



Rt Hon David Cameron MP  
Prime Minister  
10 Downing Street  
London  
SW1A 2AA

18<sup>th</sup> November 2013

Dear Prime Minister,

### **A POSITIVE GREEN GROWTH AGENDA FOR THE 2013 EU-CHINA SUMMIT**

As organisations working with business, investors and civil society on green growth we are writing to you to urge the EU to propose an ambitious set of concrete initiatives on green growth at the EU-China Summit in November 2013.

We believe the Summit represents a critical opportunity to align European and Chinese interests on the green economy, and formulate a new approach to the EU-China relationship which maximises mutual opportunities and better manages trade tensions.

This Summit is politically important as it is the first with the new Chinese Leadership, and represents the 10<sup>th</sup> anniversary of the EU-China strategic partnership. Agreements at the Summit should reflect the changes in the EU-China relationship over the last decade, and set a clear tone and focus for the relationship into the future.

Trade and investment between Europe and China in low carbon and environmental goods and services has grown substantially despite the global economic crisis. These new global supply chains have sharply lowered the global price of many renewable energy and energy efficiency goods. Reducing costs to European consumers and encouraging China to rapidly increase its domestic deployment of clean energy technologies.

The new Chinese leadership is now pushing forward further domestic reforms on green urbanisation, air pollution and renewable energy. It is also piloting Emission Trading Systems (ETS) over nearly 30% of its carbon emissions, with a national scheme planned for 2016. Chinese policy makers understand that they will need access to Europe's world leading green technology and investment to deliver these domestic goals. European countries and the Commission have also invested in strong collaborative programmes with China in areas such as ETS development, energy efficiency and carbon capture and storage.

However, European firms are currently blocked from many Chinese markets, especially at city level, through investment restrictions and public procurement rules.

Further integration of European and Chinese markets would deliver immediate and large business opportunities for European firms. China will spend \$8 trillion on urbanisation and over \$1 trillion on power systems to 2020. The majority of this investment will need to be clean, efficient and low carbon.

Despite the mutual economic and environmental benefits arising from economic integration, green issues have mainly been characterised as a source of political tension between Europe and China. A perception driven by a range of disputes ranging from the Copenhagen negotiations to trade disputes over solar cells and aviation in the ETS. We believe that the recent resolution of the solar dispute gives the opportunity to “re-boot” the EU-China relationship.

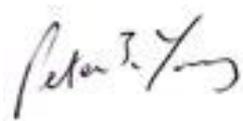
China has proposed agreement on a forward vision for EU-China cooperation based around Green Growth. We believe that Europe should use this opening to propose a set of bold initiatives which when taken together would create a “**Green Growth Area**” between the EU and China. Such proposals could include:

- Prioritising “early harvest” of liberalisation in green sectors, with an emphasis on energy and urbanisation, in current investment negotiations with China. This should aim to include measures to open up public procurement.
- Agreeing to maintain or lower tariffs on environmental goods and work together to pursue further global liberalisation of these sectors through APEC and the WTO.
- Creating stronger mechanisms for “early warning” of possible EU-China trade disputes in green sectors where government support and policies will continue to play a strong role.
- Creating a joint “Green Growth Platform” involving the private sector which will work to suggest ways of better aligning and integrating EU and Chinese markets in green sectors, including around standards and future growth goals.

We believe that these proposals support the priority national interests of both China and the EU. Europe has already proposed similar ideas, including “early harvest” for green sectors, inside its TTIP negotiations with US. A similar offer to China would demonstrate a distinctive and balanced European diplomacy towards its two major economic partners.

We have already shared more detailed analysis on these ideas with officials in your administration, but believe only strong leadership can deliver the ambition needed at this juncture. We hope to be able to support you publically in putting forward positive European positions in these areas at the Summit.

Best regards



Peter J Young  
Chairman  
Aldersgate Group



Nick Mabey  
Director  
E3G



Eliot Whittington  
Director  
UK CLG

**CC: Deputy Prime Minister; Foreign Secretary; Secretary of State for Energy and Climate Change;  
Secretary of State for Business Innovation and Skills**