



Taking The Pulse

Insights on Climate Developments in China

Spring 2023 Newsletter

Welcome to Taking the Pulse!

Taking the Pulse (TTP) provides the global climate community with access to the latest thinking inside China on the low-carbon transition.

In this newsletter, we gather recently published opinions, quotes, news articles and reports to provide a snapshot of the multi-faceted discussion on climate taking place in China.

In Focus

The annual gathering of China's top legislative body and the political consultative conference, also known as the Two Sessions, is a key venue to observe the direction of political winds and policy priorities in China.

The focus of this year's Two Sessions, which took place from March 4th to 13th, was stabilizing China's economy, which saw GDP growth in 2022 fall to one of its lowest levels on record.

"Global inflation remains high, global economic and trade growth is losing steam, and external attempts to suppress and contain China are escalating," former Premier Li Keqiang said, expressing concerns in this farewell speech when delivering the annual [Government Work Report](#).

Some analysts pointed out "dual carbon" – China's targets for carbon peaking and carbon neutrality – [was not mentioned](#) as a priority for 2023 in the Government Work Report. The Minister of Ecology and Environment also [cautioned](#) that "the work of ecological and environmental protection will face greater pressure in 2023."

Under challenging economic and geopolitical circumstances, the government has toned down its language on restrictive climate targets such as fossil fuel consumption and energy intensity reduction. Instead, the official discourse increasingly prefers to tell a development story, by integrating climate into narratives on "green development" and "high quality development."

The climate landscape in China has always been complex and it is getting even more so. One example of the tug-of-war between economic development and environmental protection – while there is growing momentum on transitioning to a clean economy, there is also an emphasis on coal energy as the bedrock of China’s energy security.

In this newsletter, we look at recent trends in China’s climate debate in four areas:

[Renewable Energy](#)

[Coal](#)

[Green Consumption](#)

[Subnational Actions](#)

And here are our **main takeaways**:

- The narrative of coal as the cornerstone of China’s energy supply is being reinforced. However, confidence in renewable energy and the clean economy keeps growing.
- There is a growing call to support green industries and consumption as drivers of economic development.
- Progress on low-carbon transition continues to take place from the bottom up, as China’s provinces take ambitious climate actions.

RENEWABLE ENERGY

Confidence in China’s domestic RE market remains strong while discussion continues on power market reforms to accelerate the clean transition. Chinese manufacturers are looking to diversify their supply chains, responding to growing international competition.

Quotes and opinions

"The annual installed capacity of wind power and photovoltaic power generation exceeds 100 million kilowatts, which has become the new normal. **Renewable energy has entered a new stage of large-scale and high-quality leapfrog development.**"

- [Li Chuangjun](#), Director-General of the New Energy and Renewable Energy Department of the National Energy Administration:

"In 2022, the total installed capacity of renewable energy in China exceeded the installed capacity of coal power, realizing a historic leap. Going forward, **to support continued development of renewable energy, it is necessary to use market-oriented tools to enhance competitiveness** and promote the smooth construction of a new power system."

- [Yuan Jiahai](#), Professor at School of Economics and Management, North China Electric Power University

"The globalization of the photovoltaic industry is necessary and inevitable. The demand in the global photovoltaic market is growing very fast, and many other countries have proposed local development plans for the photovoltaic industry. **Against this background, if Chinese photovoltaic companies do not actively expand their global business, opportunities may be snatched up by other countries.**"

- [Li Dongsheng](#), Chairman of TCL, a major PV manufacturer

"Sinosure will continue to increase its support to countries that jointly build the 'Belt and Road,' and

strengthen the support for energy, green transportation, green infrastructure, with a focus on solar energy, wind energy, and biomass energy.”

- [Song Shuguang](#), Chairman of China Export & Credit Insurance Corporation (Sinosure)

News

Energy Observer - [Latest energy annual data - clean electricity increased by 8.5% in 2022](#)

In 2022, the total national primary energy production was 4.66 billion tons of standard coal, an increase of 9.2% over the previous year. Hydropower, nuclear power, wind power, solar power and other clean energy generated 2959.9 billion kWh, an increase of 8.5% over the previous year.

China Business News - [Europe remains the largest market for China's photovoltaic module exports. What is the solution to the "hidden worries" of PV exports in the future?](#)

In 2022, China's export of photovoltaic modules to Europe saw an increase of 112%. However, with the localization of PV manufacturing in Europe and growing support to local industry chain, Chinese PV exporters face hidden concerns. Although the EU Commission's proposed Net Zero Industry Act has almost no substantial impact on Chinese companies in the short to medium term, given concerns around import restrictions, overseas deployment may be one of the feasible countermeasures for Chinese PV companies.

The Paper - [The National Energy Administration encourages the coordinated development of oil and gas as well as new energy](#)

The National Energy Administration announced the "Action Plan for Accelerating the Integrated Development of Oil and Gas Exploration and Development and New Energy (2023-2025)" on March 22. The Action Plan encourages oil and gas companies to increase the supply of oil and gas commodities and their capacities on new energy development, and to actively expand the use of green power.

COAL

Energy security remains the dominant concern, justifying the continued expansion of China's coal power fleet.

