

President Jean-Claude Juncker
European Commission
1049 Brussels,
Belgium

07 April 2015

Dear President Juncker,

GROWING EU-CHINA GREEN AND LOW CARBON BUSINESS OPPORTUNITIES

As business and civil society organisations, we are writing to you to urge the EU to propose an ambitious set of concrete initiatives on green growth and low carbon investment at the EU-China Summit in 2015.

2015 is a critical year for EU leadership on the low carbon economy. As major exporters, European businesses need a clear signal of future global market growth. We hope to see continued growth in EU green and low carbon markets supported by the 2030 Energy and Climate Package and the Investment Package for Europe. An ambitious Paris climate agreement, containing a long term “Net Zero” carbon goal, would help support our forward plans for investment and RD&D in Europe.

We hope the 2015 EU-China Summit can send a clear signal of shared ambition for the Paris climate agreement, including a commitment to credible and transparent global rules.

This political alignment could be supported by concrete actions to maximise the synergies between the European and Chinese economies in delivering green and low carbon growth.

Trade and investment between Europe and China in low carbon and environmental goods and services has grown substantially despite the global economic crisis. It has sharply lowered the global price of many renewable energy and energy efficient goods, reducing costs to European consumers and encouraged China to rapidly increase its domestic deployment of clean energy technologies.

The Chinese leadership is pushing forward deep domestic reforms on efficient urbanisation, air pollution and renewable energy. In November 2014 China committed to peak its Greenhouse Gas emissions by 2030 at the latest. China’s continuing urbanisation means over 200 million people moving into expanding cities in the next decade. To do this, China will spend \$8 trillion on urbanisation and over \$1 trillion on power systems to 2020.

Chinese policy makers understand that to deliver their internal development goals this investment needs to ensure cities reach – and even exceed – world-class standards in environmental quality, energy, resource and transport efficiency. China will need access to Europe’s world leading green technologies and services to deliver their domestic goals. Further integration of European and Chinese markets would therefore deliver immediate and large business opportunities for European firms.

However, European firms are still blocked from many Chinese markets, especially at city level, through investment restrictions, public procurement rules and preferences for local incumbents. In addition, despite the benefits of economic integration, green issues have mainly been characterised as a source of political tension between Europe and China.

Europe should take advantage of the economic opportunities by proposing a set of bold initiatives to create a **“Green Growth Area”** between the EU and China.

Such proposals could include:

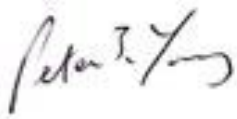
- **Prioritising “early harvest” of liberalisation in green sectors**, with an emphasis on clean energy and urbanisation, in current EU investment negotiations with China. This should include measures to open up green and low carbon public procurement at all levels.
- **Agreeing to maintain or lower tariffs on environmental and low carbon goods**, and re-affirming intention to work together on these sectors through APEC and the WTO.
- **Create stronger mechanisms for “early warning” of possible EU-China trade disputes** with a focus on green sectors.
- **Strengthening the EU-China Urbanisation Partnership** by establishing a process to identify mutual interests, opportunities for green urbanisation and closer green trade and investment cooperation at city-level. Set up a fast-track process reporting to the next EU-China Summit to co-develop reform proposals in priority areas such as: urban governance and planning & smart and resilient infrastructure regulation.
- **Create a joint “Green Growth Task Force”** to support this inter-governmental cooperation. Involve the public and private sector to identify opportunities for integrating EU and Chinese markets in green and low carbon sectors, including around product standards and future reform priorities.

We believe that these proposals are attractive to both the EU and China, and deliverable at the 2015 EU-China Summit. They are also an urgent priority because other countries are actively working to access the economic opportunities presented by green and low carbon sectors in China.

Most notably, Presidents Obama and Xi concluded a US-China Climate Change Agreement in November 2014 which prioritised collaboration on climate smart urbanisation and proposed opening trade and investment opportunities in these sectors.

Strong high level leadership is essential for delivering the ambition needed at this juncture.
We would be happy to share further detailed analysis on these ideas.

Best regards,



Peter J Young
Chairman
Aldersgate Group



Nick Mabey
Director
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Sandrine Dixson-Declève
Director
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