commission adopted a communication “China: Closer partners, growing responsibilities”. This document covers all fields of bilateral relations. In terms of energy and climate change, it encourages Beijing to be a responsible energy partner, stresses in particular the importance of the EU’s encouraging China to reduce the growth of its energy demand, increase its energy efficiency, use renewable energy and clean technology. Moreover, this document claims that both parties must also enhance their cooperation to meet their shares responsibilities under the Kyoto Protocol.⁵ In the beginning of 2007 the EU sent a group to persuade China to cooperate more.

China then became involved into the actions of fighting climate change with cooperation of the EU in a positive way.

2. Showing Her Good Intentions

2.1. Devotion inside the EU Increases Quickly

Inside the EU, combating climate change was taken very seriously. In the first half of 2007 Germany was in charge of the Council’s Presidency. The energy/climate problem was the “most important subject” on the Council’s environmental agenda.

²Europa-the European Union on-line, (2009).*The EU’s contribution to shaping the future global climate change regime*. Web site: http://ec.europa.eu/environment/climat/future_action.htm

³Agence Europe. (2006, December). Leading role of EU in fight against climate change is more necessary than ever, *Bulletin Quotidien Europe No.9331*, 9.

⁴Agence Europe. (2005, September). Signing of several agreements at EU-China Summit demonstrates desire to boost strategic partnership, *Bulletin Quotidien Europe No.9020*, 4.

⁵Agence Europe. (2006, October). Commission adopts new strategy to modernize EU’s economic and political relations with Beijing, *Bulletin Quotidien Europe No.9293*, 7.

In February, the European Parliament also sent a strong message to the EU. It was: in order to reach the international target subscribed to by the EU- to reduce the average rise in global temperature to 2°C compared to the pre-industrial era- a minimum 30% reduction of greenhouse gas emissions was needed in industrialized countries in the run-up to 2020 to reach 80% reduction by 2050. And the EU must not imagine that international talks on the post-2012 period could fail or aim at a unilateral reduction in emissions targets.⁶

After the German Council's Presidency made an integrated energy and climate strategy an absolute priority in the fight against climate change, in Brussels on 9 March, the heads of state of the 27 EU member states agreed to a unilateral, binding 20% reduction in EU emissions.⁷ Pointing out the need to take immediate action to limit the increase in the average temperature of the surface of the planet, the EU expressed the need for effort from both developed and developing countries.

2.2. The EU's Challenge of Persuading Beijing

As a developing country ratifying the Kyoto Protocol, China did not undertake to make any quantified reduction in its emissions. The European Commission reiterated the importance of the fight against climate change by saying in press that "Energy security and climate change are priorities for the EU in 2007. Neither can be effectively addressed without China".⁸ Therefore, persuading Beijing to join the efforts of the developed countries in the framework of a global binding agreement was a massive challenge for the Union.

In January 2007, negotiations on a new Sino-EU partnership and cooperation framework agreement had officially begun. External Relations Commissioner Benita Ferrero-Waldner and Chinese Foreign Minister Li Zhaoxing held a first round of talks. During these talks, Ms Ferrero-Waldner tried to persuade Beijing to improve energy efficiency and reduce Chinese greenhouse gas emissions.⁹ The Union's goal was quite clear. It wished to win Beijing over to its cause to combat climate change. This challenge was at the heart of European foreign policy.

Calling for urgent action to reduce gas emissions, at the end of March 2007, industry and enterprise commissioner Günter Verheugen went to China to discuss the bilateral economy and energy cooperation issues. The question of energy efficiency was also a key focus of the talks, as the Union sought to propose to its partner that it shared its experience in this field.¹⁰

In the beginning of April, Stavros Dimas, European Commissioner for the Environment, stressed that if the group of industrialized countries was to aim for a reduction of 30% in its greenhouse gas emissions by 2020, the developing countries should also make efforts... the emerging countries must agree on binding reduction objectives.¹¹

As an emerging economy, facing increasing pressure from the EU and the worsening climate situation, China realized the necessity of reducing greenhouse gases and the importance of joining the binding reduction objectives. However, fearing that any effort in

⁶ Agence Europe. (2007, February). EU must pledge to reduce emissions by at least 30% by 2020 to reach 60-80% reduction in 2050- parliament says there is no other choice, *Bulletin Quotidien Europe*, No.9367,13 .

⁷ Agence Europe. (2007, March). EU27 agree binding targets for both greenhouse gas emissions and renewable energy by 2020- victory for EU credibility, *Bulletin Quotidien Europe* No.9383, 4.

⁸ Agence Europe. (2007, January). Wednesday's Peking Launch of negotiations on new partnership and cooperation agreement, *Bulletin Quotidien Europe* No.9344, 4.

⁹ Agence Europe. (2007, January). First session of talks in Beijing on future partnership and cooperation framework agreement, *Bulletin Quotidien Europe* No.9346, 11.

¹⁰ Agence Europe. (2007, March). Economic cooperation on agenda for industry commissioner Günter Verheugen's visit to Beijing, *Bulletin Quotidien Europe* No.9398, 6.

