



WORKING PAPER

**China's diplomatic wisdom and multilateral
efforts to tackle global climate change**

ZhongXiang Zhang

European University Institute

Robert Schuman Centre for Advanced Studies

Florence School of Regulation

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Badia Fiesolana, via dei Roccettini 9
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Florence School of Regulation - European University Institute
Via Boccaccio 121,
I-50133 Florence, Italy
FSR.Secretariat@eui.eu

+39 055 4685 878

Abstract

China has always upheld multilateralism and has advocated the use of multilateral mechanisms to jointly address global climate change issues. This paper discusses what China does and why, and how China acts on its own and interacts with the U.S. and the EU. Taken together, these discussions help better understand China's diplomatic and multilateral efforts to tackle global climate change.

Keywords

China's commitments; Carbon neutrality; Sino-U.S. cooperation; Paris Agreement; Multilateral mechanisms; Coal-fired power.

This article is based on a presentation at the Zhonghong Forum on Carbon Neutrality: The Major Powers' Responsibilities and the New Future of China and the United States, Beijing, 23 April 2021.

Since the international climate change negotiations in Kyoto, Japan in 1997, in line with changing domestic and international contexts China has been recalibrating its stance and strategy. Its participation in international climate change negotiations has evolved from playing a peripheral role to gradually moving to the centre (Zhang, 2017). As the world's second largest economy and the largest emitter of greenhouse gases, China made important contributions to the conclusion of the Paris Agreement. Current international climate change negotiations and various high-level meetings of leaders aim to promote the full and effective implementation of the Paris Agreement on many key issues, such as long-term emission reduction targets, finance, technology, capacity building, transparency and inventory mechanisms. The parties continue to increase their nationally determined contributions to limiting the global average temperature rise to less than 2 degrees Celsius, and are making efforts to limit the temperature rise to 1.5 degrees Celsius. This is the background to a series of eye-catching events such as the China-EU leaders' summit held in September 2020, China's new commitments to carbon peak by 2030 and achieve carbon neutrality by 2060, talks between China Special Envoy for Climate Change Xie Zhenhua and U.S. Special Presidential Envoy for Climate John Kerry in April 2021 (Xinhua, 2021), and the U.S. Leaders Climate Summit convened by U.S. President Biden.

John Kerry has just come to China again for another talk with his Chinese counterpart after his previous visit in April. It is reported that Kerry will seek to make more progress on the basis of the commitments made during his visit to China in April. Fully understanding this new visit by John Kerry requires fully understanding the first one, that is, a deep understanding of what China does and why, and how China acts on its own and interacts with the U.S. and the EU.

The two platforms used to announce China's new climate commitments are of profound significance

On 16 September 2020, the leaders of China and the European Union held a summit. China, France and Germany proposed building a China-EU Green Partnership. Then on 22 September 2020, Chinese President Xi Jinping announced in a general debate at the 75th UN General Assembly that China will strive to achieve peak carbon by 2030 and carbon neutrality by 2060. This not only strengthens China's previous commitment to peak around 2030 but also adds the new commitment to carbon neutrality before 2060. This new commitment came as a complete surprise to both international and Chinese experts, and it is neither bowing to international pressure nor is the pledge conditioned on other countries' commitments.

At the Climate Ambition Summit on 12 December 2020 to commemorate the fifth anniversary of the Paris Agreement, President Xi Jinping further announced that by 2030 China's carbon dioxide emissions per unit of GDP will have dropped by more than 65% relative to 2005 levels and that the share of non-fossil fuel use will rise to around 25% by 2030. In the run-up to the Paris climate summit, China pledged to reduce the carbon intensity of its economy by 60-65% by 2030 compared to 2005 levels and to increase the share of non-fossil fuel use to around 20% by 2030 (NDRC, 2015). These new commitments tighten up the previous commitments. In addition, the forest stock volume will increase by 6 billion cubic meters compared with 2005 levels, and the total installed capacity of wind power and solar power combined will reach more than 1200 GW.

It can be seen that although China's 2030/2060 goals and new initiatives for nationally determined contributions are related to interactions between Chinese and European leaders or summits hosted by EU leaders, they are actually announced on the UN platform or at related events. This demonstrates that China has always upheld multilateralism and has advocated the use of multilateral mechanisms to jointly address global climate change issues.

These are the correct interpretations of China's commitments and the height of understanding. Regrettably, reports or articles by domestic and foreign propaganda and communication departments, mainstream media and scholars, including those engaged in international relations, did not understand and express the real point of why China chose to announce its commitments on those two platforms or in related activities. The foreign media, even more absurdly, viewed that these announcements are a victory of diplomacy that demonstrates the climate leadership of France and Germany.

