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Chinese Navy Vessel

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In a Fortnight

By L.C. Russell Hsiao

HU JINTAO'S 'SIX-POINTS' PROPOSITION TO TAIWAN

On the eve of 2009, the President of the People's Republic of China and General Secretary of the Chinese Communist Party (CCP) Central Committee, Hu Jintao, delivered a capstone speech commemorating the 30th anniversary of the "Message to Compatriots in Taiwan" (Xinhua News Agency, December 31, 2008). The message was first issued by the Standing Committee of the National People's Congress (NPC) on January 1, 1979, which marked the Communist party's 'abandonment' of its pledge for the 'armed liberation' (*wuli jiefang*) of Taiwan to the island's 'peaceful liberation' (*heping jiefang*). The 1979 message was the CCP's first appeal to the Kuomintang (KMT) on Taiwan for an end to hostile confrontation and tension across the Taiwan Strait, and marked the beginning of Beijing's 'peaceful unification' (*heping tongyi*) strategy. Thirty years later, Hu's commemorative speech, which coincided with the country's 30th anniversary of opening up and economic reform spearheaded by the late patriarch, Deng Xiaoping, included a six-point proposal that Chinese analysts and official media are waxing lyrical with praise, calling it a harbinger for peace in the Taiwan Strait (Xinhua News Agency, January 7).

The 'six-points' outlined in Hu's speech are: "1) firm adherence to the 'one China' principle; 2) strengthening commercial ties, including negotiating an economic cooperation agreement; 3) promoting personnel exchanges; 4) stressing common cultural links between the two sides; 5) allowing Taiwan's 'reasonable' participation in global organizations and 6) negotiating a peace agreement" (Straits Times, January 2).

According to Yu Keli, director of the Institute of Taiwan Studies at the Chinese

Academy of Social Sciences (CASS), Hu's 'six-points' will serve as the "guiding blueprint" for the future 'peaceful development' (*heping fazhan*) of cross-Strait relations. Yu said that Hu's message demonstrates the determination of his administration's pursuit for a full normalization of relations across the Taiwan Strait. Without barring sensitive political and military issues, the objective of Hu's 'six-points' is to bring an end to cross-Strait hostility and the so-called "state of civil war" (*neizhan zhuangtai*). Yu is widely referred to in the Chinese media as the leading authority on Taiwan affairs in the world of China's government think-tank and academic institutions (*China Times*, January 2).

Indeed, Hu's speech represents the first public attempt by the current Chinese administration to directly appeal to the Democratic Progressive Party (DPP)—the current opposition party in Taiwan and one that Beijing has refused to deal with while it was in power from 2000 to 2008. Hu called on the DPP to accept the "One China" principle and "change" its pro-independence stance. The symbolic gesture, which was quickly rejected by DPP Chairwoman Tsai Ing-wen, is widely seen as a non-starter. Tsai said that Hu's "demand that a political party must first abandon its main principles as a precondition for interaction is not in accord with democratic principles" (*Taiwan News*, January 1). Hu's direct appeal to the DPP, however, may indicate Beijing's concern over the Ma administration's flagging approval rating since assuming office last May. In the latest survey released by the Global Views Survey Research Center in late December 2008, Ma's approval rating was hovering around 30.3 percent (*Global Views*, December 23, 2008). "It is not enough that there is mutual trust between the Mainland and the Kuomintang and Ma Ying-jeou," Yu said, "since there is political party transition in Taiwan, the Mainland must consider the entire spectrum of Taiwanese society" (*China Times*, January 2).

Notably absent in Hu's speech was any mention of the KMT's oft-stated position that the resumption of cross-Strait negotiations is based on the so-called "1992 Consensus" (*jiuer gongshi*) that both sides agree there is "One China" with each side having different interpretation of what "One China" means. Yet in Hu's speech there was only reference to "One China" and no "Different Interpretation" (*gebiao*). This puts the Ma administration between a rock and a hard place, on the one hand Ma wants to keep the positive momentum, but on the other hand Hu's omission of "Different Interpretations" negates the value of the "1992 Consensus," which was the justification that the KMT used to engage in cross-Strait negotiations while maintaining Taiwanese sovereignty. The CCP and KMT appear to be looking in the same direction, but they are currently on different tracks. Ma's dilemma was reflected

in the president's response to Hu's speech. Speaking at a meeting with U.S. analysts, Ma said that "We have on one hand made an initial response, and on the other hand hope to learn more about the connotations of the overture in China's (Taiwan) policy" (*Central News Agency*, January 6).

Li Jiaquan, a senior research fellow at the Institute of Taiwan Studies at CASS and conservative commentator on Taiwan affairs, published an article in the Hong Kong-based newspaper *Wen Wei Pao*. Li says that Hu's speech is a significant milestone in cross-Strait relations and signals the third strategic adjustment in the Mainland's policy toward Taiwan in the past three decades. Li identified these adjustments as: the shift in the mainland's policy from 'armed liberation' to 'peaceful liberation' before 1979; the subsequent shift from 'peaceful liberation' to 'peaceful unification'; and finally Hu's speech that has moved beyond 'peaceful unification' to 'peaceful development' (*Chinareviewnews.com*, January 2).

A former secretary general of Taiwan's National Security Council, Ding Yu-zhou, who is a decorated field commander as well as head of the Military Intelligence Bureau (J-2), agrees with Yu's earlier assessment of the significance of Hu's speech, saying that Hu's 'six-points' will serve as the CCP's "strategic guiding principles" toward Taiwan (*China Times*, January 2). According to Ding, the biggest stumbling block in cross-Strait relations is the issue of sovereignty, on this issue Hu Jintao will not give an inch, and there can be no short term solution so the two sides should shelve political disputes. However, with his most recent message Hu has put political issues on the negotiating table and Ma Ying-jeou will have to make a tactical decision of continuing his administration's current policy of putting "economics ahead of politics" or of placing political and economic negotiation on parallel tracks. Ding added that it is too early to determine whether or not Hu's 'six-points' represents China's goodwill toward Taiwan. Ding believes that the litmus test will be in Beijing's response to Taiwan's entry as an observer to the World Health Assembly (WHA) and its bid to enter the UN. He said that if the CCP really wants to demonstrate goodwill toward Taiwan, the PRC should take the initiative by releasing captured Taiwanese intelligence officers (*China Times*, January 2)—an issue that Ding has urged President Ma to put on the negotiation agenda (*China Times*, January 2).

