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Dear readers,

With record-breaking freezing temperatures gripping Beijing, we send you this final IKI Update with warm greetings to round out 2023.

Coming to a close in mid-December, this year’s UN Climate Conference in Dubai saw some progress on the thorny issues of fossil fuels, renewables, loss and damage, and adaptation. China sent the third most participants and hosted many side events, being represented by Climate Envoy Xie Zhenhua and MEE Vice minister and official Head of Delegation Zhao Yingmin. Climate Envoy Xie announced that in its updated NDC – to be released in 2025 – China will include new targets for 2030 and 2035, with the 2035 target expected to cover all GHG emissions for the first time. The outcome to the first [Global Stocktake](#) at COP 28 features the first-ever call to “transition away from fossil fuels”, also calling for “tripling renewable energy capacity”, “accelerating efforts towards the phase-down of unabated coal power”, and using “abatement and removal technologies [...] particularly in hard-to-abate sectors”. The agreement builds on language from the US-China Sunnylands Statement and aligns with China’s main policy priorities.

China did not sign up to an official [pledge](#) to triple renewable energy capacity by 2030 and double the global average annual rate of energy efficiency improvements, however. In the past, China has shown reluctance to sign up to COP side initiatives, for a perceived lack of accountability and a preference to focus on the main multilateral decision-making process. In addition, the pledge remains unclear in terms of its base year, which may greatly affect China’s ability to reach a tripling of renewables due to recent exponential growth. It may also be difficult for China to double energy efficiency due to previous improvements and current economic

	<p>challenges. Chinese negotiators remained muted on the Loss and Damage Fund operationalised during COP 28, with China – as of now – not being obligated to contribute to climate finance under the UNFCCC. This does not mean that it is not already offering funding for south-south cooperation to help other countries cope with climate change on a voluntary basis (Carbon Brief). In conclusion, COP 28 succeeded in making some long-overdue headway on issues of contention and offers some rays of hope for the year to come.</p> <p>In other major policy developments this quarter, Chinese ministries issued the 2023 Climate Action Report, a Methane Emission Control Action Plan, and a Coal Power Capacity Pricing Mechanism. We hope you enjoy the read.</p> <p>With this last IKI China Update of the year, we are now setting eyes on an eventful and exciting 2024. We look forward to keeping you updated and wish you a Merry Christmas and a Happy New Year!</p> <p>With best regards from Beijing, the IKI China Team</p>
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POLICY NEWS

MEE released 2023 Climate Action Report

MEE has released its annual report on climate action in October 2023, detailing China’s policies and actions in addressing climate change. The report provides an overview of China’s recent initiatives and strategies concerning environmental protection and climate action. It discusses progress in CO2 emission reduction, renewable energy expansion, green transportation, ETS, and China’s overall policy framework. It also elaborates on China’s outlook on international climate cooperation.

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NDRC and NEA established a Coal Power Capacity Pricing Mechanism

The new mechanism will provide coal power plants in most provinces with a fixed payment based on their power generation capacity starting from 2024. The pricing mechanism is hoped to help accelerate the shift of coal power from primary power source to peak load backup offsetting renewable energy fluctuations, while guaranteeing energy security. Yet, there are some concerns about the policy’s design.

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MEE released the ‘2024 Hydrofluorocarbon (HFC) Quota Allocation Plan’

MEE has released a plan setting HFC quotas for 2024 on 6 November 2023. The plan signifies a move towards freezing HFC production and usage by 2024. By setting specific limits on HFC production (1.853 billion tons CO2eq), domestic use (0.895 billion tons CO2eq), and imports (0.01 billion tons CO2eq), the plan establishes a robust framework for controlling these potent synthetic greenhouse gases.

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MEE released Methane Emission Control Action Plan

MEE unveiled the much-anticipated action plan aiming at curtailing methane emissions in November. The plan calls for enhanced measurement, reporting, and verification, a more robust regulatory framework, and greater leveraging of

innovative technologies under the 14th (2021-2025) and 15th (2026-2030) five-year plans. With the plan, the world's foremost methane emitter mainly seeks to tackle emissions in the energy sector, agriculture, and waste management. While it is criticised for a lack of stringent quantitative targets by some, the plan is expected to guide further regulation of methane emissions and serve as a basis for more intensive international cooperation around the topic.

