Parliamentary Evidence

Low-Carbon Growth
Links with China

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This is oral evidence taken before the Energy and Climate Change Select Committee, House of Commons, on Tuesday 6 March 2012.
Q30 Chair:
Good morning. Thank you very much for coming in. I think you have heard some if not all of the previous exchanges. You have been strong advocates of pursuing greater low-carbon co-operation between Europe and China. Where do you think the most promising areas are for mutually beneficial collaboration?

Nick Mabey:
I would say it falls into three main areas. Firstly, keeping our promises and delivering on the large amount of co-operation we have set in train with the Chinese, which we have a track record at UK and EU level of not delivering on—on which the Chinese notice. That includes the CCS demonstration plant that has been ongoing since 2005, but there is still no identification of money to build it. Are we going to do it or not? There is also backing the delivery of low-carbon zones, of which the UK started the process in 2007-2008. The Chinese agreed to set up seven cities, five zones, covering 300 million people; I think we are allocating tens of millions to that, which in China does nothing. On the trade and investment side, there is a huge need to manage that relationship strategically, but there are also some areas, particularly around cars and smart grids and, as you have mentioned, buildings, where by setting joint standards and working on co-development, Europe and China—because this is Europe level—could set the standards for a global low-carbon economy, with all the benefits that would bring going forward.

Felix Preston:
I agree with all of that. Echoing the previous panel, I think that some of the longer-term technical projects, which have a political dimension too, that establish trust in key areas—whether that is low-carbon zones or, before that, the UK was instrumental in establishing the first piloting area for adaptation in the north-west of China—are successful. Looking forward, the key is to look beyond some of the specific sectoral initiatives or initiatives in key technical areas and look more at the systemic level—how sectors interact and how innovation cuts across key sectors. I see that as the future. I think the UK has been really important, with a number of other countries, in working with China on some of the key nuts and bolts of different bits of the economy, but how the bits link together is now the key.
Q31 Chair:
You suggested fast-track, low-carbon technology demonstration opportunities should be identified. Do you have any particular technologies in mind?

Felix Preston:
I think the sensible place to start is with the seven strategic emerging sectors China has identified in the 12th five-year plan. As some of the research institutes in China are proposing, those seven should account for about 15% of China’s GDP in 2020—a rapid ramp-up from about 5% or 6% now. Some of those key sectors are sectors that the UK has an interest in too, particularly electric vehicles and biotechnology, but the UK has a particular interest in a range of others, including new and advanced materials science. It would make sense to me, from a low-carbon point of view, a Chinese industrial transition point of view and a view of where the UK’s interests are, to start in those places.

Nick Mabey:
I would back that up. When looking at these areas, our experience from working on CCS is that we have not really decided the balance between short-term commercial interests as defined by firms, and longer-term economic interests as defined by HMG and the UK economy as a whole, in terms of engagement with China and how that relates to broader strategic interests in energy and climate security. That rather muddled set of objectives often gets in the way of the type of bold engagement the Chinese appreciate, and which they get from other partners like the Japanese. China is a complicated country. Their civil servants are incredibly overloaded because they have very few of them. They want to do a few big things and not hundreds of little penny packets. They will be nice and be polite and nod, but they will not take them seriously.

Coming back to our CCS objective, we need to identify the highest levels of priority. Does it look like we have prioritised it in terms of funding and resources? No. Again, we need to deliver in some of these areas we have opened, like CCS, or where we have the skills, rather than launch another 15 initiatives we will not back up with real resources.
Q32 Chair:
Specifically on CCS, though, is there now a difficulty, because since 2005 it looks as though the priority in the UK should really be CCS for gas rather than coal? We are going to suddenly burn much more gas and much less coal, so putting money into a coal project may be rather a lower priority for the UK now.

Nick Mabey:
When we set that the CCS project up, it was not linked to the UK’s energy issues. The UK was instrumental in getting the European CCS demonstration programme, which has perhaps six to eight projects, which will cover lignite and coal. If we look at that as the source of domestic demonstration essentially across the EU, there is quite a lot to share and engage with the Chinese on. We will see if we can get a gas demonstration in that space. However, the aim of the co-operation with China was really about solving China’s problems. When it was initiated, it was not really about solving the UK’s energy problems, but the Chinese were very sceptical about talking to us about technology we were not deploying at home. That is a very typical engagement with the Chinese—‘Are you doing it? Show us you have done it then we will learn the lessons and then adapt it to our local situation.’