Contrary to the general assessment of mainstream media in Chinese and Western press, Tung Li-wen, a public security professor at the Central Police University, said that Hu's 'hardline' speech is a blow to the Ma administration's current China strategy (*Liberty Times* [Taiwan], January 1). Tung pointed out that Hu's speech revealed what the

PRC means by the ‘reunification of China’ (*zhongguo tongyi*)—that is unification under of the People’s Republic of China. He added that the speech was aimed at the KMT and is pressuring the Ma administration to fast-track negotiations for political reunification under the “One China” principle. Moreover, he pointed out that since Jiang Zemin’s visit to the United States in 1997, there was a tacit understanding from the Chinese side that the United States has a definite and influential role in the Taiwan Strait. However, Hu’s speech resuscitated an old slogan that “The Taiwan issue is purely China’s internal affairs. No foreign country is allowed to interfere,” which Tung suggested is a veiled message meant for the incoming U.S. administration (*Liberty Times* [Taiwan], January 1).

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China Flaunts Growing Naval Capabilities

By Willy Lam

The year 2009 is set to become a watershed in the People’s Liberation Army’s (PLA) development into a force capable of long-distance, multi-pronged power projection. This is despite the perception that owing to the global recession, the Chinese Communist Party (CCP) leadership under President Hu Jintao is preoccupied with its multi-billion dollar effort to resuscitate the economy and generate jobs. Even as three ultra-modern naval vessels (two destroyers and a supply ship) are steaming around the Gulf of Aden on an “anti-piracy mission,” the Ministry of National Defense (MND) has indirectly admitted that the country is building aircraft carriers. Various PLA officers have waxed eloquent on the imperative of enhancing the forces’ “combat-readiness”—and their ability to win high-tech warfare. Moreover, a gargantuan military parade is being planned for October 1, when Beijing will mark the 60th anniversary of the founding of the People’s Republic of China (*Yangtze Evening Post* [Nanjing], January 4).

Less than a month after President Hu celebrated with big fanfare the 30th anniversary of Deng Xiaoping’s reform and open door policy, the Hu leadership seems to have jettisoned two key Deng dogmas. Firstly, the late patriarch said in the early 1990s that China must “keep a low profile and never take the lead” in foreign and national-security issues. Deng, who presided over the demobilization of a million soldiers through the 1980s, also told the party’s top brass that frugality must be observed because army-building must sub-serve the overall national goal of

economic construction. Yet, since the Beijing Olympics last August, China’s military establishment seems to have been unreservedly showing off its hard-power projection capabilities. This is despite the fact that flaunting the country’s military muscle in the apparent pursuit of national glory could stoke the “China threat” theory. Given the PLA’s propensity for acquiring big-ticket, state-of-the-art hardware, the armed forces will likely enjoy double-digit annual budget boosts in the foreseeable future.

First came the Shenzhen astronauts’ ultra-ambitious moon mission, including a 15-minute “space walk” accomplished in late September 2008. While the naval expedition to waters off Somalia was billed as China’s contribution to the global effort against piracy, it seems clear that the top brass is also using the mission to test the long-distance capability of China’s inchoate blue-water navy. According to military expert Qing Yan, the sortie into the Gulf of Aden could become “a major milestone in China’s attainment of blue-water navy capacities.” Qing said that the trip would help China’s best naval vessels adapt themselves to the climate, magnetic fields and geopolitics of faraway waters. It could also be a trial run for China’s future aircraft carrier battle group in terms of logistics, information gathering, IT warfare, and so forth (*Ming Pao* [Hong Kong], December 26, 2008; *Nanfang Weekly* [Guangzhou], December 25, 2008). Indeed, while revealing details about the naval maneuver, MND spokesman Huang Xueping indirectly admitted that China was putting together its first aircraft carrier. “An aircraft carrier is a symbol of a nation’s comprehensive strength,” he said. “It also meets the basic requirements of a nation’s navy.” PLA experts have since reported that naval shipbuilders are constructing at least two flattops for possible deployment after 2015 (*Asahi Shimbun* [Tokyo], December 31, 2008; *Ming Pao*, January 1).

There are also signs that Beijing is making subtle revisions of the so-called “peaceful rise” theory, which was advanced by the Hu Jintao leadership in 2003 to reassure Asia-Pacific nations that the emerging quasi-superpower would not pose a threat to its neighbors. Official military analysts are now saying that to attain a global status commensurate with China’s comprehensive strength, the PLA should not only seek sophisticated weapons but also be constantly primed for warfare to defend China’s core interests. According to General Zhang Zhaoyin, the PLA must abandon the outdated doctrine of “building a peace-oriented army at a time of peace.” Writing in the official *Liberation Army Daily*, General Zhang pointed out that “preparing for battle, fighting wars, and winning wars have always been the fundamental tasks of the army.” “The PLA must never deviate from the doctrine of ‘being assiduous in preparing for warfare, and seeking to win wars,’” added Zhang, who

is the deputy commander of a Group Army in the Chengdu Military Region. According to Zhang, “Army construction must revolve around the core of raising our ability to win wars” (*Liberation Army Daily*, December 2, 2008).

At the same time, well-known military commentator Jin Yanan posited the theory that “China can not emerge in the midst of nightingale songs and swallow dances,” a reference to the placid pleasures of peacetime. Jin, a Professor of International Relations at National Defense University, indicated that China had to “hack out a path through thorns and thistles” in its search for greatness. “When a country and a people have reached a critical moment, the armed forces often play the role of pivot and mainstay [in ensuring that national goals are met],” Jin noted. “Even in peace time, soldiers need to be ever-ready for battles, so that they can throw themselves into action at any time.” Referring to China’s domestic and international goals in the 21st century, Jin pointed out that PLA personnel should “acquit themselves of the responsibility of history and become the vanguard of the Chinese race” (*Liberation Army Daily*, December 31, 2008). In another controversial article, *Liberation Army Daily* commentator Huang Kunlun raised the notion of “the boundaries of national interests.” Huang argued that China’s national interests had gone beyond its land, sea and air territories to include areas such as the vast oceans traversed by Chinese freighters as well as outer space. “Our armed forces need to defend not only ‘territorial boundaries’, but also the ‘boundaries of national interests’,” Huang wrote. “We need to safeguard not only national-security interests but also interests relating to [future] national development” he added (*Liberation Army Daily*, December 4, 2008). This novel concept would vastly increase the “legitimate” areas where the PLA can operate.

What does one make of this pugilistic rhetoric? These belligerent remarks may solely represent the “hawkish wing” of the national-security establishment, particularly given the apparent fear among generals that the military budget could be cut in times of economic difficulties. Yet, in view of the long-established tradition that PLA officers will not talk about policy issues without authorization from the Central Military Commission (CMC), which is headed by President Hu, it seems clear that opinions about bolstering the PLA’s combat-readiness represent the thinking of the very top.