Quotes and opinions

"A reliable and stable supply of energy is the prerequisite for energy transformation. **Coal is the most reliable and stable source of energy** that will allow us to achieve safe mining and clean utilization. Regarding the 'dual carbon' goal, coal plays an even more prominent role as the cornerstone, and blindly phasing down coal will have adverse effects.

- [Wang Guofa](#), member of the Chinese Academy of Engineering

"We should attach **greater importance to the security of energy supply, increase the domestic production of high-quality coal, reduce LNG imports**, regulate the export of refined oil products, and continue to encourage overseas oil and gas investment."

- [Wang Yongzhong](#), researcher at the Chinese Academy of Social Sciences

"According to the guidance on 'guaranteeing the stability of conventional power supply and adjusting the

structure of new energy sources,' we will **promote the optimal combination of coal power and new energy**. Large-scale wind and solar bases, advanced coal power, and ultra-high voltage transmission lines will be planned and constructed simultaneously.”

- [Ruan Qiantu](#), Chairman of State Grid Fujian

News

Caixin - [Key planning documents stress the role of coal as the bottom line](#)

Both the Government Work Report and the 2023 National Economic and Social Development Plan emphasized the role of coal as the bottom line, but also stated that the government will continue promoting the energy revolution and accelerate the transition to the new energy system.

Energy Observer - [China's Government Work Report has proposed to ensure energy security for four consecutive years](#)

Energy Observer noted that since 2020, every Government Work Report has mentioned the need to ensure energy security. Energy security is an all-encompassing and strategic issue related to the country's economic and social development. Ensuring energy security is at the core of China's energy policy.

The Paper - [Last year, the total profit of coal enterprises above designated size exceeded one trillion yuan for the first time, reaching a new high](#)

In 2022, the operating income of coal enterprises above a designated size in China will be 4.02 trillion yuan, a year-on-year increase of 19.5%; the total profit will be 1.02 trillion yuan, a year-on-year increase of 44.3%, reaching a record high.

Reports and analyses

Energy Magazine - [Against the backdrop of China's dual carbon goals, how can new coal power be approved and launched? Taking Shanxi as a case study:](#)

To understand what's driving the new wave of coal expansion in China, iGDP looked at new coal-fired power projects in Shanxi from 2020 to 2022. The analysis identified three main drivers behind Shanxi's new coal plants: local economic and employment benefits, ensuring energy security and providing energy to other provinces, and replacing old plants with more efficient new plants.

GREEN CONSUMPTION

As the government aims to boost consumption to revive the economy, discussion on incentivizing green consumption is heating up.

Quotes and opinions

“**Establishing a unified national accounting rule for products' carbon footprint** and a labeling system can encourage innovation and business development on low-carbon products, promoting low-carbon consumption.”

- [Li Shufu](#), Chairman of Geely Group, a major EV maker

“**The upgrading of green consumption will drive the upgrading of green manufacturing.** It is

recommended to standardize market management, increase support for low-carbon products and other measures to facilitate green consumption.”

- [Hong Jie](#), member of the National Committee of the Chinese People's Political Consultative Conference

“Second-hand commodity trading can significantly reduce carbon emissions. However, at present, **the potential of China’s second-hand commodity trading is far from being realized**. The current transaction rate of second-hand commodities in China is less than 15%, and there are still many items that are idle.

- [Liu Rui](#), deputy to the National People's Congress

SUBNATIONAL ACTIONS

Innovative, progressive policy and industrial development continues taking place from the bottom up.

News

The Paper - [This year and next will be big years for the construction and commissioning of Inner Mongolia’s wind-light hydrogen production project](#)

Inner Mongolia has an ambitious plan on green hydrogen - achieving an annual output of 72,000 tons in 2023 and 500,000 tons in 2025, increasing the value of the hydrogen industry to 100 billion RMB in 2025. Inner Mongolia’s plan exceeded the national target proposed in the *Development Plan for the Hydrogen Energy Industry (2021-2035)*, which aims for 100,000-200,000 tons/year of green hydrogen production by 2025.

Dazhong News - [Shandong launched the country's first provincial-level carbon footprint evaluation plan](#)

Shandong released China’s first provincial plan for product carbon footprint evaluation. The plan proposes that in 2023, 100 key enterprises in the steel, electrolytic aluminum, cement, chemical fertilizer, and plastic industries will complete product carbon footprint accounting; by 2025, 600 key enterprises will undergo carbon footprint accounting...and there should be domestic and international mutual recognition of carbon footprint labels.

Reports and analyses

iGDP – [Closing the Emissions Gap through Subnational Climate Actions in China](#)

This recent iGDP report provides insight into the climate actions that [China’s](#) provincial regions are taking. The report points out that one-third of China’s provincial regions have already achieved decoupling of carbon emissions and GDP growth, and that local dual carbon policy deployment is underway, covering key areas such as energy, industry, transportation, and buildings. However, more actions are still necessary to meet China’s 2060 neutrality goal, and early action is recommended to tackle hard-to-abate emissions and reduce non-CO2 GHG emissions.

Thank you for reading!

For any questions, please contact:

Ms. Zhe Yao, yaozhe@igdp.cn

Mr. Diego Montero, diego@igdp.cn