LOWY INSTITUTE ANALYSIS

China, climate politics and COP26

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KEY FINDINGS

- There is no credible emissions pathway towards limiting global warming to 1.5°C without significant movements from China over the next decade to accelerate its energy transition and decarbonisation.

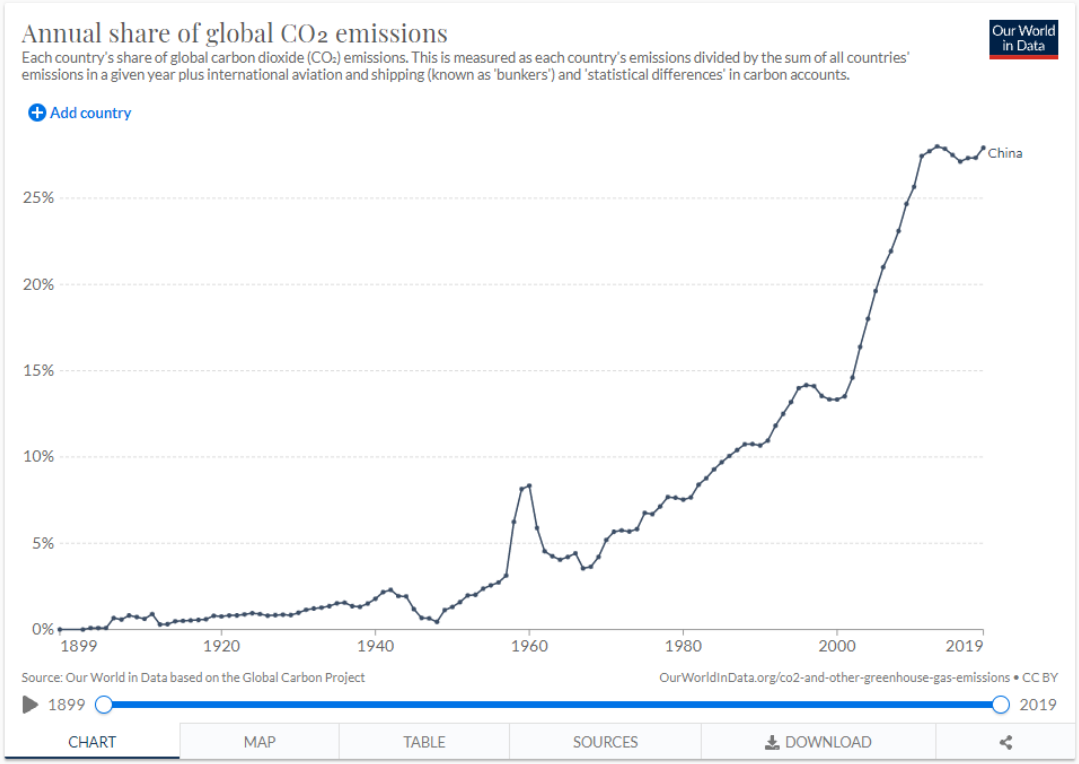
- China aims to become carbon-neutral by 2060. Yet Beijing is hedging in the near term, in part due to an uncertain global macro and geopolitical environment, and in part due to domestic threats of social instability and economic stagnation.

- China's negotiating position at COP26 in Glasgow stands to benefit from support from many developing countries — unless the United States and other rich countries make an effective alternative appeal to the Global South with respect to climate finance, mitigation and adaptation.

EXECUTIVE SUMMARY

China is the world's largest emitter of carbon dioxide by volume, responsible for more than a quarter of the world's overall greenhouse gas emissions. The country is expected to come under intense scrutiny at the UN Climate Change Conference of the Parties (COP26) summit in November 2021 over its commitments to reduce these. Significantly, China's President Xi Jinping has said his country will aim for its emissions to reach their highest point before 2030 and for carbon neutrality to be achieved by 2060. He also pledged the country will cease building coal-fired power overseas.

Yet Beijing is hedging. China's 2030 peak-year pledge is widely regarded as a target that could be brought forward; domestic coal plants are still being built; and a global warming limit of 1.5°C is still not in reach. While the country is known to "under-promise and over-deliver", the lack of ambition in the near term is a response to domestic threats of social instability and economic stagnation, and a more challenging global macro and geopolitical environment. These pose major challenges for China's energy transition.