Q33 Sir Robert Smith:
There has clearly been a move in China’s stance in the international negotiations on climate change. How much of that has been because of bilateral engagements by countries like the UK, and how much is China identifying that it is going to be affected by climate change and that because it is a big part of the problem, it has to be part of the solution?

Nick Mabey:
As in any country, it is a mix—a mix of motivations and a mix of coalitions inside the Chinese Government, ranging from the economic modernisers to people looking at climate impacts to geopolitical positioning. The area where the UK in particular, operating through the EU and bilaterally, did make a huge impact is pushing the idea of a low-carbon economy. We just took some DRC and Ministry of Science technology officials to Turkey to discuss Turkey’s low-carbon economy issues and how they related to China’s experience. It came across over and over again that a lot of the intellectual
framework, the policy framework and the confidence to move forward on a low-carbon economy came from engagement with the UK and other European partners. It would not have spontaneously sprung from China. When we started discussing it with them six years ago they were quite resistant to the agenda, so I think we can say it has been a really important part of a much broader set of conversations in China.

**Felix Preston:**
I want to pick up on one component of that. It is certainly true that there are all kinds of pieces in the puzzle helping that process move forward, but one of the key areas where the influence has taken hold is where the technical work and the ambition—whether it is framed as low-carbon economy or green growth or something else—have been connected in detail to Chinese domestic policy objectives in key strategic areas, for example, moving up the value chain in key industries, or differentiated regional development to boost the western regions. Where the broader ambitions and perhaps global ambitions can be connected down to the language that local officials are measured by and understand, I think that is the bridge that has been the most profitable.

**Nick Mabey:**
The process was very deliberate in the project E3G and Chatham House did with Chinese institutes to look at opportunities for co-operation between Europe and China—trying to find those Chinese drivers and then aligning some proposals for co-operation around those domestic drivers. We spent a year working very hard to find those points of alignment before we launched a cunning plan to co-operate, which I think is why some of the ideas we launched, like low-carbon zones, have had more legs. That shows that knitting together the diplomatic political intelligence piece with the co-operation piece is necessary if you want to succeed in such a big country as China. If you cannot find leverage on domestic politics, your money is just frittered away. Too often, money is programmed at a technical level, without any consideration of those broader concerns, so you do nice projects but they have very little leverage on the Chinese definition of their national interest, which was actually the original aim of some of this work.
Q34 Sir Robert Smith:
The key thing is to identify how you fit into their national interest and then sell it back. Is there anything we should be doing differently as a country in terms of motivating China on the international negotiations?

Nick Mabey:
I think UK engagement and European engagement as a whole have drifted back in the last few years. Due to changes in government and changes on the ground in China there is far less co-ordination, there is far less clarity of purpose, which perhaps the Copenhagen conference gave, and there is a real need to come back and develop strategies on delivery. The EU has just launched an EU urbanisation project with China at the EU-China summit, but there is no money or staff to deliver it. Around trade and investment, there is a huge bundle of issues that have yet to be sorted out, and no European country has a strategy on how to manage this issue with China. As for the whole issue around impacts and energy and resource security, the Chinese have now opened a door and are willing to talk to Europe about energy security and resource security, and climate change obviously wrapped around that, but again we do not see signs of a joined-up response to engage. We think there is a huge need to join up and then back it with real resources-the UK has reduced its funding in China recently, not increased it. Even though we have created the conditions where it could have massive leverage on Chinese positions, we are reducing funding rather than supporting extra action.

Felix Preston:
As well as that political engagement level, I think that plays out on the ground in terms of EU co-ordination in the key areas in which many European countries have interests-energy and environmental issues, obviously-in China. Very often on the ground there is a lack of general awareness, transparency and interaction between all the different Governments in terms of who is investing. Whether it is urbanisation or desertification or whatever, even a simple mapping exercise can be quite challenging. Efforts to make that more transparent, to link it up and ideally to connect it to the strategic objectives, such as the new urbanisation strategy, are very important and could benefit everyone concerned.
Q35 Sir Robert Smith:
Has the change you detect happened because the economic climate has changed, or is it something more fundamental in the thinking of the EU?