¹¹ Agence Europe. (2007, April). European Union hopes that report expected from international scientists on impact of global warming will translate to resolute political decisions, *Bulletin Quotidien Europe* No.9399, 11.

this direction would hinder its economic growth, and with its lack of funds and technology, China was pushed to make a choice.

2.3 Beijing Shows Her Intentions of Taking Global Warming Seriously

Wary of maintaining the dynamism and sustainability of the Chinese economy which was a huge consumer of hydrocarbons, the Beijing authorities were reluctant to adopt binding objectives on limiting emissions. Facing the EU's pressure, China had made her choice, which was earning time by showing her intentions of taking global warming seriously, while making limited actual effort.

In January, when the External Relations Commissioner Benita Ferrero-Waldner visited China, she was pleased to point out that China is "taking global warming seriously". As Beijing kept showing her difficulties in joining the binding reduction objectives, Ms Waldner said, "[...] for the moment, we are not going that far. We understand China regards herself as a developing country".¹² Beijing sent the Europeans back home, and with good intentions earned time to develop and prepare for the bigger pressure, which came several months later.

The climate negotiation at this stage was part of the negotiations of redefining China and EU bilateral relations, which meant that the negotiations were influenced by other political economy negotiations, making it difficult sometimes for the EU to exercise its leadership effectively.

In the EU/China ministerial meeting in Hamburg, the head of German diplomacy and acting president of the Council, Frank-Walter Steinmeier and the Commissioner for External Relations, Benita Ferrero-Waldner, called on China to continue to open up its markets, and expressed their wish for China to adopt the post-Kyoto quantitative reduction targets on greenhouse gases.

The Chinese said they shared the European's priorities on climate change and the environment, but they argued for a fair balance between environmental considerations and development demands. The Chinese minister for foreign affairs stressed: "[...] the current status of climate change is not the doing of the developing countries". He continued to point out that his country had set itself targets on controlling growth in greenhouse gas emissions and reducing energy consumption per capita by 20% between 2006 and 2010. The minister added: "We need to take note of what China has achieved. Naturally, we want to have an exchange of views on how we can do better".¹³

However, the EU needed China to open up its markets to reduce trade deficits, which was estimated to have risen to €130bn in 2006. And since the EU wanted her demands in trade to be fulfilled, it could not push Beijing too much in the climate domain. China's attitude towards the climate negotiations therefore was considered to be on the right track. Diplomats in Hamburg had to accept that they had failed to convince the Chinese authorities of joining them in a commitment to reduce CO₂ emissions by 30% as part of the post-Kyoto international agreement.¹⁴

3. Asking for Funding and Technology from the EU

China saw the climate change negotiations not only as a way to protect the environment, but also as a good way to gain funding and technology to prepare for future reduction and to

¹² Agence Europe. (2007, January). Benita Ferrero-Waldner hopes to win Beijing over to European cause on Climate, but gently, *Bulletin Quotidien Europe No.9347*, 11.

¹³ Agence Europe. (2007, May). Union calls for opening up of Chinese markets but fails to convince Beijing to participate in joint climate change efforts, *Bulletin Quotidien Europe No.9434*, 6.

¹⁴ Agence Europe. (2007, May). Union calls for opening up of Chinese markets but fails to convince Beijing to participate in joint climate change efforts, *Bulletin Quotidien Europe No.9434*, 6.

catch up with the industrialized countries.¹⁵ To reach this goal, Beijing again used its advance and retreat strategy: first it refused the EU's requirements by highlighting and upholding the "common but differentiated responsibility". Then China retreated by showing the EU its domestic reduction target to let the EU understand its will of protecting the environment and the difficulty of lacking funds and technology.

By using this strategy, Beijing not only conveyed its message well, but also handed her own funding and technology problems to the EU successfully. Beijing turned on the pressure that came from the EU back to the EU to get its help, and if Beijing's requests were refused, then it would be a good excuse to avoid taking responsibility for not signing the binding target which was the EU's requirement. In this way, China could maintain a positive image internationally. Therefore, the problem was kicked into the EU's field.

3.1. The "Common but Differentiated Responsibility" Principle

Launching the widest possible negotiation process in Bali in order to strike agreement in 2009 on a global post-Kyoto system for combating climate change had been the main thrust of the highly ambitious negotiation mandate in October 2007. The mandate wanted binding commitments from all industrialized countries that they would cut their greenhouse gas emissions by around 30% by 2020 on the 1990 figures; a contribution from emerging economies and developing countries that was adapted to match their responsibilities and capacities. The EU was strongly committed to leading the post-Kyoto negotiations and to leading the climate change battle.¹⁶

Preparing for the upcoming Bali conference, the EU expressed the urgent need of turning words into actions and of finding an over-arching, international and binding solution, hoping to convince not only the U.S., but also the emerging countries to find a binding solution to the climate problem.¹⁷

On the other hand, China saw this kind of forum as a very good chance to let her voice be heard, to let her difficulties be understood, to have other emerging countries share the same view, and if possible to change her passive position in the climate negotiations. Beijing then decided to use its advance and retreat strategy again to win the EU's support of funding and technology.