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Decarbonisation Plan for the Automobile Industry released

MIIT released the 'Roadmap 1.0 for Green and Low Carbon Development of the Automobile Industry' on 7 December 2023. Serving as a guidance for the green development of China's automobile industry, it clarifies the boundaries and methods of carbon accounting in the sector. The roadmap specifies a number of targets, including a new energy vehicle market penetration rate of 45 % and 60 % to be reached by 2025 and 2030 respectively. The plan also issues recommendations on guiding policy, technological innovation, low-carbon vehicles, and the manufacturing system.

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Action Plan to further improve Air Quality published

The State Council published an action plan to improve air quality nation-wide on 7 December 2023. The plan contains a series of measures to mitigate air pollution by 2025, including the development of a low-carbon transport system. To achieve this, the action plan proposes to optimise freight transport structures, accelerate the shift to green and clean motor vehicles, and strengthen low-carbon non-road mobility.

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MEE released annual report on transport sector emissions

MEE has released the 'China Mobile Source Environmental Management Annual Report (2023)' on 7 December 2023. The plan elaborates on the role of the transport sector as a source of GHGs, pointing out that environmental pollution from means of transportation has become an important factor of air pollution in large and medium-sized cities. Automobiles are identified as the main contributor to pollutant emissions. Meanwhile, the impact of non-road means of transportation, such as railways, ships, aircraft, and machinery, on air quality cannot be ignored. The plan calls for efforts regarding aspects like adjusting transport structures and strengthening regulation of road and non-road mobility.

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Environmental Enterprises face Financial Problems

Many listed environmental companies are facing financial problems due to payment defaults, affecting their business operations. According to an analysis of the 2022 annual reports of 187 listed environmental companies, 75 % companies had an accounts receivable to revenue ratio exceeding 30 %, with even higher numbers in the first half of 2023. Affected companies are often state-owned, providing services for local governments that, themselves, increasingly face financial difficulties.

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PROJECT NEWS

» Integrated Urban Climate Action for Low-Carbon and Resilient Cities (Urban-Act) – China Component



Knowledge Sharing Workshop on Urban Spatial Planning in the Context of Climate Change

The Urban-Act project held a knowledge sharing workshop titled “Urban Spatial Planning in the Context of Climate Change: Indicator System and Implementation Assessment” in the project’s pilot city of Xi’an on 13 October 2023. With the support of Tongji University and Xi’an Urban Planning and Design Research Institute, the workshop allowed for exchanges on current developments and best practices among implementation partners from Xi’an, Xiamen, Beijing, and Shanghai.

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Learning Forum on the Assessment of City Enabling Environments concerning Environmental and Climate Change Governance

On 15 November 2023, the Urban-Act project China component, and its regional partner, United Cities and Local Governments Asia-Pacific (UCLG ASPAC), organised a learning forum on evaluating urban environments regarding environmental and climate change governance. Around 40 officials and practitioners from across the Asia-Pacific region and other countries got together at the 9th UCLG ASPAC Congress in Yiwu, Zhejiang.

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» NDC Transport Initiative for Asia - China Component



MEE Study Tour on low-carbon Transport in Germany

A delegation from the MEE visited Germany for a study tour from 22 October to 4 November 2023. During their visit, supported by the NDC-TIA project and coordinated by GIZ, the delegation met with representatives from the German Federal Ministry for Economic Affairs and Climate Action and the Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection to discuss Germany’s and China’s climate goals and related transport policies. It also engaged in exchanges with relevant industry stakeholders on key topics, including vehicle pollutant and CO2 emission reduction strategies, emission regulation, and electric truck development.

Virtual Kick-off of the NDC-TIA Learning Journey



The NDC-TIA Learning Journey started with a virtual kick-off on 9 November 2023. As a platform for knowledge exchange and peer learning, the learning journey brings together experts from the three country components of the NDC-TIA project, China, India, and Vietnam, to jointly discuss problems and solutions for the planning, financing, and implementation of decarbonisation pathways. The kick-off was held under the motto "Electric vehicles (EVs): Establishing the interface between knowledge, policy and practice", with further dates to follow in the coming months.

Workshop on sustainable and low-emission Development of Ports in Shenzhen



The World Resources Institute (WRI) organised an expert workshop, titled "Co-Control: Potentials of the Modal Shift at Shenzhen's Ports", as part of the NDC-TIA China 2023 workshop series on 29 November 2023. During the event, experts from the Transport Planning and Research Institute, the Waterborne Transport Research Institute of the Chinese Ministry of Transport, and local authorities from Shenzhen exchanged views on international and national best practices and emission reduction potentials concerning port logistics infrastructure.

