

# Key messages from the IKI Workshop on Cooperating on China's 2030/2060 Targets within the 14<sup>th</sup> Five-Year Plan (FYP) Period (2021-2025)

**Climate policy and 2030/2060 goals:** reducing non-CO<sub>2</sub> emissions, and the consumption of fossil resources (dual control system on emission intensity and total emissions control).

- **NDRC** will take the lead on **planning for carbon emissions peaking and carbon neutrality**. **MEE** will continue to play a crucial role in the process as well. Additionally, at least 14 other ministries will be involved, and sectoral and provincial plans will follow over the course of 2021.
- Push for the clean and efficient use of coal with the share of coal in primary energy to decrease, while coal-fired power is not considered replaceable as **it remains critical to energy security**.
- **Concern about a lack of (ambitious) short-term climate mitigation goals**, which could delay the largest efforts until after 2030, making the transition more difficult, expensive, and reliant on yet to be developed technologies.

**Sectoral perspectives:** China's sector targets are not very specific yet, but authorities will come up with detailed regulations and requirements for peaking in different sectors.

- The energy sector target to have renewable energy account for more than 50 % of total power generation capacity and 2/3 of new power demand is mainly **a continuation of existing trends** while setting the path forward.
- Transportation likely **not able to peak by 2030** (only by 2040). This is partly due to increasing urbanisation and rising incomes, which will lead to a massive increase in transport volume and infrastructure over the next decades.
- A peaking and decarbonisation roadmap is needed that aligns the transport and energy transition, and **vertically connects** climate protection targets to existing implementation plans.

**Finance and carbon markets perspectives:** The PBoC made green finance a key task by calling for a comprehensive green finance policy framework and by incorporating climate related factors into the macro-policy framework.

- Strengthening **environmental and climate related information reporting and disclosure** is vital to ensure that investment can be guided away from carbon-intensive assets. In China, mandatory disclosure of such information by all companies is currently being developed by CBRC and PBoC.
- The role of transition finance shall be highlighted, the incorporation of financial attributes into the carbon market shall be advocated, and the **integration of environmental and climate related risk analysis into risk management frameworks** shall be strengthened at macro and micro level.
- China's **national ETS, which entered the implementation phase in 2021**, initially covers only the power sector. This sector alone emits **twice the annual emissions of the EU carbon market**, making China's national ETS the largest in the world; **the scope of sectors covered will be expanded**, more trading products, and the offsets/voluntary carbon market will be enhanced.

**National- and local level perspectives:** providing the macro policy direction based on which local governments are designing their own plans.

- **Provinces differ** regarding aspects such as GDP, coal power capacity, coal consumption, renewable energy resources or per capita emissions, local plans need to be designed not only **in alignment with national targets but also based on provincial circumstances and needs**.
- As the **next five years will be decisive** for provinces, ambitious measures are expected.
- Several provinces have already formulated their own provincial 2030/2060 plans.

**Implications for climate cooperation between China and the EU:** China and Germany are both facing the challenges of "How?", "How soon?", and "At what cost?" to decarbonise their societies.

- As implementing climate policies at the local level is often a challenging task for subnational governments, **international cooperation at provincial, local, and municipal levels** in the form of technical assistance, capacity building, awareness raising etc. is more needed than on national level.
- The **2060 vision is a game changer for China's energy transition** that results in new plans, strategies, and system changes which all offer chances for international cooperation.
- **Enhancing the exchange between science and policy** is needed to foster science-informed policymaking.

On April 1, 2021, the Sino-German Cooperation on Climate Change (SGCCC) project commissioned by the International Climate Initiative (IKI) of the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, organized a workshop on China's 2030/2060 targets within the 14th Five-Year Plan Period (2021-2025). The aim of the workshop was to inform about the most recent developments regarding China's climate policy at the national and subnational levels as well as to identify linkages to the European and German experience. With almost 60 participants from the various scientific and political partner institutions the hybrid workshop laid out future cooperation opportunities and sparked lively discussions.

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