In 2019, China accounted for more than 25 per cent of the world's greenhouse gas emissions
(Courtesy Our World in Data/Global Carbon Project)

The best that US-China climate cooperation can hope to achieve is a reduction of hostilities in this arena alone — where climate change is compartmentalised, even as other tensions rise.

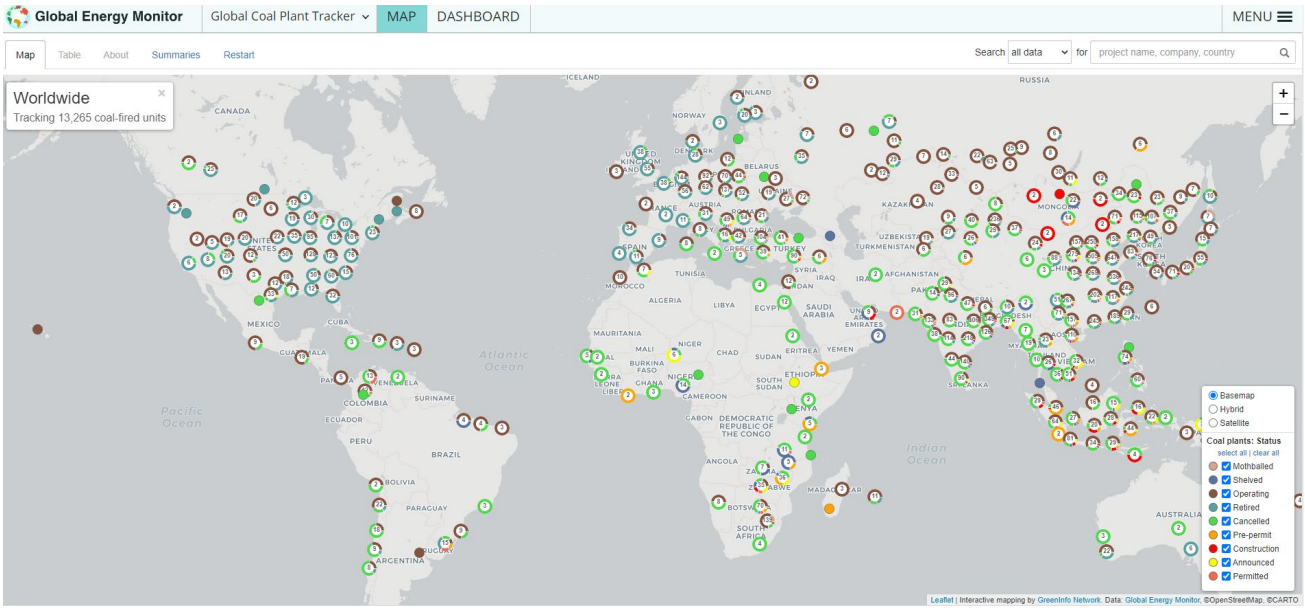
Greater ambition is sorely needed by all countries to make COP26 in Glasgow a success. But as the self-professed champion of developing and climate-vulnerable countries, China may be protected from criticism for falling short. It will likely receive support from much of the Global South at COP26, unless rich countries — who still bear greater responsibility on climate due to their larger share of historical emissions and failure to deliver on promises around climate finance for mitigation and adaptation — make an effective alternative appeal to developing countries.

The world needs both the United States and China to succeed simultaneously in addressing climate change. On a per capita basis, China's emissions are about half those of the United States, while the two countries jointly account for some 40 per cent of global greenhouse gas emissions.[1] However, global politics have changed markedly since the 2015 Paris Agreement was signed, and the framework that guided bilateral engagement between the carbon superpowers then is unlikely to be helpful now.

The best that US-China climate cooperation can hope to achieve is a reduction of hostilities in this arena alone — where climate change is compartmentalised, even as other tensions rise. The strength of such a framing is that it gets beyond "competition versus cooperation" as a dichotomy, accepting that both can co-exist and be leveraged in a "race to the top" on global climate action.