While touring the Shenyang Military Region in mid-December, Hu Jintao, acting in his capacity as CMC Chairman, asked officers and soldiers to prepare themselves for impending “military struggles.” “New and complicated changes have taken place globally, and our domestic task regarding reform, development

and stability has become difficult,” Hu told the military personnel. “The new situation and responsibilities have made even higher demands on army construction and on the forces’ preparation for ‘military struggle’.” Apart from traditional goals such as defending national boundaries and safeguarding territorial integrity, Hu asked the PLA to get ready for “non-war related combat missions” and to “comprehensively raise its ability to tackle different types of threat to [national and social] security.” President Hu ended his tour by asking the officers to “make enthusiastic contribution to maintaining the stable and relatively speedy development of the economy, as well as upholding social harmony and stability” (Xinhua News Agency, December 16, 2008; *People’s Daily*, December 17, 2008).

In a New Year talk to senior officers of the People’s Armed Police (PAP), which is also under the direct control of the CMC, President Hu called upon them to “boost their ability for tasks such as handling emergency [mass] incidents and combating terrorism.” Moreover, the commander-in-chief commended the PAP’s role in “safeguarding national security and unity, and maintaining social harmony and stability” (Xinhua News Agency, January 4). Hu’s highly positive assessment of the PLA and PAP would seem to buttress arguments by the top brass that in light of their invaluable contribution to safeguarding socio-political stability—a prerequisite for not only economic development but also the perpetuation of the CCP’s ruling party status—the armed forces are justified in continuing to enjoy a disproportionately large share of national resources. Last year, the PLA was awarded a budget of \$57.23 billion, a whopping 17.6 percent over that of 2007; moreover, most Western analysts think the armed forces’ actual expenditure is up to three times the official budget.

To be sure, the Hu-led Politburo has pulled out all the stops to reinforce the perception of the party’s “absolute control over the gun.” At year-end, President Hu laid down five “core values” for officers and soldiers: “be loyal to the party, love the people, serve the country, be ready to sacrifice yourself, and value honor.” He also instructed that officers and soldiers must augment their “ideological and political construction” to ensure that PLA personnel would not deviate from their serve-the-people credo (Xinhua News Agency, December 30, 2008). Yet, there is no questioning the fact that the foremost priority of the party-and-state apparatus is to indefinitely prolong the CCP’s mandate of heaven through snuffing out dissent and other challenges to its monopoly on power. In his speech marking the 30th anniversary of the reform era, Hu reiterated that “stability is our overriding task, because nothing can be accomplished without stability.” With reference to maintaining the party’s ruling party status, the supremo also warned that “What we possessed in the past doesn’t

necessarily belong to us now; what we possess now may not be ours forever” (*People’s Daily*, December 19, 2008; Xinhua News Agency, December 18, 2008). Hu’s amazing statement has been interpreted as a frank admission that in light of the severe economic downturn and the rise in “mass incidents” such as riots and disturbances, the party’s political dominance is under unprecedented threat. As the CCP becomes more and more dependent on the armed forces to uphold its supremacy, it may have no choice but to grant the generals not only generous budget boosts but also a bigger say in national-security policy-making.

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China’s Gulf of Aden Expedition and Maritime Cooperation in East Asia

By Mingjiang Li

The People’s Liberation Army Navy (PLAN) has deployed two warships and a supply ship to the Gulf of Aden and the waters off the coast of Somalia on an “anti-piracy mission.” To many observers of Chinese foreign policy, this decision appears to break from Beijing’s consistent position of maintaining a low profile international policy and marks a departure from its strenuous effort to downplay—and to a large extent conceal—the growth of its military power in the past decade. One may wonder whether the naval expedition to Africa represents a watershed in China’s security policy. Another question is how the Gulf of Aden operation will change China’s policy and behavior in maritime affairs in East Asia. The regional order in East Asia is predominantly shaped by the policies and strategies of various actors in maritime affairs in the region, namely the United States, and China will want to feature itself prominently in the evolution of the region’s maritime regime.

China’s participation in maritime cooperation in East Asia has been fairly active and pragmatic. On the one hand, Beijing has actively participated in various concrete

programs concerning maritime affairs. On the other hand, China has unequivocally rejected any grand scheme or proposal regarding maritime cooperation in the region. In light of these observations, it is perhaps reasonable to conclude that the Gulf of Aden mission is likely to foster more Chinese activism in maritime non-traditional security cooperation in East Asia but China is not prepared to strive for any notable leadership role or join any grand scheme in this regard.

A MIXTURE OF CONFIDENCE AND CAUTION

Overall, China’s handling of the Gulf of Aden mission has been quite sophisticated and skillful. This is reflective of growing Chinese confidence that stems from a multiplicity of sources, including more or less stable relations with other major powers (in particular the United States and Japan), and strengthened naval capability. Furthermore, China’s decision to embark on the mission signals the policy-makers’ growing awareness of the necessity of using military means for the protection of Chinese commercial interests on the seas. The practical consideration of taking advantage of the opportunity to gain naval battle experience also played a big role in the decision.

Political and military confidence notwithstanding, it is also notable that China acted with considerable caution before the official decision was made public, which reflects China’s concern that such naval action might be interpreted by other powers, especially regional states, as a harbinger of Chinese assertiveness. The caution is demonstrated in China’s probe for international responses before the official announcement of the decision and the high-profile public relations campaigns that accompanied it. The Chinese strategic community first made the proposal in the Chinese media to test how other parties would respond. Then Chinese diplomats to the United Nations followed up with a statement that China was considering the possibility of using its naval force to strike down piracy in the Gulf of Aden. Having sensed a relatively calm reaction from other states and even encouraging signals from the United States, Beijing officially made the announcement and followed up with high-profile public relations campaigns. Spokesmen at the Foreign Ministry and Defense Ministry and prominent Chinese analysts strenuously attempted to justify China’s decision on the ground of international law (the UN Security Council resolutions in particular), China being victims of the Somalian pirates, China’s commercial interests, international maritime security, and the operations of other countries. A notable point that China constantly emphasized was that the naval action signifies China’s intention and behavior to be a responsible power. All these aimed at forestalling any negative international opinion on China’s naval expedition to the region.

CHINA'S GROWING ACTIVISM IN MARITIME AFFAIRS IN EAST ASIA

Many maritime affairs concern a nation-state's sovereign claims in territory and resources and the role of its military or quasi-military in dealing with these issues.

In the past decade or so, the PLA has made notable progress in engaging the militaries of many other countries. This growing military openness and international communications, especially between the PLA Navy and the naval forces of other countries, have had a positive impact on China's maritime cooperation.