Speaking for China, Ronglai Zhong from China's representation office to the EU said common but differentiated responsibilities had to be decided at the global level, which would introduce a universal mechanism for the transfer of clean energy that adding to the Millennium Development goals climate targets for sustainable development policies. Trying to sound more cooperative, Mr. Zhong then stressed that China had already been hugely successful in combating climate change and pledged to continue restructuring its economy in order to promote green technology and cut CO₂ emissions. He then tried to impress the other countries by saying that his country would reach the 10% target for renewable energy in 2012 and 16% in 2020.¹⁸

Soon the strategy proved to be working; Beijing had its voice heard in respect of the common but differentiated principle. Later, the European Parliament's temporary committee on climate change outlined a wish-list of ingredients to ensure success at the Bali conference.

¹⁵ 王金南, (2008, 12, 19). "后京都时代"中国的谈判压力与策略, *第一财经日报*, p.12。

¹⁶ Agence Europe. (2007, October). Council fine-tuned EU negotiating mandate for Bali climate change conference- commission's climate package to be unveiled on 23 January 2008, *Bulletin Quotidien Europe No.9535*, 9.

¹⁷ Agence Europe. (2007, October). Temporary Committee prepares for UN conference in Bali, *Bulletin Quotidien Europe No.9518*, 12.

¹⁸ Agence Europe. (2007, October). Temporary Committee prepares for UN conference in Bali, *Bulletin Quotidien Europe No.9518*, 12.

In the ingredients, the EU asked for effort from emerging economies through making fair and proportionate targets.¹⁹ In defending its firm position given by the adoption of the ingredients, the EU Environmental Commissioner Stavros Dimas said developing countries had to be helped to play their role, and he added that new funding sources had to be found for the negotiation process.²⁰

As time passed, the EU noticed that by leading China to join the climate change battle it needed to win the negotiations, and to win the negotiations, it needed to understand China's position first. After outlining its own position in the Bali conference, the EU sent a delegation to China to understand hers.

3.2. Negotiations for Funding and Technology

In the hope of promoting a consensus between industrialized and developing countries on the modalities for a post-Kyoto agreement, in the beginning of November 2008, Guido Sacconi, the chairman of the parliamentary temporary committee, and his delegation visited Beijing. At the meeting, Sacconi pointed out that "As the most populous country in the world and a fast growing economy, China certainly has an important role to play".²¹ Karl-Heinz Florenz, the temporary committee reporter added: "Establishing a new international climate change regime after the expiry of the Kyoto Protocol in 2012 will only be possible if countries like China or India are part of such an agreement... We would like to learn more about what China is doing in the area of climate change and to better understand the Chinese position" on this issue.²²

Beijing had sensed the EU's willingness to help developing countries with funds and technology since the end of October 2007, and decided to make good use of its willingness. Therefore, the Chinese delegation expressed that Beijing was very committed in the fight against climate change and ready to engage in the area of emissions reductions, and energy-efficiency. At the same time, the Chinese acknowledged the importance of cooperating with industrialized countries on technology transfer, as well as the need for financial assistance in this field.²³

Beijing's efforts in showing their intention of reducing greenhouse gas emissions and convincing the EU to provide funds and technology brought rewards. The EU was happy to learn that "the Chinese authorities are adopting and implementing legislation to successfully start the fight against climate change". And Karl-Heinz Florenz said that he was convinced that China would be a close and key partner of the EU in the negotiations for a post-2012 agreement.²⁴ Soon the EU claimed that industrialized countries had a moral obligation to help developing countries. In Strasbourg on 15 November, the EU set out its position, which it would recommend for the EU's strategy at the upcoming Bali conference. According to this position, the EU planned to find instruments, financial and other, for clean development and

¹⁹ Agence Europe. (2007, October). EP's Climate Change Committee outlines wish-list for successful EU contribution to UN climate conference in Bali, *Bulletin Quotidien Europe No.9533*, 10.

²⁰ Agence Europe. (2007, October). Council fine-tuned EU negotiating mandate for Bali climate change conference- Commission's climate package to be unveiled on 23 January 2008, *Bulletin Quotidien Europe No.9535*, 9.

²¹ Agence Europe. (2007, November). European Parliament Delegation visits China on preparatory mission for Bali conference on post-2012, *Bulletin Quotidien Europe No.9536*, 15.

²² Ditto.

²³ Agence Europe. (2007, November). EP Temporary Committee says China is prepared to cooperate with rich countries but unconvinced about need for quantitative objectives for emerging countries, *Bulletin Quotidien Europe No.9541*, 11.

