

Climate Capital **Climate change**

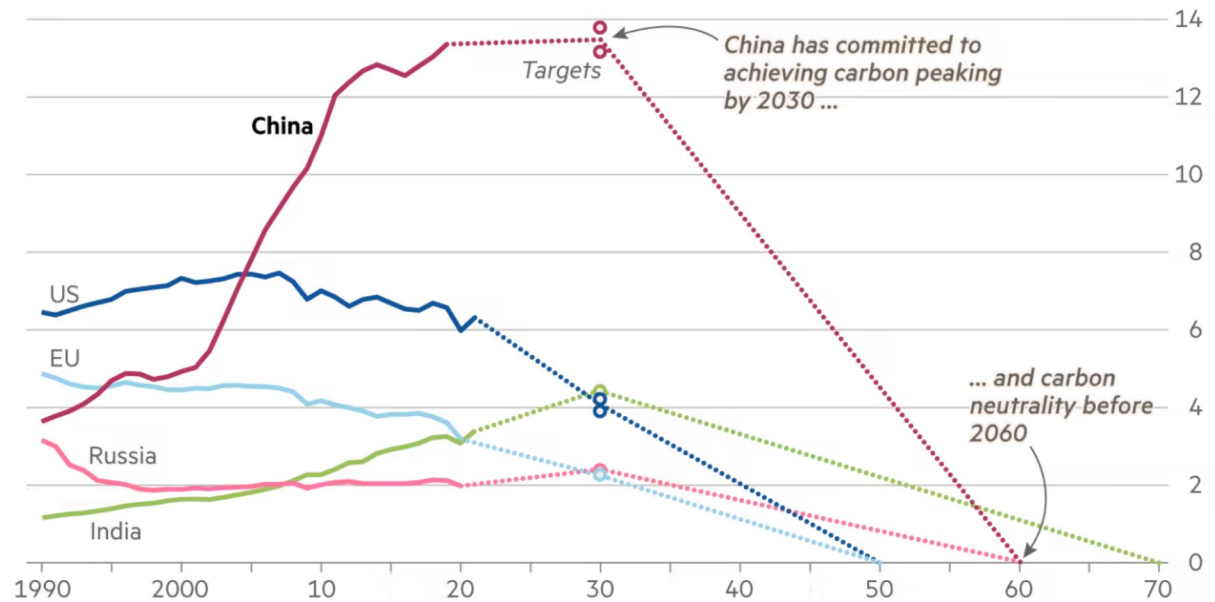
China's climate goals need \$14tn for power and transport, says World Bank

President Xi reinforces commitment to green energy despite severe pressures on economy

Aime Williams 3 HOURS AGO

China's carbon neutral goal will require faster pace than other big polluters

Historic emissions and targets (GtCO₂e)



2030 targets are (unconditional) NDC targets Source: Climate Action Tracker
© FT

China will need investment in power and transport estimated at \$14tn to hit Beijing's goal of net zero emissions by 2060, according to a World Bank report, as the ruling party congress this week reinforced a commitment to a "green energy revolution".

The Chinese decarbonisation plan would need to decouple economic growth and emissions at a faster pace and at a lower income level than in advanced economies, the bank warned, as it made the "significant investments in a massive green infrastructure and technology scale up".

