

ENERGY TRANSITION IN CHINA AND THE EUROPEAN UNION: PLAN VS. INCENTIVES?

Dr Stefanie Weil
Assistant Professor Vesalius College &
Head of China Relations



Vesalius College
Brussels

China's political system

- The Party exercises tight control over the work of the government
- The Party & government are two distinct organizations !

Principal-agent relationship:

- The Party is the principal and the government is the agent
- While Party authority remains unquestioned, the Party assigns much of the work to the government



Decentralized policy implementation 4

Decentralized experimental policy making:

- For some policy process central policy-makers encourage local officials to try out new ways of problem-solving and then feed the local experiences back into national policy formulation
- Examples: foreign economic opening (special economic zones, state-sector restructuring, stock market regulation)



Policy-making at different political levels 1/2

Centre-lower levels relationship:

- National laws are broadly drafted at the central level and the regional and local levels have the freedom to implement them
- This allocates a great extent of freedom to decide on policies to levels below the party centre
- Levels: local, provincial, prefectural & county



Policy making at different levels 2/2

- China is not a federal system that allows sub-national governments full autonomy over the policy-making process
- China remains a unitary system



China's Policy making process

- China's policy making process is not a unified top-down centre driven process,
- A multitude of actors at every level of government articulate their interests
- Yet policy-making remains a top-down process, with permanent argumentation between political institutions
- Bargaining between civil society and the government is weak



Political Players Energy Policies

- The National Development and Reform Commission (NDRC) is the foremost government ministry influencing energy policy (government agency)
- The country's large national oil companies (CNPC, Sinopec and CNOOC)
- Research institutes such as the Development Research Centre of the State Council (DRC), the Energy Research Institute (ERI) of the NDRC and several academic research institutes have central roles in the energy policy formulation process



Political Bargaining 1/2

- There are more autonomous interests and energy-related issues to consider today than in the late 1980s:
- Think tanks, Academics
- EU and US business associations e.g. American Chamber of Commerce, European Union Chamber of Commerce in China
- EU and US companies and entrepreneurs
- To a smaller extent Chinese private companies (some overlaps with interests of foreign companies)



Political Bargaining 2/2

Ways to participate in the policy-making process:

- Non-binding public hearings
- Letter writing
- Launching publications (White & Position Papers)
- Informal meetings
- Formal meetings & Events
- High Level Diplomacy (Venue-Shopping)



Policy Debates are different

- Policy debates in China are different from those in the West
- They are often hidden and the participants frequently do not acknowledge that differences of opinion exists
- Economic issues are more likely to be publicly debated than sensitive security issues
- For some topics open discussion is taboo
- It is difficult to obtain information about ongoing debates on sensitive issues
- Information is officially published when all sides have agreed



Lack of Dialogue

- ‘Stove-piping’: Analysts within China’s ministries transfer their work to their institutional masters rather than horizontally to their counterparts in other ministries
- As a result policies do not acknowledge the existence of multiple viewpoints



Clash of culture

- American and EU business participate in the policy debate
- US style of political bargaining is more offensive than EU and Chinese way of lobbying



Summary

- China's policy-making process is steered but it is not a unitary process
- Multiple actors engage in the process yet influence is difficult to measure
- Policy is made on different levels and at times experimental
- State-owned enterprises hold a powerful position in Energy policies making

