Belt and Road Initiative

China pours funding into green energy deals as Iran war hits oil demand

Beijing's Belt and Road Initiative takes advantage of rise in appetite for renewables as Middle East conflict drags on

Wind turbine blades on a dock in China, whose flagship overseas infrastructure programme increased green energy financing to $20.1bn in the first half © CFOTO/Future Publishing/Getty Images

Edward White in Shanghai

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Xi Jinping's flagship overseas infrastructure programme the Belt and Road Initiative boosted its green energy financing to a record $20.1bn in the first half of 2026 as the US war in Iran fuels demand for cheaper renewable power.

The value of China's BRI green energy deals in the first six months of this year topped its total for the whole of 2025, according to research by Australia's University of Queensland and the Green Finance & Development Center in Shanghai. It included $11.8bn in construction projects and $8.3bn in investments.

"The lower cost of green energy has consistently driven Chinese investment despite the trade war and now countries that have been working with China on green energy might see benefits from less energy price volatility caused by the Iran war," said Christoph Nedopil Wang, a China energy and finance expert at the university and author of the study.

Total BRI deals rose to a record high of $126.3bn in the first half of 2026, up from $123.3bn in the same period in 2025. The 2026 figure was composed of $49.8bn in investment and $76.5bn in construction projects.

In addition to the increase in backing for the energy sector, there were also increases in funding for manufacturing and technology as well as metals and mining.

Source: China Belt and Road Initiative (BRI) Investment Report 2026 H1, Christoph Nedopil, Griffith Asia Institute, Green Finance Development Center • Total engagement refers to the combined value of construction contracts and investments. 2013-25: full-year data; 2026: data as of June

BRI investment accelerated as American and Israeli attacks on Iran sent oil and gas prices soaring while the world raced to boost electricity and data centre infrastructure to support demand for AI.

Beijing's official customs data show a surge in cleantech exports in recent months.

The BRI was launched months after Xi came to power in 2012 and is widely seen as the Chinese leader's key pillar for deepening Beijing's economic influence and trade ties with the developing world.

Last week he set out China's ambitions to rival the US as a global leader in AI, announcing a new coalition that aims to expand Beijing's control over the development of the technology.

Experts said the latest data highlighted how the BRI had become primarily driven by private companies rather than China's state-owned enterprises. According to the University of Queensland data, the share of engagement from the private sector, as opposed to SOEs, reached 48 per cent in the first half, compared with 13 per cent in 2022.

"What distinguishes this wave [of the BRI] from the previous one is that investment decisions are increasingly based on commercial considerations rather than state guidance," said Li Shuo, director of the China Climate Hub at the Asia Society Policy Institute.

Li added that the rise of private-sector investments also underscored the global competitiveness of China's cleantech industry and the growing maturity of its technologies.

The BRI has been criticised over a raft of issues including the creation of unsustainable debt obligations, especially in Africa and other parts of the developing world, as well as concerns over opaque credit and loan terms and a lack of reciprocal market access for China's partners.

Despite such criticisms, the first-half data showed that African countries retained a keen interest in the BRI, with Chinese investments in the region nearly tripling year-on-year to $33.5bn.

More private companies are driving BRI deals

Total engagement, construction and investment in the first half, by type of ownership, 2020-26

Share (%) | $bn

Private State-owned enterprises Multiple

Total engagement

100

There were no BRI projects announced in Pakistan or Russia, reflecting a slowdown in Chinese investment after years of growth.

BRI engagement in Russia has been weak since President Vladimir Putin's decision to invade Ukraine, and both sides have struggled to transition from state-led projects to private commercial deals, Nedopil Wang noted.

Pakistan, long a key BRI partner for Beijing, appeared to be engaging more with the US just as China's relations with Islamabad's rival India had stabilised, he added.

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