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IMMEDIATE
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SUBJECT: SCENESETTER FOR USG CLIMATE CHANGE DELEGATION
VISIT TO BEIJING, SEPTEMBER 1-3, 1998

1. (U) CLASSIFIED BY ROBERT W. BOYNTON, EST OFFICER.
REASON 1.5 (D).

2. (C) Following is a three-part scenesetter/background paper prepared for the USG climate change delegation. The first part provides background on the Chinese government, its views on climate change, and possible strategy for the discussions. The second part (para 23) describes recent structural changes in the central government's Climate Change Coordinating Group (CCCG). The third part (para 24) provides a description of key individuals and possible discussion foci for each agency.

PART ONE:

GENERAL BACKGROUND ON CHINA'S GOVERNMENT

3. (C) China's central government, proportionally much smaller (non-military) than the federal government in the U.S., is undergoing massive reform and streamlining, with a stated goal of 50% layoffs at the central level. Though this target is unlikely to be achieved, eventual layoffs may reach 30-40%. At present, most ministries' personnel situations are highly unsettled. Many officials have new jobs, or are preoccupied by uncertainty over whether they will have any job. As a result, many individuals and ministries may be reluctant to make decisive moves.

4. (C) Governing authority in China has become highly decentralized, with both ownership of many government assets and enforcement of regulations concentrated at the provincial level and below. This decentralization limits the effective power of the central government to enforce environmental policies..

5. (C) The Chinese central government is generally unused to inter-agency cooperation of the type we know in Washington. Ministries tend to operate as discrete fiefdoms and don't seek out inter-agency efforts. However, when mandated by higher levels, ministries do work together.

6. (C) The Chinese government is also preoccupied by this summer's record-breaking floods in southern China and the northernmost province of Heilongjiang.

CHINESE VIEWS ON CLIMATE CHANGE

7. (C) Most Chinese scientists, and some policy-makers,

climate change. (Though most Chinese scientists subscribe to the view that overall effects of climate change will be negative for China, some have written that harmful effects such as rising sea levels, more intense storms and flooding may be somewhat balanced out by increased precipitation and an extended growing season in the arid north.) They do not, however, feel that China can afford to take action to address climate change yet, and don't expect to be able to take action for the next two decades as the country necessarily places primacy on economic growth. Regarding environmental issues, most policy-makers feel that China's severe water resource problems (undersupply, contamination, flooding) demand more immediate attention than does climate change.

8. (C) Chinese scientists' views of the climate change issue reflect this pragmatic view. While recognizing the problem, they feel that the targets that Western scientists tend to consider for atmospheric greenhouse gas (GHG) concentration levels (e.g., a doubling of preindustrial levels to 550ppm) are unrealistically low, and would unfairly constrain the economic growth of developing countries.

9. (C) We've been told Chinese ministries have been ordered to delay as long as possible any commitments on climate change. Chinese officials have told [REDACTED]

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[REDACTED] (protect) that China is waiting to see whether the U.S. Congress ratifies the Kyoto Protocol's commitments before China will consider action. [REDACTED]

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said that the officials are aware of the division between the U.S. administration and Congress over the issue.

10. (C) There are several indications that the Chinese government has recently increased its emphasis on climate change. The Climate Change Coordination Group (CCCG), established by 1995, was restructured in June, 1998. (See Part Two (para 23) for a more extended discussion of the CCCG changes.) The chair of the Group was shifted from the China Meteorological Administration (CMA) to the State Development Planning Commission (SDPC). The SDPC, a macroeconomic coordinating agency directly under the State Council, has much broader influence than does CMA. The State Economic and Trade Commission (SETC) has also been added to the CCCG. These shifts would appear to indicate a further emphasis at high levels of the economic implications of climate change action. Another indicator may be the request of the Chinese delegation returning from the June, 1998 climate change talks in Bonn to immediately begin further study on the Clean Development Mechanism.

12. (C) The principals of some of the Chinese ministries with whom the delegation will meet may have had little experience or familiarity with the climate change issue, and certainly not with the international negotiations. They will, however, with the possible exception of the SETC, have subordinates who have worked on the issue for some time. Knowledge of the issue does seem to be gradually percolating up to ministry principals.

