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## New Climate Change Joint Announcement by China and the United States

On September 25, 2015, President Barack Obama and Chinese President Xi Jinping issued a *U.S.-China Joint Announcement on Climate Change*. The announcement offered a shared vision for negotiating an “ambitious” new agreement under the United Nations Framework Convention on Climate Change (UNFCCC) at the meeting of the parties in Paris in December 2015.

The announcement also outlined the nations’ respective actions to limit their domestic greenhouse gas (GHG) emissions and identified existing and new bilateral and multilateral cooperation efforts. Of particular note, China announced that it would make available 20 billion renminbi (US\$3.1 billion) for a China South-South Climate Cooperation Fund to support developing countries to address climate change, while President Obama affirmed his pledge that the United States would provide \$3 billion to the Green Climate Fund (GCF) under the UNFCCC. The Chinese government preferred to announce and work with low-income countries through a South-South Cooperation Fund rather than the GCF.

China has been the highest emitter of GHGs worldwide since roughly 2007, when it surpassed the United States. Currently, China’s share is about 23% of net global GHG, while the United States’ share—once as high as China’s current share—has declined to about 13%. Historically, however, the United States has been responsible for the highest cumulative contribution to human-related emissions. Stakeholders in international cooperation to reduce global emissions broadly expect both countries to mitigate their GHG emissions, albeit at fairly differentiated rates and magnitudes. The parallel GHG pledges of the two countries boosted the likelihood, in many observers’ eyes, that an effective global accord could be achieved in December.

In November 2014, during President Obama’s state visit to China, the two leaders synchronized pledges of voluntary GHG emission reductions. President Obama set a new policy target to reduce U.S. net GHG emissions by 26%-28% by 2025, while President Xi agreed to “peak” Chinese carbon dioxide (CO<sub>2</sub>) emissions around 2030, perhaps earlier, and to increase the non-fossil share of China’s energy to around 20% by 2030. Both targets are relative to 2005 levels. Neither pledge is supported by quantified projections of how they would be achieved. China has also pledged to lower CO<sub>2</sub> emitted per unit of gross domestic product by 60-65% compared with 2005; expand forest stock volume by around 4.5 billion cubic meters (m<sup>3</sup>), also compared with 2005; and control its emissions of hydrofluorocarbons—another type of GHG—by 2020.

China identified a number of specific new policies and targets in the September 2015 announcement. These add to the many pages of policies and measures spelled out in China’s June 2015 submission of its Intended Nationally Determined Contribution to the negotiations under the UNFCCC. New Chinese policies spelled out in the joint announcement include:

- “Green power dispatch,” which would have distributors of electricity give preference to electricity generated by renewable energy technologies, high efficiency fossil-fuel-fired power plants, and power plants with “lower emission levels” when choosing which power supply to deliver to the grid;
- Promoting low-carbon buildings and transportation, with the share of green buildings reaching 50% in cities and towns by 2020;
- Increasing the share of public transport in motorized travel to 30% in large and medium-size cities by 2020; and
- Setting more stringent fuel efficiency standards for heavy-duty vehicles in 2016, to take effect in 2019.

China also specified its intention to start, in 2017, a national GHG emissions cap-and-trade system covering electricity generation, iron and steel, chemicals, building materials, paper manufacturing, and non-ferrous metals. This may build on experience gained in existing pilot cap-and-trade systems in seven provinces and municipalities.

To date, many of China’s efforts to reduce air pollution, including CO<sub>2</sub> emissions, from power plants and industry have imposed limits only in eastern municipalities or certain provinces. Some policies have explicitly sought to move the sources of emissions rather than to reduce the overall quantity. A policy with national scope, like the cap-and-trade system President Xi announced on September 25, could assure that emissions are reduced rather than relocated.

Many people have welcomed the U.S.-China announcement, seeing it as marking more positive high-level cooperation than in previous decades. They also welcome China’s growing commitments to address its GHG emissions. Some, however, express reservations about China’s policies and implementation. China’s systems to measure, report, and validate emissions (and underlying economic activity) are relatively new and still reportedly face reliability issues. While the Chinese government has established stronger policies to enforce its

laws and rules with harsher penalties for violations, it is unclear how well they will be implemented by local authorities and upheld by China's courts. Moreover, China's pilot cap-and-trade programs were not covered by the environmental law that strengthened these compliance measures in January 2015. Reportedly, challenges in over-allocation of carbon emissions permits and flaws in measurement may be undermining the pilot cap-and-trade programs. Designing and operating an effective national cap-and-trade program will require learning from the pilots and improving accountability.

To date, China has resisted agreeing to transparency requirements under the UNFCCC comparable to those of the United States and other high-income countries. The joint announcement recognizes the importance of an "enhanced transparency system" in the expected December 2015 accord but does not include a Chinese promise to adopt biennial, detailed, and internationally reviewable reporting already required of countries with higher per capita incomes. Instead, the announcement recommends that the Paris agreement "should provide flexibility to those developing countries that need it in light of their capacities." While China's capacities do not yet match those of the United States, some argue that clear standards and milestones—not necessarily under the UNFCCC—could provide impetus to building China's capacities.

Some observers have noted that China is pursuing many of its policies to reduce GHG emissions independently of

pressures under the UNFCCC, motivated principally by the need to tackle its severe air pollution, energy and water supply, traffic, and other challenges. However, those observers also note the critical nature of U.S. and other high-income countries' commitments to GHG reduction in helping China to stay on course. The U.S. and Chinese joint announcements may support this argument. However, the domestic challenges in each nation mean that achieving the pledges is far from certain.

Related CRS products include:

CRS In Focus IF10248, *China's "Intended Nationally Determined Contribution" to Addressing Climate Change in 2020 and Beyond*, by Jane A. Leggett.

CRS In Focus IF10239, *President Obama Pledges Greenhouse Gas Reduction Targets as Contribution to 2015 Global Climate Change Deal*, by Jane A. Leggett.

CRS Report R41889, *International Climate Change Financing: The Green Climate Fund (GCF)*, by Richard K. Lattanzio.

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