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**Climate regime will bind;  
BEIJING'S PROMISE**  
  
  
BYLINE: John Garnaut in Beijing  
  
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CHINA has vowed to use market-based measures to fight global warming, while  
giving support for Kevin Rudd's plan to build a climate change "bridge" between  
the developed and developing worlds.  
  
China's climate change ambassador, Yu Qingtai, told reporters China would follow  
a two-track strategy of reducing emissions at home and negotiating to turn the  
Bali climate change "road map" into a binding global regime at the end of 2009.  
  
"China has two responsibilities. One is to actively take part in international  
talks, but the core of our work, no matter whether there is climate change talks  
or how they progress, is that we will continue the tasks we've set for  
ourselves," Mr Yu said.  
  
China's leaders often highlight the challenges of global warming. The new  
national climate change program commits the country to reducing the energy  
intensity of the economy by 20 per cent by 2010. And Mr Yu was seen to have  
played a constructive role in forging a consensus in Bali. But China is already  
the world's largest source of new carbon dioxide emissions, and the country has  
baulked at imposing any market-based "price" for emissions, such as a carbon tax  
or tradeable emissions quotas. Instead, China's centralised pricing system has  
led to large energy subsidies as global oil prices have recently soared.  
  
Pressure is building within China for policymakers to adopt market pricing for  
energy and an additional market price for carbon emissions. Asked if China would  
introduce a market-based carbon price, Mr Yu said: "We will enact laws and  
regulations and make full use of the market and carry out policies necessary to  
deal with this issue."  
  
  
A China economist at UBS, Jonathan Anderson, this week calculated that China's  
effective crude oil subsidies rose above 20 per cent last month, up from an  
average of 8 per cent during the year and about zero last year.  
  
Mr Yu welcomed Australia's decision to ratify the Kyoto Protocol, and he  
encouraged Canberra's new role in global climate change negotiations.  
  
"The next job for us is to honour our commitments to the Kyoto Protocol, and we  
expect Australia to play a constructive role," he said. "We're ready to work  
with Australia."  
  
Mr Yu hailed the "positive significance" of the US in Bali, but again implored  
rich countries to do more.  
  
"Developed countries should exert more sincerity and fulfil their obligations by  
providing technology and finance to developing countries to help them play their  
roles," he said.  
  
China has mainly relied on domestic administrators to close down or deny finance  
to heavy polluters.