China has made notable progress in participating in joint search and rescue exercises on the seas with a wide range of countries in recent years. China and India held their first naval joint search and rescue operation in 2003 in the East China Sea. The military exchanges between the two powers have been gradually increasing ever since, leading to the second joint search and rescue exercise in the Indian Ocean in December 2005 (*Liaowang Xinwen Zhoukan* [Outlook News Weekly], May 10, 2004). In July 2005, China, South Korea, and Japan held a joint search and rescue exercise in China's offshore area. In September and November 2006, Chinese and American navies conducted two search and rescue exercise in the U.S. West coast and in the South China Sea respectively [1]. This was the result of 8 years of maritime security consultations between the two countries and a major breakthrough in the past 20 years (*Outlook News Weekly*, November 27, 2006). China participated in the first ARF maritime-security shore exercise hosted by Singapore in January 2007. In March 2007, two Chinese missile frigates, together with the naval forces from Bangladesh, France, Italy, Malaysia, Pakistan, Turkey, the United Kingdom and the United States participated in the four-day sea phase of "Peace-07" exercises in the Arabian Sea. In May 2007, a PLAN missile frigate took part in the Western Pacific Naval Symposium (WPNS) exercise that also involves Australia and the United States. Although China joined this forum over twenty years ago as one of its founding members, this was the first time it was involved in a live exercise [2]. Joint search and rescue operations were also conducted with Australia and New Zealand in October 2007.

These joint search and rescue operations offered experience to the PLAN, and gradually changed the Chinese military decision makers' mindset leading to the political and military confidence shown in the decision of the Gulf of Aden mission. Moreover, the naval exchanges with external powers and regional states have been quite significant in facilitating China's participation in various programs of maritime cooperation in East Asia.

China is no longer an outsider in East Asian maritime cooperation, particularly in some of the concrete projects, such as joint oceanic research, environmental protection, and many sea-based non-traditional security issues. In Northeast Asia, China helped North Korea train personnel and provided various equipments to the North Korean Navy. The two countries also engaged in a few research projects in the Yellow Sea (*Zhongguo Haiyang Bao* [China Ocean Newspaper], December 12, 2006). China and South Korea signed a MOU on joint oceanic research in 1994 and set up a joint research centre on marine science the next year. The two sides have been collaborating quite closely on a wide range of issues ever since (e.g. management of offshore areas, marine environmental protection and information exchange). China and Japan, in the past years, also cooperated in studies of oceanic currents. Japan provided equipment and trained Chinese personnel (*China Ocean Newspaper*, December 12, 2006). At the trilateral level among China, Japan, and South Korea, starting from 1999, the three countries launched a ministerial level meeting on environment and various concrete proposals on sandstorms and marine environmental protection have been carried out. In 2004, the authorities monitoring earthquake in the three countries agreed to share seismic information and technology. The immigration authorities of the three countries have also held workshops on countering terrorism, drug trafficking, and human trafficking in Northeast Asia.

In Southeast Asia, China has agreed to various legal frameworks that would facilitate closer maritime cooperation with its neighboring states in the region, either bilaterally or multilaterally. These documents include the 2000 China-ASEAN action plan on countering drug trafficking, the 2002 China-ASEAN joint declaration on cooperation in non-traditional security issues, and the 2004 China-ASEAN MOU on non-traditional security cooperation. Bilaterally, China has attempted to strengthen maritime cooperation with Vietnam, Thailand, Malaysia, the Philippines, and Indonesia. With Vietnam, discussion and cooperation were conducted through the joint marine experts group. Major areas of cooperation included forecast of waves in the South China Sea, offshore environmental protection, exchange of information, and coastal area management capacity building. China and Thailand are negotiating a formal agreement to further institutionalize and deepen their cooperation in maritime affairs (*China Ocean Newspaper*, October 7, 2008). During a visit to Southeast Asia by the former director of China's State Oceanic Administration Wang Shuguang in 2004, China reached agreements with Malaysia, the Philippines, and Indonesia on cooperation in a variety of maritime issues (e.g. marine environmental protection, oceanic resources management, and oceanic science and surveys). Various

concrete projects have been or are being carried out. During Wang's visit, he even proposed that maritime ministers of countries surrounding the South China Sea meet regularly (*China Ocean Newspaper*, December 24, 2004). China claims that it intends to further engage ASEAN countries in disaster reduction and relief, seminars on oceanic studies, and eco-monitoring training programs in the South China Sea area (*China Ocean Newspaper*, December 12, 2006).

At the broader international level, China has been participating in the UNEP's Global Meeting of Regional Seas, the Global Program of Action for the Protection of the Marine Environment from Land-based Activities, the East Asian Seas Action Plan, and the Northwest Pacific Action Plan. In the Northwest Pacific Action Plan, for instance, in December 2007, China joined the relief work of an oil spilling incident off the coast of South Korea under the emergency response mechanism of the plan and, in September 2008, China and South Korea held a joint emergency exercise in dealing with search and rescue and oil spilling in the sea (*Zhongguo Shui Yun Bao* [China Water Transport Newspaper], September 3, 2008). China joined the North Pacific Coast Guard Forum (NPCGF) in 2004, four years after its inception. The forum attempts to provide a platform for international coast guard leaders to interact regularly and also initiated at-sea combined exercises that began in 2005. China now actively participates in its six areas of cooperation: anti-drug trafficking, joint actions, counter-illegal immigration, maritime security, information exchange, and law enforcement on the sea. In 2006, China even hosted the seventh experts' meeting of the NPCGF (*Renmin Gong'an Bao* [People's Public Security Newspaper], March 31, 2006). China's participation in the NPCGF is particularly significant since it provides a valuable forum for China and the US to communicate and exchange views on various maritime issues [3]. Two Chinese ports, Shanghai and Shenzhen, are now officially part of the U.S. Container Security Initiative (CSI) (Xinhua News Agency, June 24, 2005).

All these new policy moves and behaviors reflect a slightly changed mindset among Chinese decision makers. Some Chinese analysts believe that cooperation with other militaries, including the U.S. military, on various non-traditional security issues is an inevitable trend as China further integrates itself into the international society. Military exchanges with other countries are also important as the Chinese military may have to be more frequently involved in protecting China's overseas interests and evacuating Chinese nationals in emergent foreign conflict areas. Exchanges with foreign militaries, especially the U.S. military now would lay a good foundation for cooperation and avoidance of misunderstanding when such cases arise (*Outlook News Weekly*, November 27, 2006).

CHINA'S CONCERNS FOR GRAND SCHEMES

The growing activism in the past decade or so noted above was largely a reflection of the significant improvement in China's international relations in the region. Despite active participation in maritime cooperation in recent years, China's role in this regard is likely to be restrained by the military and strategic environment in East Asia, China's own concerns of sovereign territorial claims, Chinese posture on military transparency, and of course the policies of other states in maritime affairs.

The strategic reality in East Asia is still that the U.S. serves as the hegemonic stabilizer. Many East Asian states look to the U.S. for security purposes and attempt to maintain American participation in regional military and maritime affairs. It is still difficult to imagine East Asia developing institutionalized maritime cooperation without U.S. participation. In this sense, China's role and participation in East Asian maritime cooperation will have to be influenced by the U.S. factor and Sino-U.S. military relations. To a lesser extent, the lack of strategic trust among major powers in the East Asian Seas region is also a restraining factor for China's more active participation in maritime cooperation. This is so because many projects in maritime cooperation will have to depend on the naval forces directly or indirectly.

