



中国环境与发展国际合作委员会
CHINA COUNCIL FOR INTERNATIONAL COOPERATION
ON ENVIRONMENT AND DEVELOPMENT

Development Mechanism & Policy innovation Of China's Green Economy

Taskforce co-chairs

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Definition - Green economy is an economic development model ...

Key characteristics:

Cost-efficient, economically viable/beneficial, low-emission and sustainable.

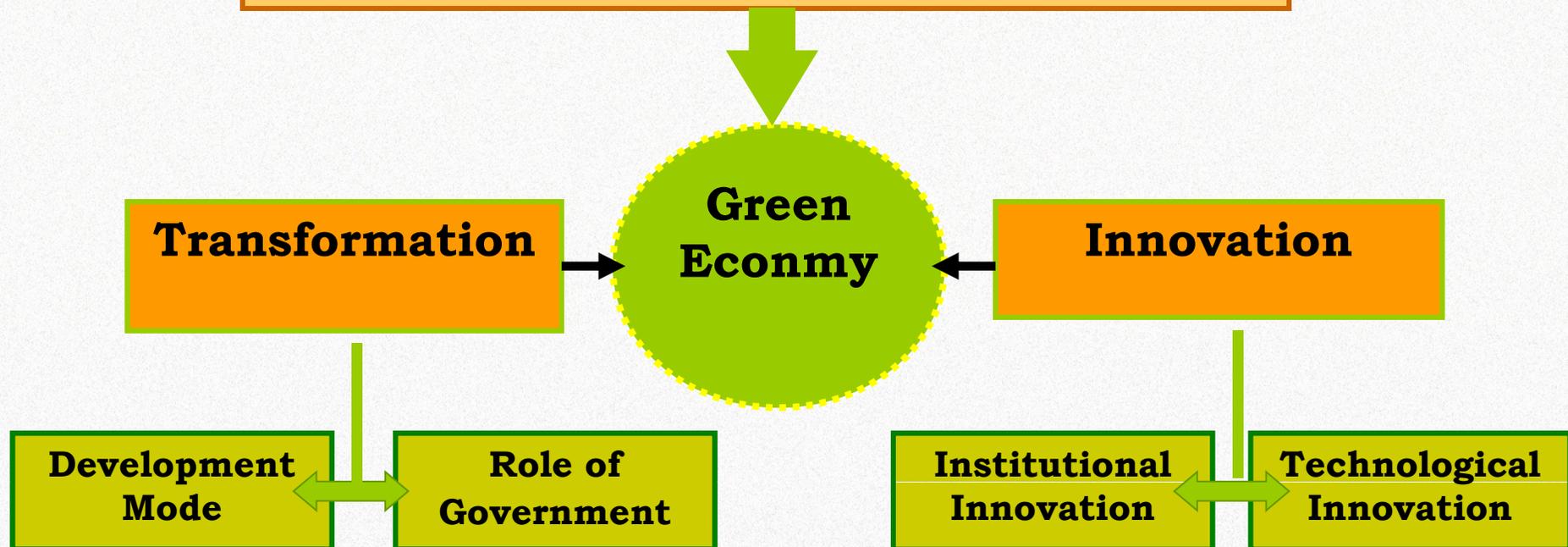
Regards **environmental protection** and **sustainable resource utilisation** as essential conditions for sustainable growth;

- Gives priority to the **health and well-being** of citizens;
- Minimises **harm of human activities to the environment**;
- Recognises and values both **natural and human ecosystems** for their ability to supply services;
- Seeks to seize new **green growth opportunities**, through a combination of **continuous innovation** and **efficient governance**.



Strategic framework for China's Green economy

The current economic development model





Key principles for a green economy with Chinese characteristics

- **A balanced and mutually supportive relationship** between economic development and environment;
- **Speed, efficiency, quality and equity** of economic development are given more equal priorities;
- Not only about **catching-up, cleaning-up and avoiding “lock-in”**, but also about taking advantage of **green growth opportunities**;
- **Demand-side management** and the green transformation of **consumption** of greater importance;
- No **“one-size fits all”** green economy model, but a **differentiated, coordinated and regionalised** approach.



International experience (1) - New green initiatives

UNEP: Green Economy Initiative & Global Green New Deal (2010)

- **Clean energy** and clean technologies
- **Rural energy** (Renewables + Sustainable biomass)
- **Sustainable agriculture**
- **Ecosystem Infrastructure**
- Reduced emissions from **Deforestation and Forest Degradation** (REDD)

OECD: green growth strategy (2011)

- **Natural asset** base in policy decision making;
- Environmentally-motivated and growth-oriented **fiscal/tax reforms**;
- Both technological and non-technological changes and **innovations**.

WBCSD: “Vision 2050”- a new agenda for business (2010)

- **Sustainability related global business opportunities** in natural resources, education and health;
- The “guiding truth”: the **limits of the planet**;
- New solutions based on **true value and true costs**.