²⁴ Ditto.

technology transfer and deployment, including further development of the Clean Development Mechanism for developing countries.²⁵

At the end of November 2007, the tenth China-EU Summit was held in Beijing, and premier Wen Jiabao of China attended the meeting with the President of the European Council, Prime Minister Jose Socrates of the Portuguese Republic, and the President of the European Commission, Mr. Jose Manuel Barrose.²⁶

The two sides reiterated, in accordance with their common but differentiated responsibilities and respective capabilities, the need for developed countries to continue to take the lead in reducing greenhouse gas emissions beyond 2012 and to assist developing countries in enhancing their contributions to addressing climate change. Leaders emphasized the importance of a post-2012 agreement to help within the context of the UNFCCC and the Kyoto Protocol to make clean technologies accessible and affordable to developing countries by technology transfer, deployment, and dissemination as well as the importance of strengthening the global carbon market and intensifying cooperation on adaptation to the increasing adverse impacts of climate change. Leaders witnessed the signing of a 500 million euro framework loan to the People's Republic of China from the European Investment Bank to support projects that contribute to combating climate change.²⁷

Beijing's advance and retreat strategy worked again. Predicting that the EU needed to exercise leadership in the negotiations and was willing to convince developing countries by providing funds and technology, Chinese authorities took the opportunity and pushed the EU like a boat downstream. Not only gaining the understanding of her insistence of respecting the Kyoto Protocol framework and the common but differentiated principle, China also won some limited investment and a promise of technology transfer even before the negotiations of Bali conference. This joint statement also influenced the EU's view of helping developing countries in negotiations at the Bali conference. Beijing therefore became an example of emerging countries facing similar pressure from the EU.

On the other hand, the EU was trying to lead the whole world to fight the climate change battle in a bad situation. In the Bali conference negotiations, the United States, the only industrialized country not yet to ratify the 10-year-old Kyoto Protocol, was still refusing to hear of any specific objectives for the reduction of its greenhouse gas emissions. The large emerging countries such as India and China, for their part, continued to take the view that it was up to the industrialized countries to lead by example, if they wanted the less industrialized countries to commit in turn. Facing this difficult situation, on 12 December, Ban Ki-Moon, the Secretary-General of the United Nations, urged the ministers to obtain a "breakthrough", unless they wanted to be deficient in their duties. "The fate of the future generations depends on this", he warned.²⁸ The EU therefore pleaded for the industrialized countries to take the measures necessary to gain the confidence of the developing countries. Stavros Dimas, European Commissioner for the Environment, pointing out the importance of efforts of developing countries stated "[...] the developed countries have both a moral obligation and the resources required to take the lead in reduction efforts." A member of the delegation to Bali, Alejo Vidal Quadras said that "[...] the developing countries fear that

²⁵ Agence Europe. (2007, November). EU negotiating mandate for Bali should focus on halving global emissions by 2050- industrialized countries have moral obligation to help developing countries, *Bulletin Quotidien Europe No.9545*, 11.

²⁶ *Full Text of Joint Statement of the 10th China-EU Summit*. (2007, December). From People's Daily Online Retrieved December 4, 2007, Web site: <http://english.peopledaily.com.cn/90001/90776/90883/6314110.html>

²⁷ *Full Text of Joint Statement of the 10th China-EU Summit*. (2007, December). From People's Daily Online Retrieved December 4, 2007, Web site: <http://english.peopledaily.com.cn/90001/90776/90883/6314110.html>

²⁸ Agence Europe. (2007, December). EU urges industrialized countries to set example to gain confidence of emerging countries and ensure that Bali can launch negotiations on post-2012, *Bulletin Quotidien Europe No.9563*, 12.

behind the rhetoric on climate change, a protectionist agenda is hidden, which put the brakes on the Bali negotiations ... it is time to recognize the provisions taken by China, India and other emerging economies”.²⁹

The EU’s reaction to these reluctant developing countries did not convince these countries completely at this stage. The EU’s effort in trying to understand and help without any requirement of emission reduction targets was probably considered as a signal of weakness which led to an unpredicted bargaining situation the EU did not want to see.

4. Leading Developing Countries Fight with the Developed Countries

After the EU partly satisfied Beijing’s requirements of funding and technology transfer, they kicked the problem back into China’s field. Instead of adopting the post-Kyoto quantitative reduction target, Beijing chose to satisfy the EU by making a great effort to reduce greenhouse gas emissions, and by showing itself in the image of a responsible partner in the world.

China saw the climate change negotiations as a good opportunity to build this responsible image internationally. Although Beijing was reluctant to adopt the post-Kyoto quantitative reduction targets on greenhouse gases, it still wanted to show the world that Chinese authority was taking climate change seriously, and it truly did all it could to commit to decreasing emissions, even if it could not do as well the EU wanted.

Therefore, China united the other developing countries, especially other emerging countries, in holding the same position in the negotiations and to fighting with the developed countries, especially the EU.