The lack of strategic trust affecting China's attitude in maritime cooperation is evident in China's view of the U.S. Proliferation Security Initiative (PSI). China supports the objectives of the PSI, but argues that the PSI includes the possibility of taking interdiction measures on the sea beyond the permission of existing international laws. That is why China decided not to participate in the PSI. In addition, China urges participating countries to seriously consider the Chinese point and act with caution in the implementation of the PSI (Xinhua News Agency, September 1, 2008). Chinese analysts believe that the PSI, initiated and dominated by the US, is a fairly aggressive and coercive collective mechanism, a by-product of Bush's "preemptive strategy," and deeply embedded in American unilateralism [4].

Another case is China's response to the U.S. proposal for a Global Maritime Partnership (GMP or Thousand-Ship Navy). Washington hopes that China can join this grand scheme to deal with all sorts of maritime problems at the global level [5]. The U.S. has twice requested China to participate in the plan and did so again after China made public its decision to dispatch its fleet to the African waters. Chinese military analysts, however, still have profound skepticism of the U.S. proposal. Many of them believe that the plan actually indicates US intention to set up a global

naval regime to continue to dominate maritime affairs at the global level [6]. Others even fear that it is part of U.S. strategy to strategically constrain China and Russia [7].

FUTURE PROSPECT FOR CHINA'S ROLE IN EAST ASIAN MARITIME COOPERATION

Overall, China's maritime policy has been in a state of dynamic transition. Its policy shifted from distrust and non-participation in regional maritime programs throughout much of the 1990s, to active participation and growing integration over the past few years. Now the Gulf of Aden operation has demonstrated Chinese capability and confidence. With the milestone decision of the African expedition and China's first large medical ship in service, it is quite likely that China may seek to play a more important role in maritime non-traditional security issues, for instance disaster relief, anti-piracy in the South China Sea, and the safety of sea lines of communication in East Asia.

There are quite a number of propitious conditions for China's growing role in maritime affairs in the region. First of all, China has already been fully participating in all sorts of maritime programs in East Asia seas, has gained the necessary experience in dealing with various maritime challenges, and is better informed of the policies and expectations of other states. Second, in the mainstream strategic thinking in China, proactive engagement with regional states is still viewed as a proper strategy for consolidating China's strategic foothold in the region and shaping regional international relations conducive to China's domestic economic programs. Third, the overall maritime order in East Asia is stable and other regional states seem to respond positively to China's engagement policy. This is best illustrated in the cases of China-Japan in-principle agreement (reached in June 2008) on the joint oil and gas exploration and extraction in the East China Sea and the China-Vietnam joint statement (announced on October 25, 2008) regarding their willingness to jointly explore parts of the South China Sea. However, such joint development projects are notoriously fickle, as demonstrated by the recent spat between China and Japan over China's exploration of the Tianwaitian gas field (*China Daily*, January 5). Still, the overall positive atmosphere provides some hope that China and its maritime neighbors may eventually manage to find some mutually acceptable solutions to their disputes.

In East Asia, China still has territorial disputes with many of its maritime neighbors and, in addition to scrutiny by external powers, other Asian states keep a close watch over China's activities in regional maritime affairs. The Gulf of Aden, on the other hand, is a much less sensitive region

for China and thus serves as a perfect testing ground for the Chinese Navy. It is still premature to expect China to strive for any leadership role in maritime affairs closer to home.

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Chinese Inroads in DR Congo: A Chinese "Marshall Plan" or Business?

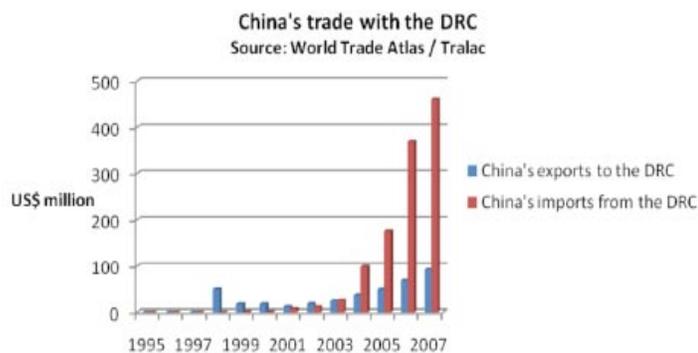
By Wenran Jiang

Since achieving independence five decades ago The Democratic Republic of Congo (DRC) has been ravaged by a dictatorship, war and political strife. Although large in territory and rich in mineral and other precious raw materials, the DRC is a failed state that has been seemingly incapable of maintaining any semblance of stability. With the lowest ranking per capita GDP, life expectancy, literacy rate and a host of other human development indicators, it suffers from rampant corruption on a level of pandemic proportions [1]. Despite an election in 2006 and the deployment of the largest UN peacekeeping mission in history (18,000 troops), war looms in Congo's Eastern region as clashes between rebel forces and the central

government have already displaced up to a million people (All Africa, November 10, 2008). At the same time, large-scale mining contracts and other economic activities have flowed into the DRC in recent years owing to the global boom in demand for raw materials. China—a relatively new comer in this new scramble—has committed to \$9 billion for investment in the DRC last year, thus becoming one of the most influential players in the Congolese economy almost overnight.

CHANGING DOMESTIC PRIORITIES AND CHINA-DRC RELATIONS

China's relations with the DRC after its independence in 1960 have been bumpy at best. While Beijing established revolutionary “brother-in-arms” relations with many other new African states immediately after their colonial occupiers departed, China-DRC diplomatic relations were interrupted twice, and finally stabilized under President Mobutu Sese Seko in 1972. After Laurent Kabila overthrew Mobutu in 1997, bilateral ties continued to improve, and the past decade saw impressive growth in bilateral trade.



China has strategically shifted away from actively supporting radical ideologies around the world in the 1960s and 1970s and moved toward becoming a major economic investor that proclaims neutrality in political matters. Reinventing itself as the world's manufacturing power house has resulted in rapid growth of China's demand for energy, minerals and other resources. As indicated in the Tralac bilateral trade volume figures, Chinese imports from the DRC more than quadrupled from 2004 to 2007 [2]. Despite the DRC's dismal business environment, China's huge appetite for copper, cobalt, other minerals and the vast potential of the DRC to provide these metals have driven a range of large, medium and small Chinese companies and banking institutions into the heart of the largest country in Africa. These companies have built some impressive landmark buildings such as the National Parliament, the People's Palace, and the country's largest outdoor venue, Stade des Martyrs (The Martyrs' Stadium). China's Huawei Technologies Corporation Ltd. has been laying and upgrading the Congolese telecommunications and Internet infrastructure. China has also provided

training for students through other aid programs as a part of its overall African engagement strategy [3].