INTRODUCTION: WHY CHINA MATTERS AT COP26

President Xi Jinping has used his last two addresses to the UN General Assembly to make two significant pledges. In September 2020, he announced that China would become carbon-neutral by 2060; and in September 2021, he declared that China would stop funding coal-fired power overseas. While it was already clear that China was staying the course on the 2015 Paris Agreement — part of China's soft power push and foreign policy since US President Donald Trump announced plans in June 2017 to withdraw the United States from the climate agreement — the fact these were announced unilaterally and by Xi personally, gave these signals greater significance.



A database of 13,265 coal-fired units worldwide is used to track plants that are operational, retired, under construction, or cancelled *(Courtesy Global Energy Monitor)*

This analysis paper, which draws on expertise from think tanks, civil society, and government, in China, the United Kingdom, and elsewhere, supplemented by analysis of policies and secondary literature, argues that Beijing's climate pledges were driven as much by domestic concerns as foreign policy. Nonetheless, they should be understood in light of how China's environmental policies and negotiating position change the geopolitics of the climate debate, particularly in multilateral fora, where the rift between the global North and South has grown

precipitously, and where progress risks being held hostage to a tense and rivalrous relationship between the United States and China.

Global attention may have been occupied by the pandemic recovery, but in the long view, 2021 will likely be remembered as a critical and uniquely dangerous moment for the climate. Global warming impacts are mounting, and the crucial mobilisation, actions, and diplomacy necessary for mitigation are continuing to fray in the run-up to the UN Climate Change Conference of the Parties (COP26) in Glasgow, Scotland in November 2021. According to the Intergovernmental Panel on Climate Change (IPCC), scientists are observing changes in the Earth's climate in every region and across the whole climate system.[2]

The south coast of New South Wales, Australia, suffered devastating bushfires in the summer of 2020/21 *(Beyond Coal & Gas Image/Flickr)*

According to the latest IPCC report, unless there are immediate, rapid, and large-scale reductions in greenhouse gas emissions, the aim of limiting warming to close to 1.5°C above pre-industrial levels — the "Paris goal" defined at COP21 in 2015 — will be beyond reach. Consistent with IPCC projections, extreme weather events are becoming more intense and frequent. Europe saw devastating floods in July 2021, with at least 184 deaths in Germany. Flash floods battered the eastern United States in the wake of Hurricane Ida in August 2021, overwhelming infrastructure and killing scores. In October 2021, more than 1.76 million people were displaced by severe flooding in China's northern Shanxi province, the country's largest coal-producing region, contributing to nationwide power shortages. Australia, meanwhile, has experienced record-breaking temperatures and severe spells of drought in recent years. Climate change was judged to increase the risk of bushfires, as seen during the 2019–2020 fire season in Australia, by at least 30 per cent according to the World Weather Attribution consortium.[3]

The climate talks, hosted by the United Kingdom and Italy, represent the first opportunity in the six years since the signing of the Paris Agreement for countries to ratchet up the commitments in their pledges, known as nationally determined contributions (NDCs). Countries need to increase — by five times if we are to reach the 1.5°C goal[4] — their existing commitments to reduce the production of greenhouse gases (GHGs). Governments are being asked to do this against the backdrop of the COVID-19 pandemic, which has had grave and myriad consequences on global climate politics, including the postponement of COP26, delays to other international environmental negotiations, and calls for environmental regulation to be reduced or abandoned. The federal bailout of industries affected by the pandemic in the United States, for example, saw concessions to oil, gas, and coal companies to the tune of nearly US$100 billion.[5]

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Amid this increasingly perilous situation, rising geopolitical tensions between the United States and China, the world's two largest greenhouse gas emitters by volume, raises the stake even further. The relationship was once a linchpin of climate cooperation, and a rare area of productive engagement between the carbon superpowers. But global politics have changed markedly since the 2015 Paris Agreement was signed. As a presidential candidate in 2020, Joe Biden repeatedly focused on China's overseas emissions on the campaign trail. "China… and their Belt and Road proposal," Biden said during the Ninth Democratic Primary Debate in Las Vegas in February of that year, "…they're taking the dirtiest coal in the world mostly out of Mongolia and spreading it all around the world".[6]

Yet all is not lost. The post-pandemic global recovery effort also presents an opportune moment to renew calls for green growth at a time when the Paris Agreement, the falling costs of renewables, and changing energy policies around the globe are accelerating the transition to low-carbon economies. Many leaders, countries, and regions have heeded this call. The European Union (EU)'s Green Deal — an ambitious, integrated set of green industrial, digital, and circular economy frameworks — has been put forward as the motor of the EU's post-COVID economic recovery,[7] and fed into the creation of "Fit for 55", a set of interconnected policy proposals to reach carbon neutrality in the bloc by 2055. The United States convened a leaders' summit on Earth Day 2021, committed to a mid-century net zero goal, and is now attempting to pass ambitious infrastructure and budget legislation with a particular focus on decarbonisation.