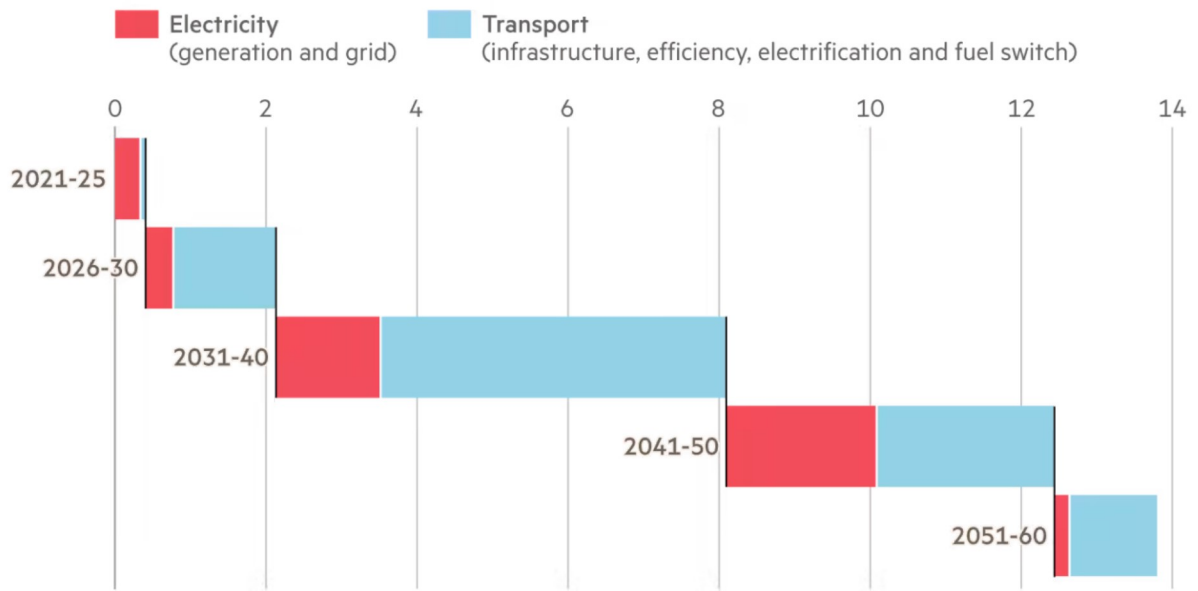
But China could also leverage some advantages, said the World Bank, such as its position at the forefront of advancing low carbon technologies. China is already home to one-third of the world's installed wind power and a quarter of its solar capacity.

In his opening speech to congress, President Xi Jinping emphasised his plan to "basically eliminate" pollution, in spite of a central message emerging about energy security, food security and other key supplies powering the Chinese economy, the independent China Dialogue reported.

State-run media also quoted Wang Wenbin, the Chinese foreign ministry spokesperson, saying China hoped “countries can overcome difficulties as soon as possible and return to the right track of low-carbon and green development, so as to jointly achieve the goals of the Paris Agreement”.

China's decarbonisation needs \$14tn for power and transport

Incremental investment in addition to baseline investments (\$tn)



Source: World Bank China Country Climate and Development Report 2022
© FT

China, the world's largest producer of greenhouse gases annually, is “severely affected” economically by global warming, the World Bank noted. Its low-elevation coastal cities that account for a third of China's gross domestic product are affected by rising sea levels, storm surges and coastal erosion.

The inland provinces of northern and western China are increasingly exposed to heatwaves and droughts, intensifying water scarcity risks and impacting rural farmers.

