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Piloting Low Carbon Economic Zones: Options for Scaling up Sustainable and Secure Energy Policies in China

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There are many 'low carbon areas'...



But can they drive economy-wide transition?

Low Carbon Zones: What Are They?

LCZs could be to China's next industrial revolution what Shenzhen was to the current one. Driven by progressive regional leadership, under a national mandate, they would provide a "safe space" for China to demonstrate the feasibility and benefits of the low carbon transformation

Testing grounds for regulatory, economic, trade and investment policies promoting the necessary scale of economic transformation for a low-carbon future and a powerful demonstration of the viability of the low-carbon economy

An integrated approach linking different sectors to achieve sustainable development

Driven by strong local Chinese leadership, supported by central Government, building on past success of China's Special Economic Zones

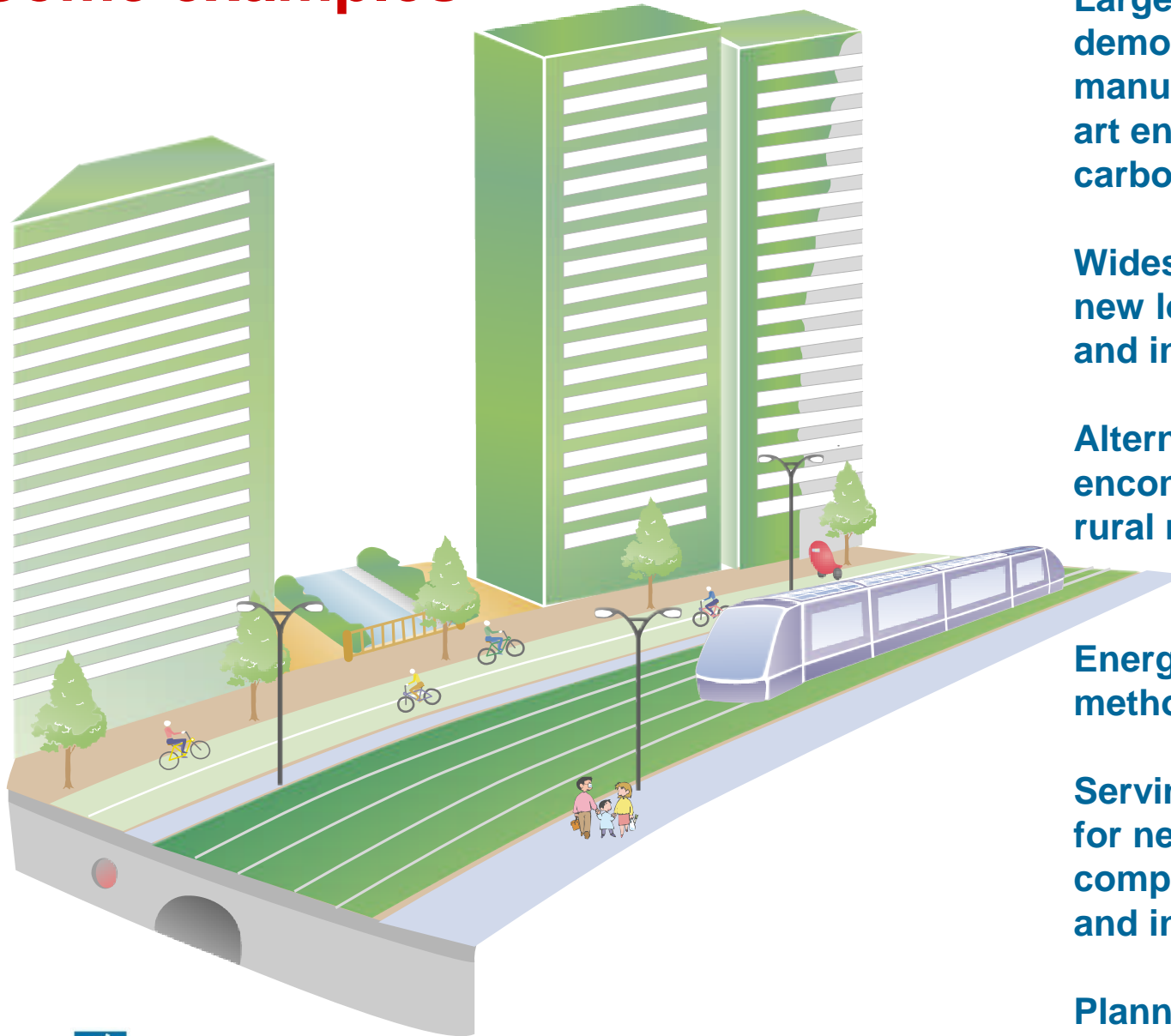
EU focuses its support, technology, investment, capacity building in these areas to maximise impact

**Strategic commitment by China to develop practical decarbonisation paths;
supported by strategic cooperation from the EU**



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Some examples



Large scale development, demonstration and manufacturing of state of the art energy efficient and low carbon goods and services

Widespread construction of new low or zero carbon towns and infrastructure

Alternative transport modes encompassing urban and rural requirements

Energy efficient production methods for heavy industries

Serving the role of incubator for new technology companies, joint ventures and innovative practices

Planning for climate resilient development



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Opportunities and incentives for LCZs

Clear regulatory structure aligned with the best international standards and regulations for driving low carbon transition

Incentives to encourage the quality foreign investment, including 'bundling' of financing for SMEs from larger financial institutions.

Incentives to promote and support inward investment in low carbon products and services, including R&D.

- Facilitating higher value-added trade through harmonisation of standards (e.g. electrical appliances).
- Joint research and development programmes through centres of excellence on low carbon technologies.
- Public investments in large scale demonstration of commercial technologies in return for licensing of key technologies for diffusion.



LCZs would need to cater to China's regional diversity

	GDP	GDP growth rate from 2001-2006	Mix (%)		
			10 ⁸ yuan	%	Primary Industry
Guangdong	26204	14.0%	6.0	51.3	42.7
Jiangsu	21645	13.8%	7.1	56.6	36.3
Shanghai	10366	12.2%	0.9	48.5	50.6
Chongqing	3492	11.5%	12.2	43.0	44.8
Tianjin	4359	14.5%	2.7	57.1	40.2
Shanxi	4753	13.5%	5.8	57.8	36.4
Shandong	22077	14.1%	9.7	57.7	32.6
Guangxi	4829	11.9%	21.4	38.9	39.7
Ningxia	711	11.5%	11.2	49.2	39.6



Status of LCDZ

Political Support from Member States of the EU

Project to develop concept part of official EU-China work programme

UK-China commitment to pilot LCZ

Joint research project with China Academy of Social Science and Energy Research Institute (part of NDRC)

Research phase launched for pilot zone in Jilin



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LCDZ – the case for Jilin

Jilin's industrial heritage places it in a strong position to access the huge global market opportunities in low carbon manufacturing

Jilin has excellent natural and social resources to demonstrate a range of low carbon development options

There will be an essential role for traditional sectors like petrochemicals, oil and gas, as well as new high technology sectors

There are significant opportunities for public sector support from Europe plus private sector investment – especially given existing international companies in Jilin

Harnessing these opportunities will mean a LCDZ can deliver Jilin's development goals in both the short and long term



Next Steps

Developing the methodology of a Low Carbon Zone for Jilin,

Targeted research on key sectors to develop low carbon pathway

Maintain and increase political support for concept in China and EU

Solidify practical work in Jilin, including focusing international financial and technical assistance

Use LCZ model in other regions in China and internationally (Chongqing already actively developing concept)