Understanding this conjuncture of forces is crucial. A successful COP26 requires all countries to raise their climate ambition collectively, and there is no credible emissions pathway towards the 1.5°C goal without significant movements from China in particular to accelerate its energy transition and decarbonisation over the next decade. In its 14th Five-Year Plan (2021–2025), China pledged to reduce the carbon and energy intensity of its economy and increase the share of renewables in its energy mix, but it did not commit to a carbon emissions or coal usage cap. Its 2030 peak-year pledge is too easy to reach, and while China is known to "under-promise and over-deliver" on climate goals, its lack of ambition in the near term is a signal that the country is hedging, in part due to an uncertain global macro and geopolitical environment. Domestically, the threat of job losses, social instability, and economic stagnation in coal-producing areas evidently poses major challenges for China's energy transition, and is the focus of the next section.

DOMESTIC OUTLOOK: "BUILDING A BEAUTIFUL CHINA"

Contrary to popular assumptions, China's climate and environmental policies are neither a recent development, nor a reaction to international pressure. Many of its policies are domestically driven and have evolved over the past several decades. However, they are not always smoothly technocratic or well planned. China's environmental policy development is better thought of in the context of the country's governing system, so-called "fragmented authoritarianism". In other words, China's environmental politics are not simply dictated from the top, but shaped by an array of actors, institutions, and interest groups and the push-and-pull between them in policy implementation. To consider how policymaking has shifted in the year since President Xi's 2060 announcement, and how this might be expected to affect China's position at COP26, this section argues that environmental lobbies within China's elite still face an uphill battle to increase domestic ambition when faced with powerful incumbents. Concerns about domestic stability, energy security, and economic resilience face-off against an argument for low-carbon growth that is equally rooted in the political economy. This contentious domestic debate will, in turn, affect China's eventual negotiating position and limit its flexibility and international ambition at Glasgow.

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Evolution of China's environmental policies

The present era of China's environmental policymaking began at the United Nations Conference on the Human Environment, held in Stockholm in 1972. The conference saw the emergence of global environmental cooperation as a concept — in part, as a UN attempt to create a common frame of reference that could transcend the geopolitics of the Cold War — and the creation of alliances and divisions in multilateral negotiations that persist to this day, particularly between the Global North and South. It was also a critical moment for the People's Republic of China (PRC), which had only recently come to occupy the China seat at the United Nations. China made a defiant statement at the Stockholm conference — the PRC head of delegation, Tang Ke, used the stage to condemn US pollution and aggression in Vietnam[8] — yet it coincided with China's gradual rapprochement with the United States. The final UN declaration included references to Mao Zedong's speeches, included to mollify the Chinese delegation, and brokered by Brazil.

Vested interests at multiple levels hold significant sway and elite-level decisions are still characterised by protracted bargaining between interest groups.

That same year, two events in China helped persuade policymakers to establish the first committee on environmental issues: a toxic algal bloom in coastal waters near Dalian in the north-east, which caused a huge die-off of shellfish; and the discovery that fish sold in Beijing had high levels of chemical contamination in its flesh. The first national conference on environmental protection was held in Beijing in 1973, and led to a series of regulatory decrees and targets on controlling pollution.[9] In the following decade, the breakneck pace of largely unregulated growth unleashed in the Reform Era inflicted such high environmental costs that, for the first time, Five-Year Plans began to include measures to adjust economic growth targets downward, reduce energy and material consumption, improve environmental protection, and slow population growth. For example, the 6th Five-Year Plan (1981–1985) included a national energy conservation programme.