WHAT TO EXPECT FROM THE CHINESE

14. (C) The Chinese, in defensive posture, may wish to elaborate in great detail on the many actions they are taking to reduce GHG emissions. These claims, some of which indeed are praiseworthy, include rapid energy efficiency gains over the last two decades; development of coal-bed methane, coal gasification, and hydroelectricity energy sources; ambitious reforestation project plans (though current progress is far below Chinese claims). The Chinese also emphasize population policy as a vigorous Chinese effort to address climate change and other environmental problems.

15. (C) Expect complaints about lack of U.S. funding for, and thus questionable U.S. commitment to, technological cooperation. The Ministry of Science and Technology (MOST), in particular, hammers us for "always talking, never doing." (The recent DOE-MOST Energy Efficient Building Demonstration Project agreement has been very well-received by MOST, and they hope for more such "doing".) Also expect negative comparisons with Japan and Norway, who are supporting AIJ projects in China (both with MOST, we believe).

16. (C) COMMENT: In this regard, there may be some value in explaining briefly how the U.S. system works, that most investment is private, etc. Nevertheless, this is unlikely to satisfy the Chinese, who perceive the UNFCCC as committing developed countries to providing official assistance for technology transfer. End comment.

17. (C) Regarding the international negotiations, China will stress fulfillment of UNFCCC commitments, especially the failure of developed countries to adequately provide promised non-commercial technology transfer to developing countries. Also, China has expressed preference for AIJ over the CDM, with the rationale that there are already rules in place for AIJ, whereas the CDM is an unknown entity.

SUGGESTED STRATEGY FOR DISCUSSIONS

18. (C) Previous U.S.-China dialogues on climate change have often featured a U.S. opening, followed by an extended Chinese monologue, occasionally somewhat defensive in tone, asserting the numerous actions China is taking to reduce GHG emissions, and explaining why China is unable to take on international commitments until it is able to satisfy the basic living and energy needs of its population. To head off this monologue which can occupy half the meeting and prevent more productive discussion, we may wish to acknowledge up

that these have not always been fully recognized in the international arena. Suggest that continued measures to slow the growth rate of emissions, coupled with greater publicity, can improve the international community's perception of China's position on climate change and other environmental issues.

19. (C) At the same time, point out that there are opportunities which China has not taken to improve the environment and the public health of its people, and point out that the global efforts to address climate change create opportunities for China to do this without sacrificing its economic growth.

20. (C) Emphasize the relationship of actions to address climate change to other environmental problems/policies: air quality, energy efficiency, energy demand and resource utilization. Even discuss the ability of carbon sink reforestation projects to control soil erosion which is contributing to China's floods.

21. (C) Emphasize the potential economic benefits for China of the CDM and emissions trading. These flexibility mechanisms could, for example, provide incentives for reforestation projects which would reduce the soil erosion which has contributed to the 1998 severe floods.

22. (C) Discuss our actions at home to address climate change. The Chinese will be aware, however, of Congressional opposition to climate change action. In this regard, we should educate them on why Congress feels this way, and point out that this is to some extent a misperception, partly because China and other developing countries have not publicized their actions broadly enough. Suggest that if China takes a more publicly and internationally proactive stance on climate change, and if China and the U.S. can achieve greater cooperation on climate change, then Congress will be much more willing to ratify the commitments in the Kyoto Protocol.

PART TWO: ClimateChange Coordination Group

23. (C) Following is a summary of the June, 1998 changes made in the central government's inter-ministry Climate Change Coordinating Group (previously reported in Beijing 1441). The new CCCG met for the first time in late July.

-- The State Development Planning Commission (SDPC) has replaced the China Meteorological Administration (CMA) as the Chair of the Group, and the coordination office has been moved to the SDPC.

-- The State Economic and Trade Commission has been added to the Group. Otherwise, the membership is unchanged.