In this stage, Beijing also used its advance and retreat strategy. It kept asking for funds and technology transfer from the EU and finally united the other developing countries to put pressure on the EU. On the other hand, China also comforted the EU by showing indications of its readiness to adopt domestic emission reduction policies in an international agreement.³⁰

4.1. Beijing’s Reaction to the EU’s Help

China was stimulated by the EU’s help and worked hard to keep on the gravy train. Since the EU had kicked the problem back into China’s field and kept requiring the adoption of quantitative reduction targets, China had to show the world that instead of adopting the binding target, her way of reducing greenhouse gas emissions was also effective. In its efforts to respond to global climate change, National Development and Reform Commission’s Xie Zhenhua said “as a responsible government, the Chinese government will definitely take effective measures and is always ready to cooperate with all countries across the world”.³¹

In March 2008, Beijing started checking provincial-level governments’ performances in conserving energy and reducing pollutant emissions, and the results, to be taken as a major index for administration evaluation, would be publicized in May or June. About 1000 key enterprises were also put under the scrutiny, whose performances would be examined by provincial-level governments. Those who miss the annual goals in energy conservation and emission reduction, either governments or enterprises, would be required to make explanations and take measures for improvement within a set time. They would also be denied any honor or award, and the approval of new high energy-consuming projects in the province or of the enterprise would be suspended, said Xie Zhenhua, Vice Minister in charge

²⁹ Ditto.

³⁰ Agence Europe. (2008, April). Barroso and Wen introduce first session in productive economic and trade dialogue mechanism, *Bulletin Quotidien Europe No.9651*, 17.

³¹ *Green governance ranking to come in months*. (2008, March,11). From China Daily Web site: http://www.chinadaily.com.cn/china/2008-03/11/content_6527482.htm

of the NDRC, at a press conference held on the sidelines of the ongoing parliament annual session.³²

The central government was confident in reaching its goal which was to cut China's total energy consumption by about 20% and the emission of major pollutants by 10% by the year 2010, Premier Wen Jiabao announced in his government work report in the beginning of March. And China reported, historically, a drop of both sulfur dioxide emission and COD in 2007.³³ Beijing also comforted the EU by showing indications of its readiness to its domestic emission reduction policies in an international agreement.³⁴

At the same time, Beijing was also taking every opportunity to get more help from developed countries. In the meeting of the Group of 20 on climate change in March 2008, Xie Zhenhua, Vice Chairman of the China NDRC, called on developed nations to allocate, in accordance with a U.N. treaty, some of their official development assistance to set up a fund facilitating the distribution of high-end technologies, indicating that developing nations should enjoy free or low-cost access to those environment-friendly technologies.³⁵

4.2. China Leads Developing Countries and Builds Responsible Image

As an implementation of the roadmap created at the Bali conference continued, the gap of negotiation positions between developing and developed countries became clearer and clearer. As wealthy nations urged the developing world to cut carbon dioxide emissions by absolute values, developing countries which were worried about shackling their economic growth, and therefore, called on the developed countries to bear more obligations in global anti-climate change efforts. After China and the EU issued their joint statement at the end of November 2007, other developing countries faced similar difficulties of reducing greenhouse gases emissions and the same pressure from developed countries saw China as a model and fell into step.

In the beginning of February 2008, the European Parliament temporary committee on climate change visited India and found that India had a similar negotiating position as China, who was becoming more aware of the problem of global warming, interested in technology transfer and not ready to accept binding greenhouse gas reduction targets as part of a global system to combat global warming beyond 2012.³⁶ Another emerging economy Brazil, pointed out that it was not obliged to reduce its emissions, yet it already had over 106 projects for the Clean Development Mechanism, equivalent to 10% of the global total.³⁷

During the negotiations with the EU and other developed countries, Beijing also tried to build funds and technology transfer to benefit other developing countries, which no doubt put its leadership on a firm footing in the developing countries. In the G20 meeting in 2008 China supported the proposal of establishing the Multilateral Technology Access Fund, which could bring more technologies into the box of "public goods".³⁸ In July 2008, Chinese President Hu Jintao put forward a three-point proposal for the world's major economies on

³² Ditto.

³³ *Green governance ranking to come in months.* (2008, March,11). From China Daily Web site: http://www.chinadaily.com.cn/china/2008-03/11/content_6527482.htm

³⁴ Agence Europe. (2008, April). Barroso and Wen introduce first session in productive economic and trade dialogue mechanism, *Bulletin Quotidien Europe No.9651*, 17.

³⁵ *G20 climate-change meeting concludes without agreement.*(2008,March,17). From China Daily Web site:http://www.chinadaily.com.cn/world/2008-03/17/content_6542319.htm.

³⁶ Agence Europe. (2008, February). India interested in technology transfer, but not ready for post-2012 binding targets, *Bulletin Quotidien Europe No.9596*, 9.