Nick Mabey:
It is partly because you go through periods where you have high co-ordination and then people change and move on-entropy. It is much easier to do things on your own. So it is partly just natural dropping away. Also, the economic crisis means that people have been focused on different issues. I think it is clear from the EU-China summit that there is an opening to go back in and increase the co-operation—for example, the EIB is spending billions in China on low-carbon projects. However, there is no strategic input from any of the shareholders of the EIB to focus that on areas that you think would have the highest impact, such as the low-carbon zones we spent years trying to set up in China. So in some ways what we need to do is very simple: we need to focus our energies on places where they can make a demonstrable difference, because by making a demonstrable difference will persuade the Chinese a low-carbon economy is possible and that is one of the biggest elements we need to shift their political position. It is quite simple political logic but it gets lost in the bureaucracy of allocation, because there is no core UK or European strategy around this issue.

Q36 Christopher Pincher:
You said that China is much more open to engagement now as a result of governmental and political negotiating there, and we heard from the previous panel that there are things that the Government can do to help diffuse low-carbon technologies beyond the developers to the wider community and users. What do you think the Government should do next, and what are the roadblocks in the way of further engagement to diffuse those low-carbon innovations through China?

Nick Mabey:
Are you talking about the problems in China rather than our engagement?
Christopher Pincher:
What stands in the way of the British Government becoming more engaged in helping to diffuse those ideas?

Nick Mabey:
The roadblocks in China are very much about the broad systemic issues as they move from a command-and-control model to a more bottom-up, market-driven economy, which is a very difficult thing to do. That creates a lot of opportunities for the UK to give its experience on things like emissions trading—we were doing a workshop just last week in China—and electricity market reform, where we have been discussing with DRC the lessons from the current UK EMR. They are very interested. The real blockage of doing that on the UK side is there are no people and there is no priority. The international climate change division of DECC has been cut by 30% or more. It is not clear what priority they should place on engagement with China, especially on the ground. That is where they have least resource. So again, it virtually needs a UK-China taskforce to pull the resources in Whitehall into something a bit more coherent, rather than a lot of individual engagements, sometimes with an EU partner, sometimes without, that don’t get above the threshold of impact, which I think is where we are at the moment. If there is to be no more resource, which there probably isn’t, the question is how to use the resource we have more effectively, and outside-Government resource, which is very strong.

Q37 Christopher Pincher:
What about the fear of loss of IP? Do you think there is a sufficient system of law to ensure that in any joint venture—as long as it may have gone on for and as worthy as it may well appear to us—the IP that is brought to bear by British companies and academics is protected?

Nick Mabey:
I think the IP situation has changed a lot in the time we have worked in China. The Chinese system has got better. Foreigners are better at using the Chinese system, which they were often very lax at doing, and there have been more bilateral agreements. There is much more bilateral agreement with China about enforcing IP with European capacity on the ground to help companies do it properly, and essentially give priority redress, because the
Chinese know it is a strategic issue. Thirdly, that the Chinese care more about protecting their own IP now than they did. Chatham House has done a lot of work on Chinese IP generation, which the Chinese want to stop Vietnam, Thailand, Brazil and India from stealing. If you do it properly-if you put in the right safeguards, take an appropriately jaded view of your partner and choose your partner properly in China-you can protect your IP. That involves quite a lot of human capacity and knowledge on the ground, and we could probably have more of that. We have worked on how you can get more support for SMEs in particular so they feel comfortable with that. It is doable—not easy, but moving in the right direction.

**Q38 Christopher Pincher:**
How enforceable is it? It is all very well to have a set of laws that courts are meant to enforce, but if the courts don’t enforce them or you are perhaps encouraged not to apply to the court, how easy is it to enforce? Is enforcement patchy? It may well be applicable in Guangdong, for example, but is it as easy to protect your intellectual property in the western provinces?