A CHINESE “MARSHALL PLAN” OR INFRASTRUCTURE FOR RESOURCES?

Yet the aforementioned projects are dwarfed by the massive \$9 billion dollar, multi-year multi-project deal that the two countries signed in 2008. Negotiations began in the fall of 2007 for the amount of \$5 billion, and another \$3.5 billion were added to the deal later. Under the terms of the deal, the Export-Import Bank of China pledged a \$9 billion loan and finance to build and upgrade the DRC's road (4,000 km) and rail system (3,200 km) for transportation routes that connect its extractive industries, and to develop and rehabilitate the country's strategic mining sector in return for copper and cobalt concessions (*Reuters*, April 22, 2008). In return, China will gain rights to extract 6.8 million tons of copper and 420,000 tons of cobalt (proven deposit)—and the operations are expected to begin in 2013 [4].

The DRC National Assembly approved the agreement in May 2008. After some adjustment on the Chinese side, three major Chinese companies, China Railway Group, Sinohydro Corporation and Metallurgical Group Corporation, controls a total of 68 percent of the new joint venture Sicominex, with the rest of the shares held by Gécamines and the DRC government [5]. By May 2008, 150 Chinese engineers and technical personnel were already in the DRC working on the new joint venture (*Northern Miner*, May 19, 2008).

The scope of this infrastructure in exchange for resources agreement is unprecedented in many ways. The promised investment is more than three times that of the DRC government's annual budget (\$2.7 billion for 2007). The Chinese Ambassador to the DRC hailed the deal as only the beginning of China's active promotion of its relations with the DRC. But Congo's Infrastructure Minister Pierre Lumbi praised it as a “vast Marshall Plan for the reconstruction of our country's basic infrastructure.” Other than long distance road and rail construction, the package also includes two hydro-electric dams and the rehabilitation of two airports [6]. If fully disbursed, this will be the single largest Chinese investment in Africa. No other countries or international financial institutions have come close to initiating such a massive project in such a short period of time.

Many see the influx of Chinese capital as hope that the DRC can finally move forward with some desperately needed infrastructure development. President Joseph Kabila stated that “for the first time in our history, the Congolese people

can see that their nickel and copper is being used to good effect.” Yet critics have lashed out at the arrangement as a sellout of DRC’s natural resources. They argue that the entire arrangement is a ruse intended to veil the Kinshasa’s corrupt regime’s scheme to grab money at the expense of ordinary Congolese. Others have argued that the deal is bad for Congo due to the huge profits for China. Yet others claim that the Chinese investment will further fuel the armed conflicts raging in the most resource wealthy parts of the country.

It is difficult to arrive at a precise estimate on the mineral profits for China’s initial investment. Estimates have ranged from \$14 billion to \$80 billion (*Mining Weekly*, September 28, 2008). But with the recession hitting many major developed economies, metal prices have declined sharply in recent months. For instance, copper price has dropped from \$9,000 per ton at its peak to the current price of just over \$3,000 [7]. Based on various calculations, Chinese profits will have to be adjusted to the market situation.

It is also hard to imagine, with such large fortune at stake, that Beijing would want to see the DRC destabilized. If anything, it is in China’s fundamental interests to build a more secure environment for its long-term presence. That may explain the specific clause in the agreement which specifies that native Congolese workers will compose 80 percent of the work force on all projects.

THE LUBUMBASHI COPPER BOOM AND BUST

It is too early to make definitive conclusions about the \$9 billion mega deal as many Chinese copper extractors and smelters in the Southeast province of Katanga have clearly gone through a business cycle of prosperity and decline. When the worldwide demand for copper and cobalt increased, especially from China, many Chinese enterprises, ranging from large to small, went to the mining city of Lubumbashi to set up extraction smelting operations. While the large firms were securely financed and planned to lay the foundations for a long term relationship, many medium and small sized companies, with limited financial flexibility, went to Congo in the hopes of making a quick buck [8]. But after the Congolese government placed a ban on raw ore exports in 2007, these small businesses became mainly involved in processing and trading and found that, even in the midst of the copper rush, earning a quick profit was far from easy.

Unlike well-established Western companies with integrated mining and processing operations, many new Chinese firms were set up for smelting only. They depended heavily on raw materials collected from individual manual miners and once the furnace was up and running many of them

found that they did not have enough supplies. The more experienced Western firms, on the other hand, could secure supply for the furnaces from their own large-scale mechanized mining operations.

When the Katanga provincial governments implemented new regulations, demanding that the processor of minerals must supply the raw materials from their own mines, many small Chinese smelting plants were forced to stop their operations due to a lack of resources and increasing cost. While some simply diversified into trading activities for large firms, others were stuck with their investment in land, plant and other equipment [9].

Contrary to popular perception that the all-powerful central government is behind all the advances of Chinese enterprises, almost none of the medium-sized and small Chinese companies receive any kind of governmental assistance. There is not even a Chinese consulate in Lubumbashi [10]. A provincial government minister told the author that there were very few cultural exchange activities between China and the Katanga province, something quite in contradiction to the assumption that China is facilitating its commercial interests through a variety of cultural and socio-political initiatives.

The continuous decline in metal prices has resulted in over 300,000 workers losing their jobs in the mines and factories around Lubumbashi. The renewed fighting and turmoil in the East has also adversely affected the security situation in the resource rich province. In the latest development, more than 10 people, including one Chinese citizen, were killed in Lubumbashi. The government security forces are stretched thin and skyrocketing unemployment is making the city more difficult to manage (Agence France Presse, December 26, 2008).

ANOTHER “GREAT GAME” BY THE GREAT POWERS?

Despite the deteriorating business operating environment, many Chinese and international businesses continue to expand in the DRC. “There is still money to be made,” as the CEO of a Chinese medium mining firm told the author last fall. However, the situation has grown increasingly bleaker due to the country’s shaky stability and falling commodity prices.

The long-term outlook for China’s role in the DRC is not clear (the same can be said for China’s overall strategy toward Africa). Even if Beijing’s \$9 billion infrastructure for resources project is fully implemented, China will still remain a newcomer in the Western dominated mining sector of the DRC. For example, the 6.8 million ton copper deposit concession to the Chinese side is only about two-

thirds the amount controlled by a single American firm, Freeport—operator of Congo’s huge Tenke Fungurume mine [11]. Yet there are indications that the United States and other Western countries are concerned about Chinese intentions in the DRC in particular and in Africa in general. There is also an emerging debate on whether the on-going war in North Kivu province is the result of the growing rivalry between the United States and China in the DRC [12]. In a country that has 10 percent of the world’s copper and one-third of its cobalt reserves, 75 percent of Congolese live below the poverty line. It remains to be seen whether Chinese investment actually improves the lives of ordinary Congolese or whether it merely serves to intensify the competition among the great powers for the control of the world’s natural resources and adds to the misery of the local population.