³⁷ Carlos Tautz, (2007). *Climate Change: Brazil Has No National Policy.* From Inter Press Service news Agency. Web site: <http://ipsnews.net/news.asp?idnews=36555>

³⁸ *G20 climate-change meeting concludes without agreement.*(2008,March,17). From China Daily Web site:http://www.chinadaily.com.cn/world/2008-03/17/content_6542319.htm.

the fight against climate change in the meeting with leaders from Australia, Brazil, India, Indonesia, Mexico, South Africa, South Korea and the Group of G8 at the Hokkaido Toyako Summit, Japan. Hu Jintao pointed out that “[...] We should work to improve the Global Environment Facility and other existing financing mechanisms and promptly implement the projects under the Adaptation Fund to provide new and additional financial support for developing countries as they endeavor to adapt to climate change”. The President also urged the international community to establish effective technology transfer and dissemination mechanisms and realize technology sharing to ensure that developing countries can get affordable technologies that are both climate-friendly and environment-friendly.³⁹ In October 2008, China called for the establishment of a commission for technology and its transfer.⁴⁰ On the 23rd to the 24th in October 2008, the Asia-Europe Meeting was held in Beijing. The summit devoted a chapter to the “Declaration of Beijing on sustainable development” to climate change and energy security. In their declaration, the leaders of the ASEM stated that the developed countries should continue to show strong leadership and to take appropriate national commitments to combat climate change, with quantified objectives for the limitation and reduction of emissions. These countries should also provide financial support and transfers of technology for the developing countries.⁴¹

China’s effort of benefiting itself and other developing countries was welcomed by most of the developing countries, especially the emerging economies. In the Poznan conference, China played an increasingly leading role among developing countries. By facing the pressure of developed countries, especially the EU, Beijing united members of the Group of 77 developing countries and put forward proposals that funding from developed countries should equate to 1% of their GDP. “As China is playing a leading role in combating climate change, it is eager to be understood by the international community”, said Wu Changhua, director of the environmental organization in greater China for the climate group. For the first time, the Chinese delegation held a night event at the conference to showcase its efforts in countering climate change.⁴² In the conference, China also raised a number of proposals in mitigation, adaptation and technology transfer, a move that demonstrated China’s support for and involvement in international cooperation in tackling climate change.⁴³

Beijing’s efforts in becoming understood created the desired effect. Although China still refused the quantitative reduction targets, its efforts of reducing greenhouse gases was recognized by both developing countries and developed countries. The UN General Secretary, Ban Ki-Moon, said that China had been playing a positive and constructive role in the Poznan talks and had worked out a national climate strategy to address the problem on its own, thereby setting an example for other countries to follow.⁴⁴ Former US Vice President, an environmentalist who shared the 2007 Nobel Peace Prize for his efforts to draw attention to global warming, AL Gore gave a speech in the conference, and he pointed out that “China, once seen as a looming obstacle to world efforts to reduce CO2 emissions, has itself a green stimulus of 600 billion dollars over the next two years... Chinese leaders are mobilizing a national effort to introduce CO2 reduction initiatives, and have already begun the largest tree-

³⁹ *Hu calls on major economies to combat climate change.* (2008, July, 09). From China Daily Web site: http://www.chinadaily.com.cn/china/2008-07/09/content_6832095.htm

⁴⁰ *Fighting climate change.* (2008, October, 07). From China Daily Web site: http://www.chinadaily.com.cn/cndy/2008-10/07/content_7081590.htm

⁴¹ *Agence Europe.* (2008, October). European and Asian leaders commit to work together determinedly at UN conference in Poznan, *Bulletin Quotidien Europe No.9770*, 11.

⁴² *Sun Xiaohua.* (2008, December, 02). *Country has ‘key role’ on climate*, From China Daily. Web site: http://www.chinadaily.com.cn/cndy/2008-12/02/content_7258538.htm

⁴³ *Ban: China an example in fighting climate change.* (2008, December, 11). From China Daily Web site: http://www.chinadaily.com.cn/china/2008-12/11/content_7294210.htm

⁴⁴ *Ditto.*

planting program the world has ever seen.”⁴⁵ Not only Gore, but also US Senator John Kerry, widely viewed as the representative of President-elect Barack Obama, praised China’s achievements in addressing climate change on its own.⁴⁶

4.3. The EU’s Lack of Leadership

On the other hand, the EU lost its leadership little by little in the negotiations; it could not suggest an ambitious reduction plan in the Poznan conference, and could not fulfill China’s and other developing countries’ requirements of funding and technology transfer. Therefore, the EU could not rally China to adopt the post-Kyoto quantitative reduction targets on greenhouse gases.

Knowing that the EU27 could not convince developing countries to commit to targeted objectives post-2012 in the G8 Summit in 2008,⁴⁷ the French Presidency of the Council called for reaching an internal political agreement on the climate/energy package in time to allow the EU to defend an ambitious and credible stance at the UN climate conference in Poznan. President-in-office of the Environment and Energy Council Jean-Louis Borloo stressed: “The aim of the EU is to achieve a 30% reduction of greenhouse gas emissions in the event of international agreement.” The Presidency’s intensions were for rallying China and India to the cause before Poznan Conference. Mr. Borloo said: “[...] rallying China to a global ETS (emission trading scheme) should not be too difficult”.⁴⁸