**Nick Mabey:**
I think the numbers were that 80% of foreign claims were approved by the Chinese court-

**Felix Preston:**
Yes, albeit perhaps the appeals court. I am not an expert in the local situation of the Chinese IP legal system, but certainly it is changing fast and Chinese officials will quite happily discuss where the improvements are being made and where the weaknesses are. The reality is that companies are still investing in China, taking risks and presumably taking benefits. IP is one of a set of issues that companies will be very concerned about, but I don’t think it is necessarily a deal-breaker across the sectors that we were talking about.

**Nick Mabey:**
One very practical thing we have been doing is around a low-carbon industrial zone we have worked with the German Government on in Nanjing. We developed the pilot to look at where the Chinese want to bring European medium-sized enterprises in to work with Chinese state-owned enterprises
and large firms in the low-carbon sector. We worked on the idea of a specific IP support centre there, basically to hold people's hands and go through the process, and a separate agreement with the local government and national government to protect IP. We understand the Japanese have done a similar thing. You can lock in extra safeguards, especially when you are doing large bilateral engagements, as the Germans are doing in Nanjing allied to large German commercial investment, because that is where half of European investment goes. Nanjing are very keen to keep that going and not to be underbid by other places in China with investment incentives. I think you are right to say that we don’t have a map of the local application, but there are certainly places that are working very hard to give reassurance and work more productively on enforcement.

**Felix Preston:**

The temptation is always to focus down on to the latest advanced pieces of kit and technology. Certainly from a UK point of view, we would be just as interested in many services, whether that is the software associated with the smart grid, a lot of the systemic changes, or the accounting required to track environmental performance. The IP issues are quite different in these areas, and I would imagine these are some of the key areas for UK potential growth in China in a low-carbon dimension. The carbon accounting and resource accounting areas are potentially huge, but are often under-talked about.

**Nick Mabey:**

In terms of trade issues, perhaps there is a tension over China wanting to grow its consulting services, investment banking and these types of soft services—an area we are very strong in. There are lots of restrictions, even though Arup and others have strong practices in China, and on a joint trade and investment agenda, services and investment access is probably more important than IP in terms of getting value out of the Chinese low-carbon economy for the UK and Europe. You can manage IP contractually a lot more tightly than you can some of those opening issues. Trade is pretty open, but investment and services could be opened up far more.

**Q39 Albert Owen:**

Concentrating on the UK Government’s existing low-carbon programmes with China, what is your assessment and how could they be improved?
Felix Preston:

With Nick’s caveat that in some areas backing up promises would be important, and taking a longer view, I think the UK had a very positive impact. If anything, there is perhaps a lack of institutional or departmental memory about some of the positive impacts of the co-operation that has taken place. I don’t know how far back it goes, but I certainly know that one project I worked on, which started in 2001, developed probably the first comprehensive climate modelling exercise with Chinese agencies. In a suite of areas, whether that is energy standards and labelling, climate change adaptation, low-carbon zones and so on, I think there is quite a good story to tell. I think UK Departments are less well co-ordinated elsewhere than they are in China—it can be quite good, although of course it can always be better—but in some parts of the world we have benefited from funding from the Foreign Office, such as though the Prosperity Fund, which you mentioned. In some of these key areas we also work with DFID and sometimes, of course, with DECC as well.

My concern is not really the way that the UK interacts with itself, but whether it is in a position to look at some of the more transformative, ambitious systemic changes in China. It was fine and the right thing to do five years ago to focus energy on, say, the way to measure the carbon emissions of a product. Such things are still important, but increasingly, looking at some of the broader issues - price reform, for example, which is a really key issue moving forward - China has a big circular economy agenda which to my knowledge is about cleaner industrial systems and cleaner production and consumption. That is a big area where the UK could make a big impact. The natural tendency is to invest in shorter-term projects with measurable carbon emissions benefits over a short time horizon, and while that can be laudable, we should keep in mind the perhaps slightly riskier but more ambitious projects that have the potential to deliver big changes and match Nick’s criteria—he emphasised the importance of getting the attention of Chinese officials on the big ideas and connecting with those, not just doing bits and pieces. If that can be addressed and the focus maintained, then it is not-
Nick Mabey:
I think that if you take the last 10 years, the UK has been probably the best engager with China at a strategic level on this issue and has set frames with certain producers. It does lack the capacity on the ground.