China provisionally passed its Environmental Protection Law in 1979, and it was given permanent status in 1989. China's participation in the United Nations Conference on Environment and Development in Rio de Janeiro in 1992 again galvanised the domestic critique of the "pollute first, clean up later" model of development, and led to the adoption of a suite of environmental laws, including the *Environmental Impact Assessment Law* (2002), which was the first to involve public participation, since it requires an environmental impact assessment (EIA) to be completed prior to project construction. The 15th Party Congress in 1997 listed the "huge environmental and resource pressures caused by population growth and economic development" as major difficulties facing the nation. Later, in 2002, President Jiang Zemin included sustainable development as part of *xiaokang* (the moderately prosperous society) that was a signature theme of his leadership. The National People's Congress, China's "rubber stamp" parliament, has passed a raft of environmental laws over the past three decades. These include the:

- Cleaner Production Promotion Law;
- Circular Economy Promotion Law;
- Air Pollution Prevention and Control Law;
- Marine Environment Protection Law;
- Water Pollution Prevention and Control Law;
- Solid Wastes Pollution Prevention and Control Law;
- Soil Pollution Prevention and Control Law;

- Environmental Noise Pollution Prevention and Control Law;
- Radioactive Pollution Prevention and Control Law;
- Grassland Law;
- Forestry Law; and,
- Water Law.

Many of these statutes are well crafted, but implementation has been more troublesome. The Ministry of Ecology and Environment (MEE) is now a "super ministry". After a reshuffle in 2018, the MEE took over responsibility for a number of important areas, including climate change policymaking, from the National Development and Reform Commission, China's top economic planning agency. Yet, until recently, the MEE did not have the ability to effectively manage its local environmental protection bureaus (EPBs). Instead, cash-strapped local governments held the purse strings and could hire and fire EPB directors, leading to significant "regulatory capture" by country or provincial officials, who often have collusive relationships with local polluters. Today, reforms targeting "vertical management" are intended to remedy this structural misalignment.[10] Nevertheless, vested interests at multiple levels hold significant sway and elite-level decisions are still characterised by protracted bargaining between interest groups.

Worse still, local officials are often promoted for achieving rapid economic growth, even if environmental rules are broken along the way. Adjusting the performance indicators for cadre promotion is therefore another significant and much mooted reform, the results of which remain opaque. However, it does seem that an environmental violation to this day remains on the political scorecard for officials as they rise through the Party and government hierarchy. What is undeniable is that as the twenty-first century dawned, an upswell of environmental concern took hold across civil society, with an explosion of NGOs, residents groups, citizen journalism, and even spontaneous protests on issues that ranged from the siting of chemical plants to the preservation of rare species. These actions led to the mainstreaming of *shengtai wenming* (ecological civilisation), a buzzword that points to the political reform and enforcement efforts needed to improve environmental compliance and deal with the issue of rising public concern.[11]