International experience (2) – Policy insights

Combined transformational drivers in the past:

Resource constraints + Technology Revolution + Globalisation

New drivers for global green transformation:

Green investment + Eco-innovation + Mainstreaming green policy-making & business decision-making



International experience (3) – Wrap up

Basic conditions for a successful green transformation

- **Leadership and strategic planning by the government as the political foundation for a green transformation and leapfrogging;**
- **The right positioning of the government and the appropriate role played by the government in the green transformation;**
- **A well-functioning market as a driver for innovation and sustainability.**



China-specific enabling conditions

- 1. Political commitment – the core driving force for green transformation**
- 2. Considerable fiscal capacity to support and leverage green investments**
- 3. An emerging global “green innovation hub” - Market size, manufacturing capacity, innovation environment and infrastructure**



China-specific challenges

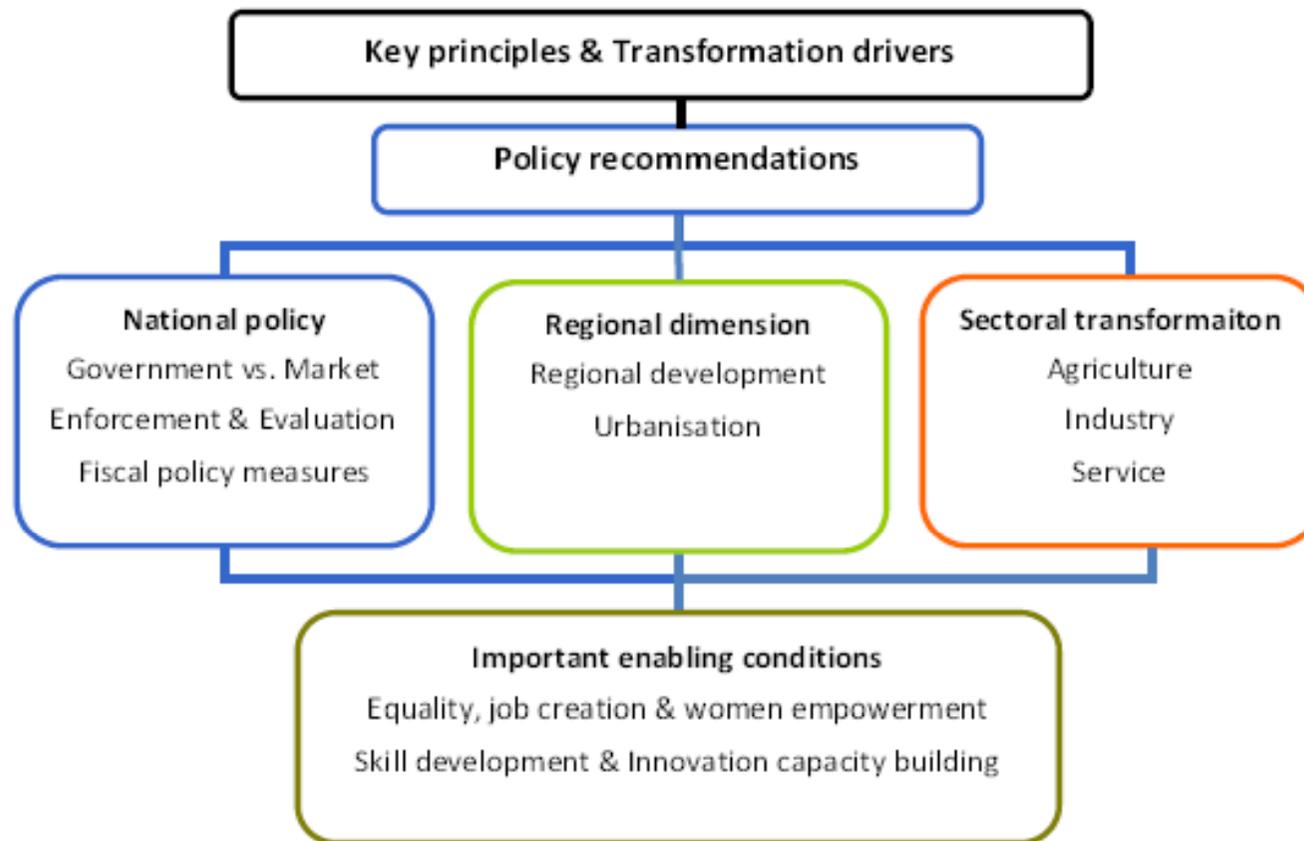
- 1. Institutional barriers and “green governance paradox”.**
- 2. Weakness in legislation, regulation as well as coordination and enforcement.**
- 3. Increasing influence comes with greater responsibility – international pressure.**