Q41 Albert Owen:
What evidence do you have to say that?

Nick Mabey:
We work with the US. When the Obama Administration came in, they took the work we and Chatham House and China’s Academy of Social Science did on interdependencies and used it to write the briefing for the Obama Administration that shaped the first US-China summit, and we know a lot about-

Q42 Albert Owen:
What about its near neighbours though?

Nick Mabey:
The slight enigma is the co-operation with Japan; that is very hard to find out about. My inkling is that there is an EU-Japan-China triangle, particularly after Fukushima, around clean energy markets and technology, which could be a very powerful driver. On Japanese co-operation it has proved to be very difficult to find out as much detail as we would like - as much we know about Australia, the US, France and Germany-so that is an area we are currently thinking of trying to dig into.

As I say, the weakness of the UK is on the ground and in financial investment terms. We do not have the type of network the French and the Germans or even, to be honest, the Dutch have on the ground in terms of delivery, and that is a weakness when China is starting implementation. We have been better in the past on trade, especially when Peter Mandelson was trade commissioner. He used to carry high-level messages on low-carbon trade into the economic fora. That has fallen back because of a lack of engagement.
In the areas I would highlight—the nexus of energy security, resource security and climate security—we have a lot of engaged interest. The UK is in a prime position to lead that dialogue because we are kind of the leading thinker P5 country on that issue and, as I said, China has started to open up to it. It would not have talked about it a few years ago, but now it might. The systemic issues on policy, electricity market reform, low-carbon finance issues, emissions trading systems—that is an open door to engage on. DECC does not have the capacity to do that at the moment.

**Q43 Albert Owen:**
You say DECC doesn’t have the capacity to do that, so my next question is: are the Departments working together? Do you think the collaboration between the Departments is sufficient, or are they working in silos?

**Nick Mabey:**
Half-al dente.

**Albert Owen:**
Half a silo?

**Nick Mabey:**
Yes, half. There is quite good co-operation between DECC and the Foreign Office and it has been building up; less so with UKTI and BIS—we used to have strange things happening on the trade promotion side. But is there a proper UK strategy, driven at Cabinet level with clear objectives? No. Do we need one to get best value and impact? Yes.

**Albert Owen:**
Okay, that is a good answer.

**Felix Preston:**
Yes, and I totally agree with that. It is not perfect, but I think if that strategy was in place, because the institutional architecture is a lot better in China, UK-wise, than it is in other parts of the world, it would not be impossible to
deliver real change on the ground. I think Nick is right; perhaps all countries are better at different bits of the picture, and the UK is better at the policy and strategic end than it is on, say, the real project engineering side on the ground. It might be a question of reprioritisation, but it is just as much a question of reconnecting with the other European and other international partners in China, because they can bring this bit.

Q44 Albert Owen:
That is my question, but before I move on, do you think it is BIS that is the weak link? Do you think that DECC and the Foreign Office have a good working relationship and that BIS is-

Nick Mabey:
BIS is the weakest partner in the conversation.

Q45 Albert Owen:
Okay, fine. Then just specifically—you have touched on it, both of you—what can we learn from other countries? Are there any specific programmes that the UK could say, ‘Yes, we could do that, but do it better.’?

Felix Preston:
Not that we can necessarily track it, but as Nick has mentioned, some of the Japanese engagement is having real impact, or at least having real influence. The Top Runner Standards programme, which is a major energy efficiency programme in Japan, is being looked at very seriously in China and would have a very big impact. There are clearly areas where other countries are doing important things—France is very active in urbanisation of buildings, for example. Whether it is a case of copying that, though, is doubtful. Probably we should be allowing or building on that in different ways rather than trying to replicate it.

Q46 Albert Owen:
Learning from it rather than copying it?
Felix Preston:
Yes. The difficulty is often that you have a multiplication effect, where one country finds a good way to engage and then five other countries do something similar in a different way. That can be beneficial, but obviously it can be quite wasteful too. One thing that I-Chatham House-have been heavily involved in is something called the China Council for International Cooperation on Environment and Development. This is a Chinese organisation, which had its 20th anniversary in November. It brings together senior Chinese experts and officials with international experts and officials from a whole range of countries. The UK has been involved in that, but it has had a lower profile than, for example, some of the Scandinavian countries, Canada and Australia. My experience of that is that it is a very rewarding and engaging process and I would strongly recommend the UK Government Departments to engage more in it.

