

**Unilateral measures are harmful for
developing countries**

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OUTLINE

What are unilateral measures in the context of CC?

Negative influence of UM to Developing countries

Key concerns for employing UM

The priority task of Developing countries

Negotiation under UNFCCC instead of UM

What are unilateral measures

- ▶ Inter alia
- ▶ Inclusion of aviation into EU-ETS
- ▶ BTA
- ▶ Carbon labeling
- ▶

Negative influence of UM to Developing countries

- **Negative impact from China perspective:**
- According to 2006 data, the embodied energy exports of 8 major energy intensive products to EU and US are 112million tons CO₂e and 120million tons respectively
- Tax rate with \$50per CO₂e, the cost on carbon tariff will reach \$ 5.6billion and \$ 6billion
- Inclusion of aviation into EUETS will increase around 2.9billion US for China air companies before 2020
- Huge burden to a developing country

Key concerns for employing UM

- ▶ competitiveness lose
 - ◆ Innovation generate additional profits to offset the cost of carbon cost and leading the world to a high efficient and low carbon way
 - ◆ Substitute measures including: Free allocation of emission permits ; subsidies; not only carbon tariff
- ▶ **Carbon leakage** (nothing happens)
 - ◆ Sijm et al: Environmental policies in the past generally have not been a significant decision criterion for the location of the investment and hence do not represent a key explanatory factor for the investments in the developing world (relocation). **Market size and growth** (regional demand) and the **wage level** seem to be more decisive investment criteria.
 - ◆ IEA(2008):The EU emissions trading scheme (EU-ETS) **has not, so far, triggered observable carbon leakage** in sectors like steel, cement and primary aluminium.
 - ◆ World bank(2008) :Although globalization promotes industry transfer, **developed countries are still the net exporters on major energy-intensive products**, and developing countries are net importers.

The priority of Developing countries is development, DCs Can not bear extra cost

- ◆ **Social-economy development remains on low level**
- ◆ **Undergoing fast urbanization process**
- ◆ **Industrialization with transferred emission**
- ◆ **Resources endowment and energy mix**
- ◆ **Improvement of inefficient facilities**

Social development remains on low level

- ◆ 2nd largest economy, 2010, 4300 USD per capita, 1/3 of the world average
- ◆ Remarkable disparity in economic development among different regions
- ◆ poverty eradication remains an urgent task, 36million live on below 0.5USD per day.



Undergoing fast urbanization process

- ◆ Finalize urbanization still need 20 years
- ◆ Absorbing statistically urbanized residents need more years
- ◆ Urban per capita energy consumption is 1.8 times higher than rural people



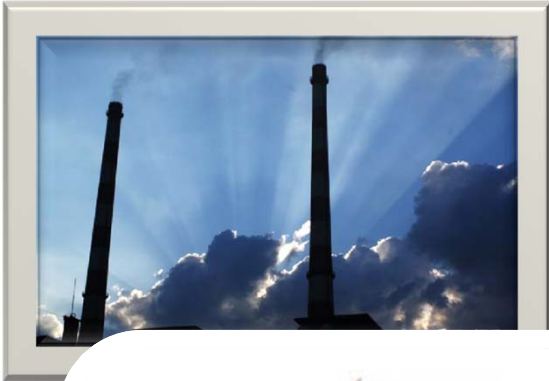


Industrialization with transferred emission



- ◆ Average annual GDP growth is around 10% during the past 30 years
- ◆ Industrialization shift from labor intensive to capital intensive. Steel and cement rank the world No.1 production capacity.
- ◆ Export volume accounts for 26 per cent of GDP in 2010
- ◆ Embodied energy with export commodities account for 30% of total National energy consumption in 2005

Resources endowment and energy mix



- ◆ Heavily rely on coal, 72% of total energy consumption in 2010, far exceeding the world average of around 30%.



- ◆ Nuclear and other renewables 3.5% vs France (39.1%) and the world average (6%).



- ◆ Energy mix is unlikely able to change in the near future
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Inefficient facilities & lock-in effect of technologies

- ◆ **Out-of-date technologies still occupy a relatively high proportion in China's key industries.**
- ◆ **Energy efficiency is about 10% lower than that of the developed countries, and its per unit energy consumption of energy-intensive products is about 40% higher than the advanced international level.**
- ◆ **Deployment of inefficient technologies will lead to lock-in effect**



Negotiation instead of UM

- ▶ Negotiation under UNFCCC provided good platform for finding out the solutions
- ▶ Enhance international cooperation and multi-lateral approaches instead of UM

Thanks for your attention!

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