In August, the French Presidency of the Council hoped that there would be sufficient progress to convince emerging and developing countries that developed countries were firmly committed to accepting the lion’s share of the ambitious post-2012 regime.⁴⁹ However, any hope of collective efforts was extinguished. After the financial crisis hit the world, several member states became reluctant. In October, Italian Prime Minister Silvio Berlusconi suggested the EU to ‘pause for thought’ in its talks on the energy and climate package,⁵⁰ which triggered a discussion in the EU. In the end, a majority of the member states considered the EU would lose credibility, and chose to reach agreement of burden sharing. Finally, in December, although the EP Temporary Committee on Climate change set a target of a 25-40% reduction in emissions by 2020,⁵¹ the EU could only reach an agreement of 20% reduction of CO2 emissions in the adoption of the climate/energy package.⁵²

In the Poznan conference, instead of being a positive climate negotiations pusher, the EU’s performance was retrogressive. Italian Prime Minister Silvio Berlusconi launched an attack in public. He thought that considering the financial crisis, the discussion of reducing greenhouse gas emissions was absurd. In addition, the EU became very harsh to developing countries, in terms of providing funds; it complained that the EU members were not automatic teller machines; in terms of technology transfer, the EU complained about intellectual property rights, in terms of reducing emissions, it asked emerging countries to use

⁴⁵ Gore praises China’s contribution to fighting climate change. (2008). From China Daily. Web site: http://www.chinadaily.com.cn/china/2008-12/13/content_7300887.htm

⁴⁶ Ditto.

⁴⁷ Agence Europe. (2008, October). European and Asian leaders commit to work together determinedly at UN conference in Poznan, *Bulletin Quotidien Europe No.9770*, 11.

⁴⁸ Agence Europe. (2008, July). French EU Presidency calls on Parliament to promote “political and popular” agreement on climate/energy package before talks in Poznan, *Bulletin Quotidien Europe No.9706*, 12.

⁴⁹ Agence Europe. (2008, August). International community meets in ACCRA to take forward talks on post-2012 agreement, *Bulletin Quotidien Europe No.9725*, 3.

⁵⁰ Agence Europe. (2008, October). Silvio Berlusconi to suggest a ‘pause for thought’ on energy and climate package, *Bulletin Quotidien Europe No.9759*, 9.

⁵¹ Agence Europe. (2008, December). Climate Change Committee sets out policy goals and recommendation for integrated post-2012 EU policy, *Bulletin Quotidien Europe No.9797*, 9.

⁵² Agence Europe. (2008, December). Light at end of tunnel for climate/energy package negotiation, *Bulletin Quotidien Europe No.9797*, 10.

more efforts.⁵³ “More and more countries are discovering the enormous gulf between the words of the EU and its deeds, and this is not helping discussions in Poznan”, said the NGO Birdlife. The environment NGOs expressed their disappointment that they were currently seeing too many shameless attempts of the European governments to turn their backs on their own ambitious promises.⁵⁴

At the UN climate change conference in Poznan, China and some other emerging countries were willing to develop renewable sources of energy, willing to improve energy efficiency, and had made national reducing greenhouse gas emissions targets. However, the EU and other developed countries did not want to discuss medium-term emission reduction targets, playing wait and see, in particular to look at the new U.S. President-elect Obama’s attitude and other developed countries’ actions.⁵⁵ These developed countries, Al Gore said, “are backsliding from strengthening their commitment to fighting climate change; they are blocking the introduction of a mid-term goal of cutting 25 to 40% emissions over 1990 levels by 2020 in the industrialized countries.”⁵⁶ The end of the conference was marked by poor results. The EU’s wait and see attitude finally made it lose its leadership in pushing the climate change negotiation to a higher step and in rallying China into the ETS market.

5. Conclusions: China’s Advance and Retreat Negotiation Strategy

5.1. Reversing Positions

This research answers the question why the EU could not lead China to adopt the post-Kyoto quantitative reduction targets on greenhouse gases. On one hand, the EU lacked leadership power; on the other hand, China, who was reluctant to adopt binding targets, reversed her passive position in the negotiations with the EU by using her advance and retreat negotiation strategy.

China is a huge country with many problems, but in terms of reducing greenhouse gas emissions, it did make an effort. First, compared with her position in the 1990s, China became much more positive in fighting climate change and dropped its idea of not reducing emissions until the middle of the 21 century. Second, China made a domestic reduction target in 2005, when reducing energy consumption per capita by 20% between 2006 and 2010.⁵⁷ Furthermore, this target was gradually adjusted until the Poznan conference. China also raised a number of proposals in mitigation, adaptation, and technology transfer, which reflected the reality of developing countries as a whole and helped the other partners to understand the problems. Third, China pushed the EU and other developed countries to work harder to reach a higher stage in climate control negotiations.

