

Sino-German Cooperation on Climate Change – Climate Partnership

Context and Challenge

The People's Republic of China is currently the world's largest annual emitter of greenhouse gases, accounting for about 31% of the global carbon dioxide emissions. Achieving the global goal, set down in the Paris Agreement, to limit the average temperature increase to below 1.5°C above pre-industrial levels can only be accomplished in collaboration with China, and only if China successfully reduces its emissions. China has pledged to peak its carbon emissions before 2030 and achieve carbon neutrality before 2060.

However, China's climate ambition and transition to a low-carbon economy are complicated by its current economic model and its industrial agenda. To achieve continued growth, the country is still reliant on emission-heavy manufacturing and power generation. In 2024, around 53% of the country's power are still generated from burning coal, down from 60% in 2023.

China has already achieved record numbers in renewable energy generation and newly installed capacity from solar, wind, and hydropower. It is slowly reducing emissions from steelmaking, cement production, and the oil sector. However, the new capacity from renewable energies is still unable to meet all the rapidly rising demand in energy.

China has also become a global leader in the manufacturing of electric vehicles, solar panels, and batteries. These advancements demonstrate the potential of China's green transition. But as energy demand from industry and the population are projected to steadily grow over the coming years, the country faces many competing pressures.

Realizing its national emission reduction targets thus requires China to make coordinated and strenuous efforts across multiple policy domains, industrial sectors and regions. Success in this area depends on aligning national and subnational regulatory and incentive frameworks, advancing technology, upgrading energy networks and infrastructure, and fostering international cooperation.

Project name	Sino-German Cooperation on Climate Change – Climate Partnership IV
Commissioning body	Federal Foreign Office (Auswärtiges Amt), within the framework of the International Climate Initiative (IKI)
Country	People's Republic of China (PRC)
Political partner	Ministry of Ecology and Environment (MEE) of the People's Republic of China
Chinese implementation partners	National Center for Climate Strategy and International Cooperation (NCSC), Climate Investment and Finance Association (CIFA)
Duration	November 2020 until January 2026
Budget	EUR 7.9 million

Our Objectives

The *Sino-German Cooperation on Climate Change – Climate Partnership* is one of the most longstanding projects of the German International Climate Initiative (IKI) in China. The first phase of the Climate Partnership began in 2011.

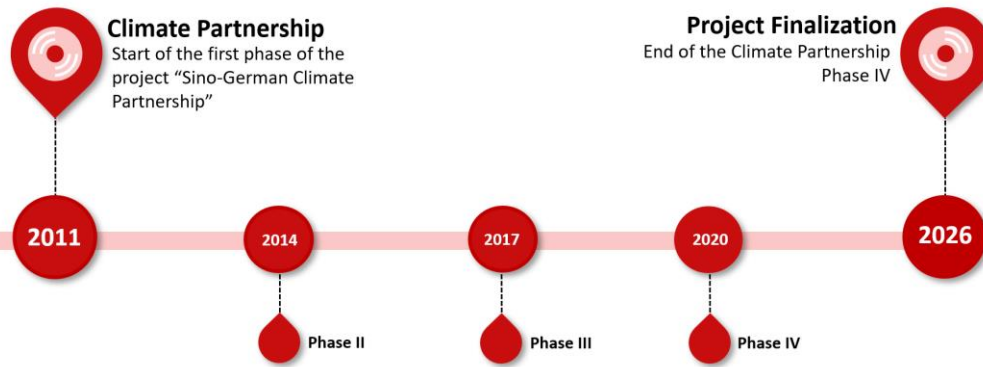
Currently in its fourth phase, the project focuses on fostering political and technical dialogues on three levels: (i) the political dialogue at ministerial level; (ii) the technical exchange, particularly through the Sino-German Track 2 dialogue on climate change and sustainable development; and (iii) the exchange among German and Chinese universities through joint study camps and a series of talks, the NextGen Climate Dialogue. Through its different formats, the Climate Partnership is acting as a vehicle to keep communication channels between two important industrial nations open, despite geopolitical tensions.

The overall objective of the fourth phase of the Climate Partnership is to support the MEE to effectively design and implement climate policy within the framework of China's Nationally Determined Contributions (NDC) and the 14th Five-Year Plan to achieve China's NDC targets for 2030 earlier and to

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foster an ambitious continuation of NDC implementation in the 15th Five-Year Plan.

Our Approach

On behalf of the German Federal Foreign Office and in cooperation with the MEE, the project implements targeted interventions in the following areas:

- 1. Climate and environmental dialogues:** The Climate Partnership established the Sino-German non-governmental expert dialogue to discuss critical issues such as energy transition, carbon neutrality, the European Carbon Border Adjustment Mechanism (CBAM), and UNFCCC negotiation positions.
- 2. Trilateral climate cooperation:** The project created platforms for international knowledge exchange between Chinese, German, and other European experts on avenues for multilateral cooperation, as well as bilateral and multilateral climate funding mechanisms, and pilots a joint technical capacity building training on climate and sustainable finance in a country of the global south.
- 3. Climate and sustainable finance:** The project works with financial institutions, think tanks, and regulatory bodies to align practices with global standards, develop green financial instruments, carbon pricing, and promote sustainable finance initiatives.
- 4. Science popularization:** In collaboration with Chinese and German universities, the project organises Sino-German study camps, and the NextGen Climate Dialogue to provide learning opportunities for future decisionmakers.

Our Achievements

Climate dialogues established

- A non-government expert dialogue (German Track 2 dialogue) with 6 thematic working groups and 2 jointly organised UNFCCC COP side-events.
- 6 new IKI projects and 4 top-ups of IKI projects, which were successfully agreed upon.
- Background report and workshop on NDC Update global best practices.

Chinese climate finance system strengthened, and technical competencies improved

- Green finance methodologies and instruments supported in 10 major banks
- 5 trainings with 467 participants from partner institutions.
- 12 workshops and 2 symposiums with 419 onsite participants.
- 5 reports published and 3 in progress.
- 3 methodologies under development.

Competence of Chinese decision-makers in cooperating with third countries enhanced

- Workshop on IKI and multilateral funding mechanisms.
- Training on Climate Finance in Thailand.

Network between academic institutions from China and Germany improved

- More than 1,000 students reached through our NextGen Climate Dialogue talk events.
- 2 Sino-German study camps.

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