(NOTE: SETC's Division of International Cooperation rejected our original request for a meeting with the delegation, perhaps because they were unaware that SETC is now a member of the CCCG. We are continuing to pursue a meeting with SETC, but with difficulty. END NOTE.)

-- Zeng Peiyan, Chair of the SDPC, is Director of the Group. First Deputy Director is SDPC Vice Minister Liu Jiang. There are four Second Deputy Directors: VM Deng Nan of MOST, an SETC Vice Chair, a CMA Vice Administrator, and a SEPA Vice Administrator.

-- The Climate Change Coordination Group has four main focus groups, listed below along with their lead agencies:

- A. Science of Climate Change
led by CMA and the Chinese Academy of Sciences
- B. Climate Change Impacts and Adaptation
led by MOST and SEPA
- C. Economic Impacts
led by SDPC and SETC
- D. International Negotiations Group
led by MOFA and MOST

-- The coordinating group will have an office in the SDPC's Department of Regional Economic Development. Other ministries, including MOST, will also be represented in that office.

PART THREE: INDIVIDUAL AGENCIES: ROLES, KEY INDIVIDUALS,
AND POSSIBLE DISCUSSION FOCI

24. (c) [REDACTED]

[REDACTED] Following is a discussion of the role of each agency with respect to climate change, key individuals in the agency, and possible foci for approaching the discussion with each agency:

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Ministry of Science and Technology (MOST)

ROLE IN CLIMATE CHANGE:

Has primary responsibility for CDM research. Also involved in the international negotiations subcommittee. Involved with the U.S. Country Studies Program, and affiliated with Tsinghua University's Global Climate Change Institute.

POSSIBLE DISCUSSION FOCUS:

CDM; sinks; expectations for COP-4; DOE-MOST energy efficient building project; joint research opportunities.

KEY INDIVIDUALS:

Vice Minister Madame Deng Nan - Has responsibility for MOST's climate change activities. Quite fluent on the issue and familiar with the international negotiations.

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[REDACTED]

State Environmental Protection Administration (SEPA)

ROLE IN CLIMATE CHANGE:

Co-leader of CCCG Impacts and Adaptation sub-committee. Operates a Climate Change Research Institute.

POSSIBLE DISCUSSION FOCUS:

goals/measures (especially air quality) and climate change action; sinks; joint research.

KEY INDIVIDUALS:

Administrator Xie Zhenhua - Likes to get involved: Also will likely attend mid-September Mansfield Retreat in Montana, followed by a visit to Washington.

Ministry of Foreign Affairs (MOFA)

ROLE IN CLIMATE CHANGE:

International negotiations. Attempts to control foreign policy aspects of climate change. May circulate guidance to other ministries for these meetings.

POSSIBLE DISCUSSION FOCUS:

Expectations for COP-4 and beyond.

KEY INDIVIDUALS:

Liu Zhenmin, climate change negotiator

State Development and Planning Commission (SDPC)

ROLE IN CLIMATE CHANGE:

New coordinator of the CCCG.

POSSIBLE DISCUSSION FOCUS:

CDM, investment and technology potential, emissions trading.

KEY INDIVIDUALS:

Chair Zeng Peiyan - [REDACTED]

[REDACTED]
Vice Chair Liu Jiang met with Janet Yellen

[REDACTED] Also Vice Chair of the CCCG.

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State Economic and Trade Commission (SETC)

ROLE IN CLIMATE CHANGE:

New to the CCCG.

POSSIBLE DISCUSSION FOCUS:

CDM, investment and technology potential, emissions trading.

KEY INDIVIDUALS:

Uncertain.

China Meteorological Administration (CMA)

ROLE IN CLIMATE CHANGE:

Formerly the chair of CCCG; still co-chairs the CCCG science committee; active in IPCC.

POSSIBLE DISCUSSION FOCUS:

Expectations for COP-4; IPCC; sinks; climate science.

KEY INDIVIDUALS:

Administrator Wen Kegang.

Professor Ding Yihui, Director of National Climate Center, Co-Chair of IPCC Working Group II, Chair of CCCG's Science sub-committee.

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