The Sino-U.S. joint statement demonstrates China' diplomatic wisdom

This is particularly well reflected in the first two paragraphs of the joint statement addressing the climate crisis after talks between China Special Envoy for Climate Change Xie Zhenhua and U.S. Special Presidential Envoy for Climate John Kerry on 18 April 2021. Looking back, China and the United States have been committed to cooperating with each other and working with other countries to tackle the climate crisis. Moving forward, China and the United States are firmly committed to joining hands and working with other parties to strengthen the implementation of the Paris Agreement. This shows that China-U.S. cooperation can achieve unexpected or even impossible results. At the same time, China emphasises working with other countries/parties to show that although Sino-U.S. cooperation is important, it insists on multilateralism.

Wisdom is also reflected in expressions of the Leaders Climate Summit hosted by the United States on 22-23 April 2021. The first senior official of the Biden administration, John Kerry, the U.S. President's Special Envoy for Climate Change, visited China to discuss climate change issues with China in Shanghai and promote China-U.S. and global cooperation in the field of climate change and the full and effective implementation of the Paris Agreement. The meeting was also aimed at preparing for the aforementioned Leaders Climate Summit convened by U.S. President Biden. Therefore, the success of Kerry's visit to China depended on whether Chinese leaders participated in the Leaders Summit on Climate. The aforementioned joint statement uses the word 'expectation,' which is superb. Now that the Chinese leader has been invited by the President of the United States to participate in the summit, if there is no willingness to participate then what to expect? To expect means agreeing in principle/basically, but there is room for it. After all, the United States keeps doing things that harm China's interests. If the United States does something that China cannot tolerate before the summit, China has every reason not to participate in the meeting.

The aforementioned Sino-U.S. joint statement announced that China and the United States will implement the measures to gradually reduce the production and consumption of HFCs as embodied in the Kigali Amendment to the Montreal Protocol and strengthen the control of non-carbon dioxide greenhouse gases such as HFCs. In the afternoon of 16 April 2021, Chinese President Xi Jinping held a China-France-Germany Leaders' Video Summit with French President Macron and German Chancellor Merkel in Beijing, and this commitment was announced at the summit simultaneously. This shows that this is China's commitment to the whole world and that China's consistent response to climate change is the common cause of all mankind. It should not become a bargaining chip for geopolitics, a target for attacking other countries or an excuse for trade barriers

The Sino-U.S. joint statement on the climate crisis reflects the concerns of both sides in a balanced manner

Both China and the United States intend to develop their own long-term strategies to achieve carbon neutrality/net zero greenhouse gas emissions before the 26th Conference of the Parties (COP26) to the United Nations Framework Convention on Climate Change. Greenhouse gases are far more than just carbon dioxide, and carbon dioxide is also not the greenhouse gas with the strongest greenhouse effect. China pledged to be carbon neutral by 2060. Whether this is only a net zero emission of carbon dioxide or a net zero emission of all greenhouse gases, there is a big difference. Achieving carbon neutrality/net zero greenhouse gas emissions in the joint statement clarifies that carbon neutrality refers to net zero greenhouse gas emissions, which reflects the concerns of the United States. However, there is no specific timeline for that aim, which reflects China's position.

Both countries intend to take appropriate actions to maximise international investment and financing in support of developing countries' transitions from carbon-intensive fossil energy to green, low-carbon and renewable energy. Although it is essential for large economies and large emitters such as China and the United States to reduce their own emissions, it is incumbent on them to help and support developing countries in their response to global climate change and in their efforts to make a low-carbon and green transition. The United States is very concerned about China's carbon-intensive investment in the Belt and Road initiative. Some politicians and major Western media even often criticise China for this. China and Chinese enterprises should pay special attention to the environmental and social impacts that overseas investment and official development assistance may have, just as they should pay attention to these issues in domestic investment. However, this issue is indeed more complicated and involves many factors, which must be viewed objectively and from multiple perspectives. For example, many countries along the Belt and Road are still at a relatively low level of economic development. These countries are still considering how to make full use of local resources in their development. Some investments by China reflect the preferences of the recipient country. For example, the coal-fired power projects in the China-Pakistan Economic Corridor are more a result of Pakistan's preference for that type of projects, because Pakistan considers that coal power projects can reduce oil imports, solve power shortages relatively quickly and promote its economic development.

