

California and Chinese Governments Sign Unprecedented Climate Change Agreement

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On September 13, the National Development and Reform Commission (“NDRC”) of the People’s Republic of China and the State of California entered into a two-year Memorandum of Understanding (MOU) to Enhance Cooperation on Low Carbon Development. The agreement is the first of its kind between the NDRC and a subnational entity. The parties entered into the MOU to fight global climate change and promote clean energy and low carbon development while protecting public health, the environment, and natural resources. The parties agreed to cooperate in numerous activities including:

- Mitigating carbon emissions;
- Strengthening performance standards for carbon, methane, and other GHGs;
- Implementing carbon emissions trading systems;
- Reducing energy consumption in industrial, commercial, and residential buildings;
- Increasing the use of electric vehicles; and
- Supporting new and expanded markets for clean energy technologies.

The parties will form a task force to implement the MOU, which will be co-chaired by senior officials from both governments including, on the California side, the Deputy Cabinet Secretary and Senior Advisor to California Governor Jerry Brown, the Secretary of the California Environmental Protection Agency, and the Chairperson of the California Air Resources Board.

The MOU builds upon prior collaborations between California and China in the areas of trade, investment, and air pollution. In April 2013, Governor Brown traveled to China on a trade mission with a delegation of California business, economic development, policy, and government officials. During that trip the Governor opened the California-China Office of Trade and Investment in Shanghai, and the two governments signed a two-year agreement to collaborate on strategies and technologies to reduce air pollution. The MOU also builds upon prior climate change agreements reached between the federal government and China, which we previously discussed [here](#).

Fred Krupp, the President of the Environmental Defense Fund, praised the agreement in a [press release](#), calling it “potentially revolutionary,” and stating “we may be seeing the birth of the global low-carbon economy here on the

Pacific Rim.”

At first blush, the agreement may seem surprising, but China has recently taken a number of actions to reduce GHGs, including the establishment of pilot GHG trading systems in various locations in preparation for a national GHG trading system. With California’s implementation this year of a GHG cap-and-trade program, second in size only to the EU’s emissions trading system, and in light of the parties’ renewed collaboration on trade and other environmental issues, the parties’ agreement to collaborate on climate change issues is a logical development.

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