Q47 Albert Owen:
Mr Mabey, anything to add?

Nick Mabey:
Our advice has always been you need to align the major European countries. They have much more capacity than the Commission, for example-although the Commission has a lot of convening capacity-to make the most of this. In late 2007-2008, the UK used to host a ‘friends of low carbon zones’ group, of about eight European countries. It was a low-carbon zones group, which looked at both diplomatic engagement on the low-carbon economy and also practical co-operation. That has fallen away, partly because of commercial pressures-the French sometimes like to keep French things to themselves, whereas the Germans are more open to co-operating. But all the people doing implementation on the ground find co-operation a bit irritating, and they need a push from the top to say, ‘Let’s take the Wuhan model of building retrofit that the French are developing and have been working on for several years, and put it in other areas.’ The question is how we make the most of our small but potentially high leverage inputs in China. A push to force the downstream bit of Europe to work together better to get best value would give us all more commercial and other opportunities. There is a bit of a short-term beggar thy neighbour that is killing off a larger, more strategic opportunity.
Q48 Albert Owen:
Thank you. A final question to Mr Preston. From your previous work, what do you think are the pros and cons of this type of co-operation between the NGOs? We know you have worked in, what was it, CCICED?

Felix Preston:
Chatham House is not a classic NGO; it is an independent research institute. I can’t speak on behalf of the likes of Oxfam and Greenpeace - the classic NGOs. In general, I think NGOs bring an important part of the puzzle.

Albert Owen:
I am not asking you to speak on behalf of NGOs, but just to give us your opinion.

Felix Preston:
I am not sure quite what the question is.

Q49 Albert Owen:
What are the pros and cons of the type of work that you are involved in for NGOs? Are NGOs a good vehicle for collaboration in the future?

Felix Preston:
They are a very important piece of the ecosystem, if you like, of trying to create policy change. Of course they can be more on the front foot, more of an advocacy type of body.

Q50 Albert Owen:
I will be clearer. We have governments, we have institutions such as those represented by our first panel of witnesses, and we have NGOs. Are some being crowded out? That is the gist of my question.
Felix Preston:
I think it is a complicated question in the China context, because we have international NGOs there, we have NGOs that are more Chinese national NGOs, and then a lot of the international NGOs are halfway houses, so I don’t think I can give you a clear answer on that.

Albert Owen:
Okay.

Nick Mabey:
There is a big difference between types of NGO. There are advocacy-based NGOs that are trying to build a civil society in China and help Chinese civil society, which is an incredibly important task from the bottom up. Foreign money in support is a very mixed blessing in that circumstance because of their sensitivity, as you found out when you visited China. But China is very open to ideas, much more so than India in terms of foreign ideas, and the impact of more people with policy experience. Having previously been a Government person going to China, you get a much better conversation going in as a non-Government person—you know what that is like. You can get into the world of ideas that is a kind of substitute for politics in China in many ways, and that is a very powerful piece. I don’t think we are leveraging our intellectual resource as much as we could. That makes a huge difference in China—it can change policy debates in ways that are very hard to do in democracies, many of which are much less open to ideas than China is.

Q51 Ian Lavery:
In terms of policy development, looking at the policy development between the UK and China, I think it is generally said—some of the submissions suggest it anyway—that in terms of development and implementing low-carbon and climate change policy, the UK has considerable expertise. I am sure you would agree with that, but development is completely different, as are policy and implementation. In which policy area do you think that there is greater scope for sharing the methodologies and best practice with China?
Nick Mabey:
The Chinese respect UK policymaking. They see that our implementation record is not as good as other people’s—they were very clear about that in my discussions last week with senior officials. They particularly look to the UK on issues like liberalisation, energy system reform—electricity market reform is key for them—and the emissions trading system. They have taken some of the work on low-carbon road maps—I am not sure how much. I don’t think they think our energy efficiency policy is anything near world-class—they will probably take that from Sweden. So they are very pragmatic and have quite ruthless judgments on what we are good at and what we are not good at, but particularly electricity market reform and liberalisation, ETS, are seen as kind of UK strengths, as opposed to perhaps some of the other more industrial policy areas, where they would look to the Germans or the Swedes.