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Future Prospects of China’s Policy on Climate Change

By JianJun Tu

China’s economic boom has made the country a dominant producer of man made greenhouse gases (GHG). Since 1978, China’s fuel combustion carbon dioxide (CO₂) emission has quadrupled, reaching 5,664 Mt in 2006 and 6,110 Mt in 2007 [1]. In comparison, the United States emitted 5,826 Mt CO₂ in 2006 [2]. China has already surpassed the United States as the world’s largest emitter of CO₂ and shows no signs of cutting down on emissions. While it is unlikely for a developed economy such as the United States to increase its emissions annually by 5 percent, given China’s present level of economic development relative to its growth future, its current GHG emissions pale in comparison to what can be expected in the coming decades. In response to increasing international and domestic pressure on China’s uncontrollable spikes in GHG emissions, on October 29, 2008 the Chinese State Council published the country’s first White Paper on climate change entitled *China’s Policies and Actions for Addressing Climate Change* (*China Daily*, October 29, 2008). The White Paper is intended to serve as the blueprint for a coordinated policy response by the Beijing authorities toward this imminent national and international challenge.

CLIMATE CHANGE POLICY IN CHINA

The issue of climate change has attracted virtually no public or political attention from the Chinese in the 1960s, and only a little during the energy-policy debates of the developed world in the 1970s [3]. When Deng Xiaoping first opened the Communist country’s inward-looking, agrarian economy to the outside world in 1978, China’s GDP accounted for less than 1 percent of world total [4]. Yet due to China’s heavy reliance on carbon-intensive coal and the widespread application of inefficient technology

in its industrial sector, China's CO₂ emissions already accounted for around 8 percent of the global total, ranking second only to the United States. Since then, China's share of global CO₂ emissions has increased rapidly and by 2006 composed approximately 20 percent of the world total [5]. The 7.8% spike of primary energy consumption between 2006 and 2007 finally made China the world's largest CO₂ emitter [6]. While this assessment is based on emissions factors published by the Intergovernmental Panel on Climate Change (IPCC), China's 2007 CO₂ championship would be questionable only if significantly lower-than-IPCC emissions factors for coal are used to calculate its GHG emissions inventory. Given the fact that the IPCC factors have been used by the National Development and Reform Commission [NDRC] to set baseline emissions intensities of China's electric grids under the Clean Development Mechanism (CDM) [7], the utilization of noticeably lower-than-IPCC emissions factors to calculate China's recent GHG emissions is a controversial practice.

China began to co-ordinate its climate change policy in 1988 when it established an inter-agency group that helped to formulate its positions for forthcoming international climate negotiations. Subsequently, the National Climate Change Coordination Leading Small Group (CCCLSG) was established in 1990, which is an inter-ministerial level committee chaired by the former State Development Planning Commission (SDPC, renamed NDRC in 2003). The 15-member committee in turn set up working groups on impact assessment and a response strategy to the United Nations Framework Convention on Climate Change (UNFCCC). In 1992, China ratified the UNFCCC, the fifth country in the world to do so. China has been an active and visible participant in the international climate negotiations, usually acting in concert with the developing country group (G77/China). China's positions have usually been in line with those of the G77 countries, but Chinese representatives have often felt a need to reiterate the Chinese views in addition to the G77/China statements [8].

In the past, China's climate change policy was shaped by the interests and priorities of a few key players, with input from several less influential actors. Before the Chinese governmental restructuring in 1998, responsibility for climate change coordination was with the China Meteorological Administration (CMA). Together with the Chinese Academy of Sciences (CAS), the CMA is one of the lead agencies in the scientific discussion on climate change. However, with the climate change focus turning increasingly toward economic impact, the influence of the CMA has diminished. In 1998, the responsibility of coordinating national climate change efforts was transferred to the former SDPC, which signified that climate change was no

longer perceived solely in scientific terms, but increasingly in political and economic perspectives [9].

The NDRC heads the delegation to climate negotiations while the lead negotiator is often from the Ministry of Foreign Affairs (MFA). They together emphasized economic development and sovereignty concerns. Moreover, they have the responsibility to ensure that China does not take on commitments that will impede economic development or have an impact on energy security. Other actors (such as the State Science and Technology Commission, now the Ministry of Science and Technology, and the then National Environmental Protection Agency, renamed the State Environmental Protection Administration in 1998) had been more positive and believed there were potential benefits for China (e.g. access to technology) [10]. Though SEPA was widely regarded as a weak administration, with its promotion as the Ministry of Environmental Protection in 2008, the MEP is expected to become more influential in the future.

FUTURE PROSPECTS FOR CHINA'S CLIMATE POLICY

For the Chinese leadership, the urgency of maintaining social stability and economic development is coupled with the party's political legitimacy. Since the late 1970s, rapid socio-economic changes have created a different political environment in which the Mao Zedong-styled charisma- and revolution-based party leadership declined in political relevancy. Unlike the Mao regime, the reform-era under Deng Xiaoping's administration needed to build and consolidate its political power on the principle of economic rationality. Through the programs of economic reform and open-door policies fused with the promise of a more prosperous society in the future, Deng was able to regain the trust of the Chinese people, who were disillusioned by the party under Mao. While the CCP has been converted from a Maoist revolutionary party to a Dengist reformist party and is now attempting to transform itself into an "institutionalized ruling party," Chinese policymakers will have to increasingly justify the CCP's political reign based on the rationality of economic principles and market reforms rather than the personal charisma of Communist leaders and the Party's legacy [11].

Chinese policymakers are beginning to realize the need for a sustainable economic strategy, which largely explains why Beijing has over the past decade tried to factor more environmental considerations into national development plans. Yet, those efforts so far have primarily focused on localized environmental measures to control air, water, and soil pollution; in comparison, the GHG emitting issue with a global nature is considered as less pressing and thus given much lower political priority, especially at the local levels.

According to this researcher's recent book entitled *Modeling China's Energy Future: Climate Change, Air Pollution and Supply Security*, while auxiliary benefits of local air pollution abatement by climate change policy instruments such as a carbon tax are significant, the co-impact on GHG emissions by air quality improvement measurements such as a sulphur tax is relatively small [12]. While Beijing has been able to successfully limit national sulphur dioxide emissions, a major precursor of China's widespread acid rain, which only increased slightly from 23.7 Mt in 1995 to 24.68 Mt in 2007 [13], the country's GHG emissions has more than doubled from about 3,540 MtCO₂e to 7,191 MtCO₂e during the same period [14].