Nonetheless, China was reluctant to adopt the EU’s requirements for the post-Kyoto quantitative reduction targets on greenhouse gases. This reluctance was brought about because China first believed that adopting the quantitative target should not be the doing of developing countries. Second, China believed that the developed countries should make

⁵³方芳, 张业亮 (2008) “波兹南大会未获实质性突破”, Retrieved December 17, 2008, from Ministry of Environmental Protection of the People’s Republic of China. Web site: http://www.zhb.gov.cn/hjyw08/200812/t20081217_132514.htm.

⁵⁴Agence Europe. (2008, December). Four days before European Council, flurry of diplomatic activity and step up in technical talks on climate change/energy package, *Bulletin Quotidien Europe No.9799*, 13.

⁵⁵方芳, 张业亮 (2008) “波兹南大会未获实质性突破”, Retrieved December 17, 2008, from Ministry of Environmental Protection of the People’s Republic of China. Web site: http://www.zhb.gov.cn/hjyw08/200812/t20081217_132514.htm.

⁵⁶Gore praises China’s contribution to fighting climate change. (2008). From China Daily. Web site: http://www.chinadaily.com.cn/china/2008-12/13/content_7300887.htm

⁵⁷Agence Europe. (2007, May). Union calls for opening up of Chinese markets but fails to convince Beijing to participate in joint climate change efforts, *Bulletin Quotidien Europe No.9434*, 6.

appropriate national commitments to combat climate change, with quantified objectives for the limitation and reduction of emissions. It was up to the industrialized countries to lead by example, China felt, if they wanted the less industrialized countries to commit in turn. For example, Japan, New Zealand, Canada and Australia were all backsliding from strengthening their commitment to fighting climate change, and even the EU itself could not promote an ambitious reduction plan. Therefore, Beijing believed that instead of the adoption of a quantitative target such as the EU wanted, her effort towards reducing greenhouse gas emissions was effective enough as it was in this stage of the negotiations.

During the negotiations, China read the EU's moves well and prepared well to defend herself and to build a responsible image, which did not leave the EU with complaints. For example, when the EU asked for cooperation from developing countries, Beijing showed its progress and good intentions in fighting the climate battle; when the EU came to visit, Chinese authorities showed their difficulties in lacking funds and technologies, which also pushed their willingness to the EU, thus making the EU responsible for what China could not achieve in the battle. China also gathered other developing countries' ideas and helped these ideas to reach the developed countries, which made her the leader of the G77.

On the other hand, the EU lost its leadership in the bilateral negotiations little by little due to its own lack of ability in creating a consensus among its member states as well as its lack of negotiation skills with China. Facing Beijing's requirements of funding and technology transfer; the EU became optimistic and did not ask China for any quantitative binding target on greenhouse gas emissions in return. Furthermore, after the financial crisis hit the world, the EU did not have enough funding to keep its leadership. The €22 million the EU spent to support projects in Africa and Asia⁵⁸ was considered by developing countries as a drop in the bucket.⁵⁹

Therefore, although China did not accept the EU's requirements, it did change its passive position in the negotiations. When China received funds and technology transfer from the EU, it built its responsible international image by using its advance and retreat negotiation strategy.

5.2. Advance and Retreat Negotiation Strategy

The advance and retreat strategy worked well because China prepared well for almost all the negotiations, and did not allow the EU to put blame on them. Furthermore, China read the EU's steps carefully, which provided her with good ideas to use in defending herself. In this case, China knew exactly what it wanted and how to get it from the EU. On the other hand, the EU members lacked a consistent strategy to defend themselves and to push China to the goal which was adoption of a binding target.

From the beginning of 2007 to the Cop 14 negotiations at the end of 2008, China retreated by showing her good intention of taking climate change seriously and by her willingness to reduce greenhouse gases. This could be seen in both every bilateral negotiation and in the international conferences in Bali, Toyako and Poznan. By showing her efforts, China made her point that she was making progress constantly and this should be recognized internationally. The strategy worked well; China's progress was not only recognized well in Poznan, but she also set an example with Ban Ki-moon, the UN General Secretary, which also helped China to bargain with developed countries, especially the EU.

⁵⁸ Agence Europe. (2008, December) Commission announces €22 million investment in clean and renewable energy projects in Africa and Asia, *Bulletin Quotidien Europe*, No.9802, 9.

⁵⁹ 方芳, 张业亮 (2008) “波兹南大会未获实质性突破”, Retrieved December 17, 2008, from Ministry of Environmental Protection of the People's Republic of China. Web site: http://www.zhb.gov.cn/hjyw08/200812/t20081217_132514.htm.

Meanwhile, China advanced by asking for help from developed countries, and by arguing about the history of high emissions from developed countries. This action did not stop until the end of Poznan in December 2008, which made the EU worry about its pocket especially in the financial crisis, and made the EU27 fall apart in its attempts to further an ambitious plan to reduce emissions. Meanwhile, Chinese authorities held tightly the “common but differentiated principle” and the Kyoto frame to protect itself from the EU and other developed countries.

With a responsible presence and support from other developing countries, Beijing was much more powerful in negotiating with the EU. Eventually China reversed her passive position in the post-Kyoto negotiations with the EU by using her advance and retreat negotiation strategy successfully.

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