Felix Preston:
I agree with all of that. Greenhouse gas and energy calculations, tracking, monitoring and modelling, as well as climate modelling, are the technical areas where Chinese officials and experts tend to be very interested. Another component of this is that they are interested in how the UK sets and allocates its targets across Departments or across parts of the economy, so even though they may be sceptical about our ability to deliver in some key areas, they are very interested in how targets from a broader sort of Climate Change Act down are broken out into different departmental responsibilities and so on. I think that when they talk about that area of UK policymaking, that is what they are really asking.

Q52 Ian Lavery:
There are different ways and different means of sharing the policy expertise. We were in China two or three weeks ago, and there are learning visits, UK delegations to China, Chinese delegations to the UK and the provision of written guidance. What do you think is the best way of communicating? What is more effective in terms of guiding the Chinese in policy development?

Nick Mabey:
It is different at different levels. At the top level, my experience is the Chinese like to hear from the people who ran a policy. When I was in the Prime Minister’s Strategy Unit, we used to talk to the Communist Party Strategy
School as well as the DRC, and they just wanted to talk about, ‘How do we get departments to join up? How do you get coherent policy?’ It was all about the real frontline mechanics of getting things done and talking to someone who has had the experience of driving through a policy. That is about sending your policy leads to China in small groups, well-articulated with key decision-makers. They will drain them dry of that practical, pragmatic information.

At the local level, because they have lower capacity and they are not as cutting edge as the central Government, it is much more a matter of education and supporting demonstration and co-design. That means taking your experts in and designing an emissions trading system with the local government, adapting it to the local circumstance or designing a low-carbon zone with them—it is the kind of co-design work which requires parties to engage for a longer period of time, not just visits—and then taking it through the implementation obstacles, which takes a lot of work. In China, if you can show it works, it is worth 1,000 times more than a million policy papers. They have enough paper in their own system; they want to see things work, so you have to invest enough to get it across the line, not just say you had a nice visit. Felix, you worked in Jilin, you may have a view.

**Felix Preston:**

Oh, wow, yes. Nick is alluding to some of the detailed technical work where we have engaged in Jilin in the north-east and also in Chongqing in the west. Chongqing is one of the low-carbon pilots and also an emissions trading pilot area. Coming back to my earlier experience, I think you need to build relationships with agencies at multiple levels. The work we did in Jilin could not have been done without direct engagement with the best people in Beijing and the most relevant experts, but it also required the technical experts in the local area, as well as the political backing, or at least the evolution of political backing, in that area over time. Those things can come together and you end up with some level of policy change, one hopes. I have seen that happen a couple of times in China. Once you get the policy change, you can have very rapid change on the ground, but it is about demonstration and, as I mentioned before, connecting it to what China really cares about, not what the UK really cares about.

**Nick Mabey:**

In practical terms, that means a scattergun approach, purely driven by who puts applications to the embassy in Beijing, is not a good way of allocating
resources, because you are not sure you are going to get enough focus on the thing to have even a chance of getting above the bar of success. You may get lots of nice little pieces and it doesn’t mean you don’t open up the doors for innovative ideas, but it does mean you choose a few and back them with your political and your diplomatic and your financial resources, rather than just come back with lots of nice projects. That for me is a complete waste of taxpayers’ money and a complete waste of time, because it has no chance of success, no matter how good the people you back are. You are condemning them to failure at the beginning, and that is a lesson we have learnt the hard way through many years working in China.

Felix Preston:

Just one very small, almost technical, point. A lot of projects I have seen fall over did so because they didn’t bring in the different organisations on the Chinese side. It is important to engage multiple departments at once; otherwise you fall into the trap that all governments suffer from. You can push silo-isation on the Chinese side, if you like. From the very early stage, in the political engagement before a big project happens, it is important to bring in multiple departments, all the relevant departments to the greatest extent possible, because that ensures that there will be an interest in seeing the political delivery in those different departments at the end of the project.

Chair:

Good. I am afraid we have another panel, so we have to move on. Thank you very much indeed for coming in. It has been very helpful for us.