Paris Pullout and Beijing Conundrum

- 米パリ協定離脱と中国の抱える難問 -



Jane Nakano Senior Fellow, Energy and National Security Program, CSIS

米国戦略国際問題研究所(CSIS)エネルギー・国家安全保障部シニアフェロー Jane Nakano氏による連載第4回のテーマは「米パリ協定離脱 と中国の抱える難問」。トランプ政権によるパリ協定離脱後も、中国は、パリ協定での約束を維持し続ける姿勢である一方、国内では石炭火力発 電所の設備過剰や、鉄鋼・セメント等の製造業の生産能力過剰問題を抱えている。今後、中国は気候変動対策と国内の経済構造調整をどのよう にバランスしていくのか。

he long-awaited decision by U.S. President Donald Trump regarding U.S. future involvement in the Paris climate agreement came on June 1, 2017. Much can be written about implications of the decision. Among the most interesting questions arising from the decision is how the future of energy system in the Asia-Pacific region may be shaped by the absence of the United States as a de-carbonization advocate on the world stage. For example, will China remain committed to its emissions reduction pledge under the Paris Agreement? Or, will there be an unabridged drive for coal usage throughout the region?

A sclimate change became increasingly important to the United States under the leadership of Barak Obama, climate cooperation also became elevated in importance within the bilateral relationship between the United States and China. For example, at a joint press conference in Beijing, in November 2014, Chinese President Xi Jinping announced Chinese commitment to peaking its emissions by 2030 while U.S. President Obama announced U.S. commitment to reducing its emissions by 26-28% by 2025. It is no overstatement that the two leaders paved the way for the successful conclusion of the Paris climate agreement in December 2015.

The election victory of Donald Trump last fall has significantly reshuffled priorities for the U.S. government, and the Paris pullout is one

consequence. Yet, Beijing is unlikely to waive its Paris pledge. One reason is a matter of timing. Following Xi's commitment, the Chinese government in spring 2016 issued a number of policy targets under the 13th Five-Year Plan (2016 to 2020) that aim to reign in its carbon emissions, such as the reduction in carbon intensity by 18%, increase of the non-fossil fuel share to 15% in its total energy consumption, capping the share of coal at 58% in its total energy consumption, and increase of the service sector share to 56% in its total GDP. In other words, this strong show of official vision preceded the major change of political tide in Washington.

 \square he other and more important reason is that L environmental degradation has become a major source of social discontent and a possible threat to regime stability in China. China's strong economic growth has come at the expense of severe air pollution, turning the country into the largest carbon dioxide emitter in 2007. Outdoor and household air pollution are responsible for over 2 million premature deaths (International Energy Agency) and costing the country roughly 3 to 10% of its gross national income. As the public has become more conscious of the quality of life, and increasingly dissatisfied with the level of environmental degradation, environmental protests in urban and rural areas are increasing in frequency. Simply put, the political cost of backtracking on the climate pledge and on the related goals under the five-year plan has become too high. Insofar as capping carbon emissions helps the

Chinese government address both air pollution and climate change concern, China will remain committed to its pledge under the Paris agreement.

E missions reduction will warrant some tough balancing acts and it may portend some challenge to emissions control in Asia-Pacific, however. The recent slow-down in Chinese economy has led to excess capacity in power generation and industrial manufacturing. For example, the average utilization rates for China's predominantly coal based thermal power fleet fell by 4.6% in 2016, year-overyear, to 4,165 hours. The issue of excess manufacturing capacity seems particularly pronounced in the sectors with strong influence of state-owned enterprises, such as cement, steel and iron, leading to the government decision to reduce steel and iron overcapacity by 50 million tons, as well as to relocate half a million steel and coal workers this year.

A s China seeks to minimize the economic and social impact of this structural adjustment, the export of coal power equipment and components is accelerating. One recent study shows that China's energy infrastructure export portfolio is more coal intensive than the global capacity trend. The study also shows that about 62% of the power capacity addition supported by Chinese firms outside of the OECD and China since 2010 has been for coal [Hannam, et al., 2015].

Moreover, the Chinese effort to ship its excess capacity abroad entails public financing. The official figure is hard to come by as China, as nonmember of the OECD, has no obligation to report on the volume or purpose of its public financing. However, China is estimated to have spent \$21-38 billion for coal plants currently under construction outside China.

The obvious implication of the endogenous desire to reduce carbon emissions while addressing excess manufacturing capacity is that China is exporting emissions along with coal power equipment and components. To the extent that many of its neighbor countries lack the universal access to electricity, and some—such as Indonesia and Pakistan—have high level of indigenous coal resources, coal power generation will likely be an attractive area for Chinese export and investment.

C hina committed under the U.S.-China Joint Presidential Statement on Climate Change in September 2015 that the country would "strengthen green and low-carbon policies and regulations with a view to strictly controlling public investment flowing into projects with high pollution and carbon emissions both domestically and internationally." Much has been speculated as to what Xi Jinping meant by "high pollution and carbon emissions projects" and, specifically, whether coal power plants fall under this category.

he United States under President Obama strove L to bring China into a mix of countries that use public financing for coal exports, not only to generally discourage such practice, but also to eliminate the loophole China had become. For example, as non-party to the OECD, China remains unconstrained by the OECD decision to phase-out the provision of export credit towards low efficiencyhigh emissions coal power projects abroad. As China seeks a soft landing for its struggling state-owned industrial sectors, its September 2015 commitment to control public investment into high pollution projects is highly vulnerable to the U.S. government retreat on climate change efforts. Bringing China into the fold is a major task that remains unfinished and no other government seems likely in the immediate future to take over the task that clearly is no longer a priority for the United States under President Trump.

[※]著者略歷: Jane Nakano is a senior fellow at the Center for Strategic and International Studies. Her areas of expertise include U.S. energy policy, energy security issues in Asia, global gas market dynamics, and global nuclear energy trends. She frequently writes and speaks on these issues at conferences and to the media. Also, she has testified before Congress on energy issues in Asia. Prior to joining CSIS in 2010, Ms. Nakano was with the U.S. Department of Energy and served as the lead staff on energy engagements with China and Japan.