However, China and the United States can cooperate in the fields of energy and infrastructure with public funds, and explore whether they can reach consensus on key factors such as the definition of public investment and the scope of their commitments, and whether they can be strictly implemented. For example, which types of projects can no longer accept public investment? What are the technical conditions for overseas coal-fired power plants being able to obtain public investment? Which types of beneficiary countries are exceptions? However, before a consensus has been reached, China's approach to public funds to support overseas thermal power financing is pragmatic, but this is more due to market mechanisms than to promotion and protection of specific industrial policies.

Sino-U.S. cooperation focuses on the common concerns of both sides

To assess whether a commitment is strict or not it is not enough just to look at the emission reduction target but it is also necessary to see whether specific actions are taken to achieve the target. In this regard, both China and the United States have issues that make the other party uneasy or distrustful.

China's eleventh Five-Year Plan incorporated an energy intensity target expressed as energy consumption per unit of GDP as a binding indicator for the first time, and proposed

that energy consumption per unit of GDP in 2010 should be reduced by 20% compared to 2005 levels. Of the three five-year plans that have been over since the energy-saving targets were first proposed in the eleventh one, the binding energy-saving targets proposed in two five-year plans (namely, the 11th five-year plan (2006-2010) and the 13th five-year plan (2016-2020)) were not met.

The United States is even more worrying. To date, it can only be said that the United States has established some foundations to promote the global response to climate change but it has not established strict credibility in urging or pressuring other economies to assume more responsibility for climate change. U.S. climate change commitments and policies will be more effective and lasting only through the passage of U.S. Congress legislation, and the United States will then have more credibility in the field of climate change. Some policies promoted by the President's executive order can indeed be quickly put into action, but they are not guaranteed to be sustained. Just as Biden overturned some of Trump's policies, who knows whether Biden's successor will continue the policies of the Biden administration? Because of greater uncertainty about the future United States, the world needs to pay even more attention to its short-term actions.

From the perspective of reducing emissions, investment or cooperation opportunities must be hidden in the places with the most carbon emissions or the most potential for emissions reduction, and specific emission reduction actions may be in these related fields. The areas of cooperation listed in the Sino-U.S. joint statement precisely reflect this. Both on the road to COP 26 and beyond, the two sides will conduct dialogues on eight priority areas covering policies, measures, and technologies to decarbonise industry and power (including energy storage and grid reliability, carbon capture, utilisation and storage technology) and increased development of renewable energy (Xinhua, 2021).

Cooperation in these areas reflects the common concerns of China and the United States, and at the same time each can benefit. Through cooperation, things can be done better, faster and more effectively. Taking the first two priority cooperation areas, carbon neutrality requires a deep adjustment of the energy structure to low-carbonisation and non-carbonisation, and requires a significant decline in the proportion of fossil energy in total energy consumption and a sharp increase in the proportion of non-fossil energy, such as wind and solar energy. However, the output of wind energy and solar energy is greatly affected by the weather, so energy storage must be developed. The large-scale connection of intermittent and fluctuating new energy sources to the grid has brought new challenges to the stability of the power system. The Texas grid paralysis in the United States is also related to access to renewable energy sources, which illustrates the importance of grid reliability.

The United States used to rely mainly on coal power. With the explosive growth of shale gas, a large coal-fired power capacity has been replaced with gas power. However, carbon neutrality requires a deep adjustment to non-carbonisation, and gas power is also facing the issue of trapped carbon assets, although to a less extent compared to coal-fired power. Not to mention China, which relies mainly on coal-fired power. The average operating age of approximately 1080 GW coal-fired power generating units across China is only about 12 years (Global Energy Monitor, 2021) and there are still 20 to 30 years before the normal decommissioning of these modern coal power plants. Retiring these units early will cause great economic losses, especially in the economically underdeveloped western regions, where the operating age of the units is even shorter.

Therefore, both China and the United States are facing the issue of avoiding the trapping of power plant carbon assets to varying degrees, and both require carbon capture, utilisation and storage (CCUS) technology. At least CCUS technology as a bottom-line technology, that is, the upper limit of the cost of zero-carbon technology (because CCUS can always be used

to achieve zero carbon emissions when there is no other feasible technology), allows these coal-fired power plants to not all be decommissioned early. If CCUS becomes economically competitive and is increasingly deployed, coal-fired power would not be completely phased out in China until 2060 under the commitment to carbon neutrality, although its share in the national total installed power capacity will drop to 4% by 2050 (GEIDCO, 2021).

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Author contacts:

ZhongXiang Zhang

Founding Dean and Distinguished University Professor, Ma Yinchu School of Economics,
Tianjin University, Tianjin, China

and

Director, China Academy of Energy, Environmental and Industrial Economics, China

and

China Country Representative, European Association of Environmental and Resource
Economists

Email: ZhangZX@tju.edu.cn