



OPINION > OP-ED CONTRIBUTORS

The way to low-carbon economy

With China's rapid economic growth, the energy demand, as well as its overall national greenhouse gas (GHG) emissions, is seeing corresponding increase. China must transform to a low-carbon economy, because the new model would not only ensure China honoring its international commitment but also help China alter its economic growth pattern. At a time when China faces challenges to achieve a low-carbon development, this would contribute to protecting the environment.

First, China now is exploring the feasibility of a low-carbon economy as part of its endeavor to realize industrialization and urbanization, characterized by fast economic growth and high-energy demand. Meanwhile, the process is accompanied by various challenges, such as climate change, poverty alleviation and energy pinch etc. Therefore, the study of energy demand in this particular period should be the starting point toward the goal of a low-carbon economy.

□

Related readings:

- ✦ [UN to set up low carbon economy center in Tianjin](#)
- ✦ [China launches scheme to label low-carbon-intensive products](#)
- ✦ [China to develop low-carbon cities](#)
- ✦ [The low-carbon future economy](#)

Second, the concept, content and pathway of a low-carbon economy should be identified. Through a low-carbon economy, China would be able to readjust its present energy-intensive and high-emission model of economic growth. Given the current strained energy resources and deteriorated environment, China needs to develop its own model of energy expenditure and lifestyle in line with national circumstances, which is different from the old way of developed countries. The government could

guide millions of Chinese to choose low-carbon consumption.

Some economic development policies and strategies should be revised. For example, whether China needs such a huge auto industry needs to be considered afresh. The development priority should be given to metropolis or medium-and small-sized cities. The approach to a low-carbon economy should include improving city planning and design (low-carbon city) featuring high efficiency and low emission. Policy incentives should be initiated by local governments and financial support by the banking sector to drive technology innovation and capital flow and to popularize low-carbon know-how.

Third, the key for China to move to a low-carbon economy is in the field of energy production and consumption, which requires a corresponding adjustment of national energy strategy. Developing low-carbon economy calls for changes in traditional energy strategy, which only focuses on meeting energy demand in terms of energy supply. With rising energy prices, the stable growth of China's economy would suffer more and more impact of international energy prices, which, in turn, will hamper energy conservation and emission reduction. So China's energy security should be redefined more comprehensively.

Fourth, more policy support is needed for China's future low-carbon economy. The essence of a low-carbon economy is energy efficiency and a low-carbon energy structure. A series of policies should be in line with the low-carbon development model needs to be drafted. The risks of energy scarcity, rising prices and environmental deterioration should be fully assessed and China needs to gradually reduce excessive dependence on the international energy market. Carrying out energy price fixing reform could be an important driving force in developing low-carbon economy.

Fifth, energy subsidy is an important component of macroeconomic policy of developing countries. It is sensible, sometimes essential, for developing countries to subsidize energy consumption in economic transition. While the impact on carbon emission by energy subsidy should not be underestimated or ignored. China should reform its mode of energy subsidy and study the potential impact on national economy and environment, especially on low-income groups, if the energy subsidy is abolished.

Sixth, different levels of carbon emission require corresponding energy structures, which would result in

10/18/2009

The way to low-carbon economy

different energy costs. The potential impact on economic growth and employment by different energy structures should be carefully considered that whether a certain degree of restriction on carbon emission is acceptable from the perspective of maintaining sound social and economic development. Thereby, we can choose the energy structure that is conducive to fulfilling the goal of low-carbon economy.

China has come out of the global crisis with a strong recovery momentum. Boosting the development of green industry could become an important means to stimulate economic growth. The stimulus package put forward by the central government in order to address the crisis has stated clearly that we should persist in upgrading and reorganizing the industrial structure, improving efficiency and maintaining sustainable development. Therefore, developing low-carbon economy is in accordance with current industry needs of restructuring.

The author is director of the China Center for Energy Economics Research at Xiamen University.

(China Daily 10/19/2009 page4)

Copyright By chinadaily.com.cn. All rights reserved