» Sino-German Cooperation on Climate Change – Climate Partnership

Seventh Steering Committee Meeting of the Sino-German Track II Dialogue on Climate Change and Sustainable Development



A Chinese delegation visited Germany to participate in the seventh steering committee meeting of the Track II Dialogue (T2D) and other meetings from 23 to 25 October 2023. German Environment Agency (UBA) President Mr Dirk Messner invited the delegation to the UBA headquarters to discuss progress on the six T2D working groups and clusters. The group then met with representatives of academia and the former German Coal Commission to talk about German experiences in phasing out coal. Finally, the delegation met with Mr Norbert Gorißen, Deputy Special Envoy for Climate Action of the German Federal Foreign Office.

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European Study Tour on Sustainable Finance and Climate Finance



A Chinese delegation led by representatives of the Climate Investment and Finance Association visited Germany and Norway from 5 to 11 November 2023. During the visit, organised by the Climate Partnership Project, the delegation attended workshops at the Frankfurt School of Finance & Management and Climate Analytics and met with German and Norwegian banks and research institutions. The study tour facilitated Sino-European technical exchange of financial market professionals and academia on regulatory frameworks for

sustainable finance and climate finance, share insights on practices and products and explore opportunities for future cooperation.

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COP 28 Side Event with German and Chinese high-level Representatives



On 2 December 2023, a side event entitled “From a Germany-China Track 2 Dialogue (T2D) Perspective: China’s and Germany’s Contribution to the Acceleration of the Renewable Energy Expansion in light of the Global Stocktake” took place at the German Pavilion at COP 28. Mr Zhao Yingmin, MEE Vice Minister, and Ms Jennifer Morgan, State Secretary of the German Federal Foreign Office and Special Envoy for International Climate Action, delivered speeches. The event was hosted by UBA and NCSC, and supported by the Climate Partnership.

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» Sino-German Cooperation on Climate Change – NDC Implementation

Networking Workshop for Climate & Environment Cooperation with China



The NDC Implementation and IKI Interface project organised a networking event for actors of the climate and environment community in Beijing on 14 December 2023. The workshop brought together representatives from donors, NGOs and international organizations in Beijing to exchange on current developments, their portfolios of engagement with China and avenues for future cooperation in the realm of climate change and environmental protection.

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» Sino-German Environmental Partnership

Seventh Sino-German Environmental Forum



On 1 November 2023, the Ministers of Environment of China and Germany, Mr Huang Runqiu and Ms Steffi Lemke, attended the 7th Sino-German Environmental Forum in Taicang, Jiangsu. The Sino-German Environmental Forum featured a high-level political dialogue between the two countries as well as expert exchanges on relevant environment policy topics, which this year included biodiversity protection, plastic pollution, and management of chemicals.

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SGEP Research on PFAS Pollution in China – PFAS Concentrations in the Environment, PFAS Policies, and their Impacts



Per- and polyfluoroalkyl substances (PFAS) are a group of synthetic chemical compounds whose practical features have made it a widely-used component in consumer products, raising concerns about the health effects of increasing PFAS levels. With this in mind, the Sino-German Environmental Partnership (SGEP) examined PFAS pollution in China, covering recent academic research on PFAS levels, national and provincial policies on PFAS restriction and measurement, and the evaluation of policy implementation.

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PUBLICATIONS



Real-world Use Cases for zero-emission Trucks in Guangdong

The NDC-TIA’s implementation partner International Council on Clean Transportation has published a working paper on the real-world use cases for zero-emission trucks (ZET) in Guangdong province in October 2023. The working paper covers a market review, policy analysis of ZET promotion policies, and a total cost of ownership analysis for zero-emission dump trucks. The authors conclude with a number of policy recommendations, including financial and operational incentive policies based on local use cases to boost ZET promotion.

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‘Visioning to Implementation Report’

The NDC-TIA project’s implementation partner WRI has released a report, titled “Visioning to Implementation”, in December 2023. The report assesses how the three NDC-TIA country components, China, India, and Vietnam, are translating their NDCs into national transport strategies and policies. It finds that climate ambitions in transport are somewhat consistent with national strategies, while coordination across policy areas and levels of governance must be further improved. The report synthesises information from an extensive review of literature and policy documents, as well as expert interviews.

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On behalf of:

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