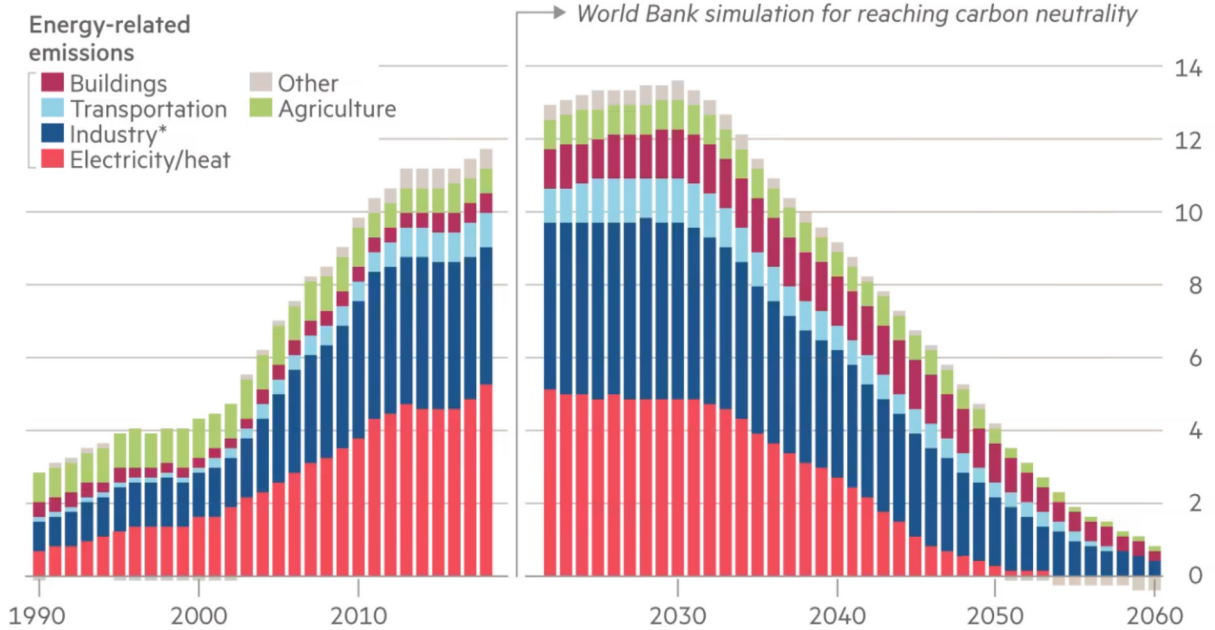
Ilaria Mazzocco, a fellow with the trustee chair in Chinese Business and Economics at CSIS, a Washington think-tank, said in Beijing there was “an understanding that by reforming their energy system they can become a more efficient economy”.

President Xi pledged in 2020 that China would reach peak CO₂ emissions by 2030 and [achieve net zero emissions](#) by 2060. Reaching that target would require reducing coal demand in China, which accounts for half of the world's consumption, close to zero.

According to China's National Bureau of Statistics, coal represented 56 per cent of China's energy consumption in 2021.

Energy-related emissions account for most of China's total emitted GHG

GtCO₂e by sector



*industry is the sum of manufacturing, construction and industrial process emissions
 World Bank China Country Climate and Development Report 2022
 © FT

Lockdowns to contain coronavirus have depressed industrial demand in China, and coal consumption fell 3 per cent during the first half of 2022, the International Energy Agency has estimated.

Power outages earlier in the summer during bouts of extreme heat led Beijing to offer extra assistance to coal plants to help maintain electricity supplies as demand for power soared.

Beijing had made “serious efforts” to reduce its reliance on coal, said Jennifer Turner, director of the Wilson Center’s China Environment Forum. “But you have to view this as trying to turn the Titanic, right?”

China’s power sector — the largest source of Chinese carbon emissions — would need to be decarbonised first to achieve the rapid decline in emissions needed over the next two decades, said the World Bank, with investments in solar and wind steadily reducing coal use.

Electrification and increased energy efficiency would boost decarbonisation of China’s

industry in the short term, the World Bank said.

Continued investment in public mass transport systems and electrification would reduce emissions from that sector.

Out of the estimated \$14tn in additional investments needed between now and 2060 for power and transport, the bank said the majority would need to be front-loaded to avoid locking in carbon intensive assets.

Public investment would “be necessary but not sufficient to meet the overall investment needs,” the World Bank said in its report. “They will need to be complemented by good sector policies, broad-based regulatory reform, and new standards to fully tap the potential and incentivise private sector investment and innovation in these sectors”.

Climate Capital



Where climate change meets business, markets and politics. [Explore the FT's coverage here.](#)

Are you curious about the FT's environmental sustainability commitments? [Find out more about our science-based targets here](#)

[Copyright](#) The Financial Times Limited 2022. All rights reserved.