Key Policy Recommendations

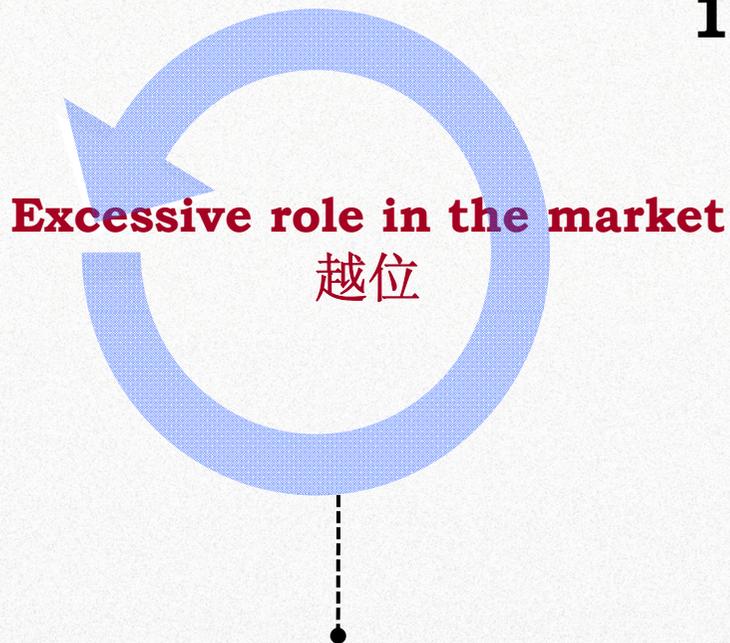


Key recommendations (1) – overall structure





Key recommendations (2.1) – National policies



- 1) Reduce government interference in the market and efficiently utilise the fundamental role of the market to allocate resources.**

Key recommendation 1:

**The transformation of the government's functions:
More efficiently attracting and allocating resources...**



Key recommendations (2.1) – National policies



Key recommendation 1:

**The transformation of the government's functions:
Regulatory responsibility, accountability, public service and
good governance...**

2) Clarify the responsibilities of the government and strengthen its role in market supervision and public service provision.



Key recommendations (2.1) – National policies

Dislocated role in the market:

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3) Utilise the economic policy tool box in a targeted and integrated way to guide the transformation towards green investment, green business practice and green consumption.

Key recommendation 1:

The transformation of the government's functions:

Removing the GDP obsession...



Key recommendations (2.2) – National policies

Key recommendation 2: **A comprehensive evaluating system**

- **Establish a comprehensive evaluation system/mechanism for key development initiatives and projects.**
- **Establish a comprehensive environmental risk assessment system - taking into account region- and industry-specific conditions and characteristics.**



Key recommendations (2.3) – National policies

Key recommendation 3:

Greening of the fiscal policy and tax system

- **Establish support mechanisms that secure a stable increase in financial support for green development.**
- **Deepen tax reforms and further strengthen resource-related price reforms that are favourable to green economic development;**
- **Promote the development of green finance which has a particular strategic focus and importance for the development of S&T and innovation-based SMEs.**



Key recommendations (3) – Regional dimension

Key recommendation 4:

Avoid unsustainable relocation of backward technologies and production facilities and achieve a coordinated green regional economic development.

Key recommendation 5:

Adopt a more concentrated approach to China's green urbanisation



Key recommendations (4) – Sectoral transformation

Key recommendation 6:
An integrated approach to greening the traditional industrial sector



- **Phasing out of backward technologies and production facilities;**
- **Co-control and co-benefit: Undertake integrated pollution prevention and control and energy efficiency measures.**

Key recommendation 7:
Promote a green agricultural development in the modernisation process



- **Large-scale and industrialised production process of organic fertilisers;**
- **Large-scale and industrialised livestock and production of farm products.**

Key recommendation 8:
Fully leverage the role of the service sector as a catalyst for green transformation



- **A strong manufacturing-service linkage as a driver for upgrading in both sectors;**
- **Incentivise the re-allocation of capital and investment to drive employment in the service sector.**



Key recommendations (5.1) – Enabling conditions

Key recommendation 9:

Make green transformation a more inclusive and empowering process

- **Make green economy a job-generating, instead of a jobless growth;**
- **Make the green job creation process an empowering process for women and enhance the accessibility of women.**



Key recommendations (5.2) – Enabling conditions

Key recommendation 10:

Make green innovation a catalyst for China's modernisation and leapfrogging

- **Undertake a green innovation oriented modernisation of China's basic research, S&T and human resource development system;**
- **Strengthen the mechanisms of regulation-induced innovation through the alignment of environmental policy tools, as such standard setting, green public procurement and incentives for innovation;**
- **Make the development of SMEs an integral part of the development of emerging and strategic industries;**
- **Enhance the openness of the national green innovation system for creating pragmatic and creative platforms and approaches for technology innovation, deployment and diffusion.**



THANKS!

