



U.S.-CHINA ECONOMIC AND SECURITY
REVIEW COMMISSION

Hearing on China's Green Energy and Environmental Policies

Opening Statement of Commissioner Dennis C. Shea

April 8, 2010

Washington, DC

Thank you, Commissioner Reinsch. And thanks to our witnesses for being here today to help us understand China's clean energy and environmental policies.

Today, China is in the unusual position of being the world's largest emitter of greenhouse gases while simultaneously at the forefront of building its own world-class clean energy industry. In 2009 alone, the Chinese government spent nearly \$35 billion to support its renewable energy sector, almost double what the United States spent. Because of Chinese government support, China accounts for 60% of world use of small-scale hydropower, is first in the world for wind turbine manufacturing, and accounts for nearly 40% of all solar cell exports.

As China builds up its own domestic renewable energy industry, it has also adopted policies that disadvantage U.S. clean energy companies seeking to operate and market their products in China. For example, China's "indigenous innovation" policy appears to prevent foreign renewable energy manufacturing companies from qualifying for government-funded projects. We hope to explore these barriers to competition in one of our panels today.

China's negotiating stance at international environmental summits may impact the United States as well. During this hearing, we hope to get a fuller understanding of China's behavior at the 2009 Copenhagen conference. What really happened at Copenhagen and what does this portend for future international agreements on climate change? Is China's partnership with the BASIC group of nations a model for future action? And is China's role at Copenhagen indicative of a more confident nation on the international stage? We hope that our experts today will address these questions.

Regardless of the differences between Beijing and Washington, bilateral cooperation on clean energy is an area that both countries should continue to embrace. Almost 30 years of collaboration on environmental initiatives have benefited both the United States and China, as well as the global commons. One of our goals today is to see how we can expand this cooperation in the future, without harming U.S. interests in the process.

We thank you all for participating and we will begin by hearing testimony from Assistant Secretary Sandalow.