Though there is an ongoing debate on the costs required for deep GHG abatement, Chinese policymakers and academia generally weigh GHG emissions control as significant liabilities instead of potential assets to the national economy [15]. Such perceptions were reinforced by the outgoing Bush administration's withdrawal from the Kyoto Protocol in 2001 and most of Annex I countries' failure to meet their Kyoto commitments. Beijing has already expressed its belief that any mandatory emission cap would unfairly limit the nation's economic growth. Thus, rejecting mandatory emissions caps will be the bottom line for Beijing's climate policy in the foreseeable future. Ironically, although the U.S. government used the absence of key developing countries as an excuse to justify its withdrawal from the Kyoto Protocol, the sudden disappearance of U.S. pressure on China in 2001 actually made it possible for Beijing to maintain a "wait and see" climate policy for quite a while.

Given the necessity of balancing economic growth with portraying itself as a responsible power, Beijing understands that it cannot escape the responsibility of curbing its spiking GHG emissions forever, so it has bid its time developing an increasingly proactive and comprehensive climate policy. For instance, according to China's 11th Five-Year Plan (2006-2010), a 20 percent energy intensity improvement target can translate into an annual reduction of over 1.5 billion ton of CO₂ by 2010, making the largely energy security—and local pollution-based effort one of the most significant carbon mitigation initiatives in the world [16]. While China's energy to GDP intensity has declined by 12 percent between 2005 and 2007, the progress so far is promising [17]. In June 2007, China released its much anticipated National Climate Change Strategy, which confirms that climate change has captured the attention of Chinese policymakers (*China Brief*, June 27, 2007). When the Information Office of the State Council issued the country's first white paper on its energy circumstances and policy in December 2007, the paper not only defended

China's position of not accepting legally binding GHG emissions target, but for the first time placed "control of GHG emissions" as the highest environmental priority ahead of "fighting ecological destruction and environmental pollution" (*China Brief*, March 28, 2008). This signaled a shift in Beijing's priorities and was subsequently followed by the issuing of China's first white paper on climate change on October 29, 2008.

During past climate negotiations, many developing nations held China in high regard as a shrewd, well-prepared negotiator. China also enjoyed considerable influence in this group and thus has no intention of breaking its partnership with G-77 in the near future. While China will continuously defend its own interests by teaming with other developing countries, Beijing's stance on climate change also depends on developed nations. If the United States is continuously out of the game, European Union alone is unlikely to lure or coerce China into any mandatory climate commitment. In comparison, a consolidated developed world led by both the European Union and the U.S. is more likely to convey the necessity of international cooperation on climate change. Under the latter scenario, China is likely to voluntarily initiate concrete GHG abatement measurements in order to ease international pressure. China feels that it must be prepared for such a scenario and this largely explains the rationale behind Beijing's recent endeavor of assessing impacts of climate policy instruments. If developed nations as a whole could meet their GHG reduction commitments, it is not unimaginable that China may eventually accept an intensity-based mandatory GHG reduction target.

LONG TERM CHALLENGES AHEAD

With a purchasing power parity-adjusted per capita GDP at \$5,400 in 2007 (PBS, November 14, 2008), China's long enjoyed status as a poor developing country is likely to be difficult to defend. As the world's largest CO₂ emitter, China will be held responsible for its increasing contribution to the GHG concentration in the atmosphere. Furthermore, Beijing's impressive GHG reduction achievements in late 1990s turned out to be largely an embarrassing underreporting of coal statistics (*China Brief*, May 9, 2007). Finally, China's per capita emission is near the world average, making it difficult to maintain all of Beijing's fundamental arguments to defend its current position. To make the matter worse, different views on climate change commitments have emerged amongst developing countries. For example, low lying islands are especially susceptible to changes in sea level and storm surges and, as a result, the Alliance of Small Island States, a coalition of 43 small islands and low-lying coastal countries, is likely to differ with China with respect to climate commitments by key developing nations. In addition, China's dominance in the CDM market is likely to stir negative feelings amongst

other developing nations.

While energy-economy models are one effective tool used extensively in the past to evaluate climate policies, significant barriers exist in China to prevent the buildup of sufficient domestic capacity to undertake climate policy assessments. For instance, the crucial step of a modelling analysis, the establishment of baseline forecast, is a hazardous business in China. To improve the capacity of its modelling community, the U.S. Department of Energy set a good example by regularly examining performance of forecasts in past studies. Unfortunately, a similar practice does not exist in China. Moreover, Chinese energy policymakers even used the discrepancy between existing forecasts and statistics as an excuse to attack the usefulness of energy-economy models. The prominent Energy Research Institute is an apparent victim of such mentality.

The Chinese climate modelling community relies too heavily on outside funding. In the late 1990s and early 2000s, strong foreign interests in China's energy sector made the access of international funding an easy task for most established modeling teams in China. However, after the spectacular Beijing 2008 Summer Olympics, and the Chinese Taikonaut's first space walk, Western governments will likely cut their development funds to China, especially under the recent financial turmoil. Still, whether Beijing will step up to meet financial shortfalls of its modelling community is still an open question. Furthermore, the lack of competition for government contracts threatens the healthy development of domestic modelling capacity. Currently, the project allocation mechanism in China still favors analysts with most connections, not necessarily those with best expertise.

Invisible picket lines upon certain sensitive topics in China have seriously undermined the academic integrity of some climate research projects. In October 2008, the Chinese Academy of Sciences (CAS) released a report projecting that China's national GHG emissions may more than double within the next two decades. Ironically, one of the most important components of such a study, China's current GHG emissions, is absent (Reuters, October 23, 2008).

If the pace of global warming continues as predicted, every ton of GHG emissions, regardless of its nation of origin, will have dire consequences on environmental sustainability. Since 1995, while China's GHG emissions intensity has been cut in half, its absolute emissions have more than doubled during the same period. Such contrast indicates that rapid economic development can undermine the effectiveness of any intensity-based climate initiative. Fortunately, one emerging technology, namely carbon capture and storage

(CCS), carries great potential for reducing China's GHG emissions while allowing the country to continuously rely on fossil fuels for economic development. However, there is no policy signs to confirm that Beijing would set aside the funding necessary for realizing such future-oriented technologies.

China's importance in the international climate politics is expected to keep rising especially given China's recent CO2 championship. Unfortunately, China will continuously reject mandatory emissions cap on the ground of the necessity for developing its economy. Nevertheless, Beijing has realized the mounting pressure on its climate stances, and prepared itself by formulating increasingly proactive and comprehensive climate policy. If developed countries were able to meet their GHG abatement commitments, it would not be unimaginable that China may accept an intensity-based emissions target. Even so, the global effort to combat climate change is still expected to fall short as it is the absolute emissions, rather than GHG intensities, that matter most. Fortunately, advanced emissions abatement techniques such as CCS possess great potential for reducing a country's absolute emissions. Beijing should seriously assess costs and benefits of funding the commercialization of such techniques. Finally, it is in Beijing's best interest to remove all barriers that suppress the intellectual potential of its climate policy research community.

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