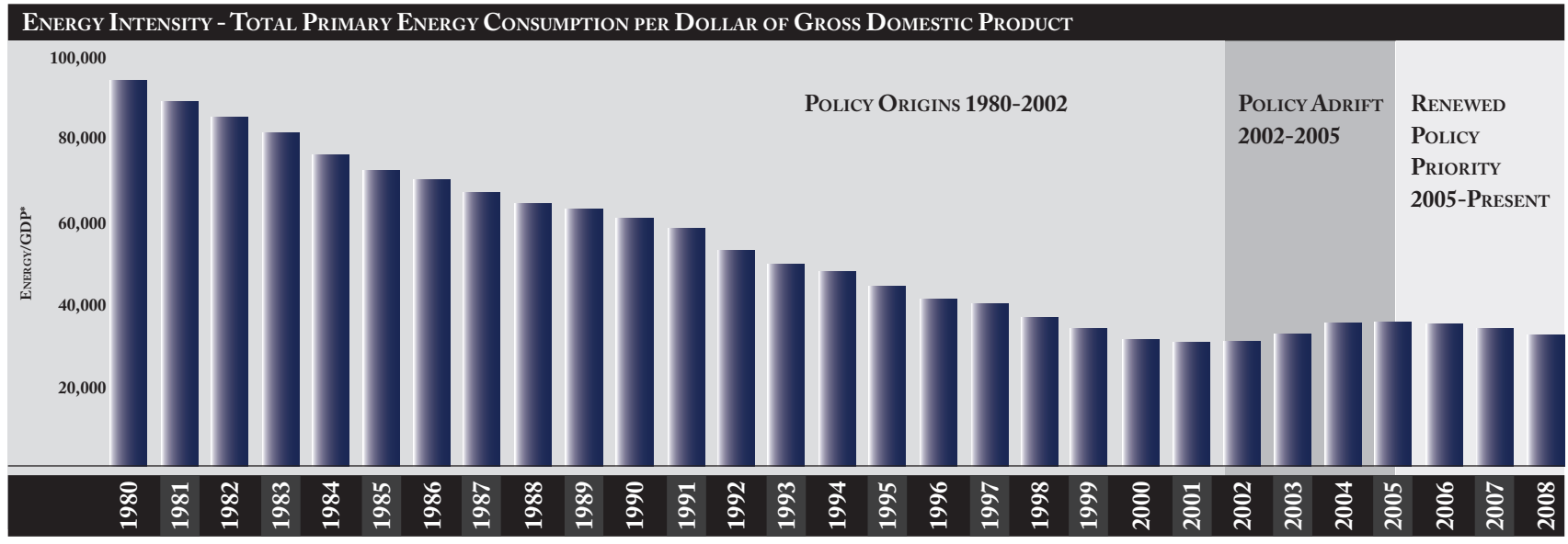


TIMELINE OF CHINA'S ENERGY EFFICIENCY POLICIES¹



Policy Origins (1980-2002): A variety of domestically-developed policies and programs led to early successes improving national energy efficiency. Significant investments in energy efficiency, and the establishment of centers of expertise for energy efficiency throughout the nation helped China grow its GDP faster than energy demand.

- Energy efficiency investments accounted for more than 10% of total energy investments in 1981. Investment later increased to 12%, before slowly declining to a sustainable level of 5-6%.
- Investment programs spurred development of new institutions, such as the China Energy Conservation Investment Corporation and the Bureau of Energy-Saving and Comprehensive Energy Utilization in the State Planning Commission (SPC). More than 200 energy-conservation service centers at local and provincial levels were established throughout the country, employing more than 7,000 people.

Policy Adrift (2002-2005): Three major factors contributed to energy efficiency becoming a lower priority for policy makers, and the overall energy intensity of China increased.

- Joining the World Trade Organization in 2001 brought about a rapid increase in trade, supported primarily by industrial growth for export markets.
- Increased wealth and prosperity of a large portion of China's people (especially in the eastern provinces) and the associated construction of buildings and infrastructure to serve this population
- Rapid migration of people from rural areas, where they had consumed little energy, to urban areas, where energy consumption is typically much higher.

Renewed Policy Priority (2005-Present):

Launched in 2005 in the 11th Five-Year Plan, new policies stem from a realization that unchecked demand growth will impede economic development.

- In 2005, China set a mandatory goal of reducing energy intensity by 20 percent from 2005 levels by 2010.
- The "Top-1,000 Energy-Consuming Enterprises Program" was established to set targets for and monitor the energy efficiency improvements of China's 1,000 largest companies, which together account for approximately one-third of national energy use.
- In 2006, China's energy intensity decreased by 1.8%—the first improvement since 2001—and in 2007 and 2008, energy intensity decreased by 4.0% and 4.6%, respectively. Preliminary statistics suggest efficiency gains could be even greater in 2009.