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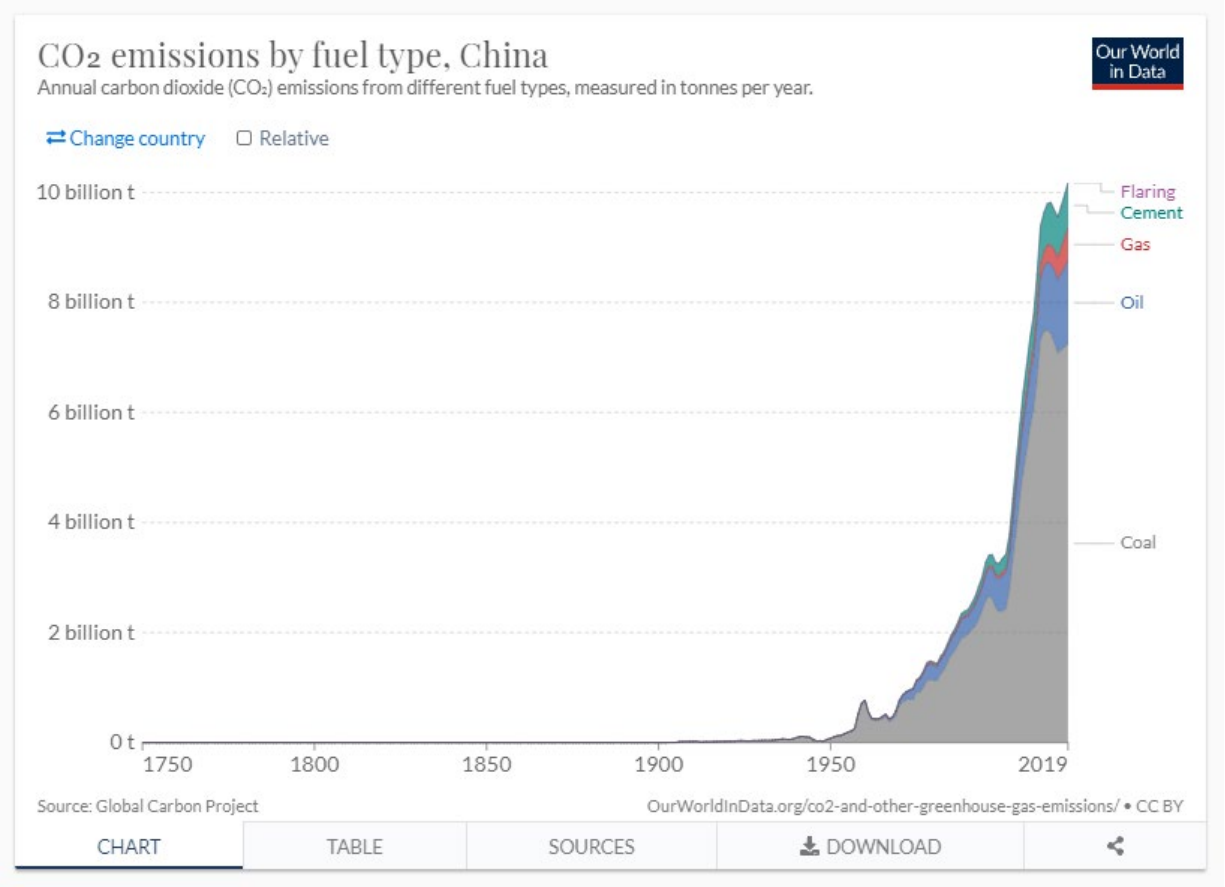
civil society space in which environmental concerns first flourished in China has shrunk; increased censorship and restrictive laws on organisation have taken a toll. The defining approach to greening is, instead, led by the highest echelons of the Party, and sees a particular emphasis on disciplinary bodies swooping down to localities that miss air pollution and other targets, and meting out punishments. China's vice premier, Han Zheng, heads a climate "leaders group", in charge of the peaking and carbon neutrality goals, and is also head of the Central Ecological and Environmental Inspection Team (CEEIT), a Chinese Communist Party (CCP) body that works closely with the Party anti-corruption team, and is tasked with ensuring that environmental regulations are implemented.[12]

High-level state commitment to action on pollution and climate change is clear. The national self-interest that underlies this is also clear. China's political elites — notably unswayed by climate sceptical arguments, in contrast to their US or Australian counterparts — do seem aware of the country's vulnerabilities to climate change. Official academies have published national climate-change assessments since the first decade of this century. China's major economic hubs, many built in low-elevation coastal areas, are highly exposed to changing coastlines and rising sea levels. Flooding poses disaster risks in the south, as seen tragically between June and September.[13] Unreliable rainfall for irrigation, particularly in the north, soaring numbers of agricultural pests, hotter summers, and earlier and shorter growing seasons threaten food security in China — a central political concern. For 18 consecutive years, the first annual policy statement published by China's central government, known as the "No 1 document" has been about food and rural affairs.[14]

Moreover, policymakers evidently recognise that climate action aligns with domestic economic priorities. Over the past decade, China has used aggressive low-carbon industrial policy — in its Five-Year Plans and long-term strategies, such as "Made in China 2025" — to position itself as the leading global supplier of clean technologies. China accounts for 80 per cent of global solar photovoltaics production and 90 per cent of new wind power installed in Asia in 2020. China has strengthened its energy security through electrification and decarbonisation; policymakers have long been concerned with the "Malacca Dilemma" where China's oil supplies are reliant on a single chokepoint so, from their perspective, diversifying energy supplies works in favour of long-term geopolitical resilience. China has also used the shift away from polluting and energy-intensive industries to move the economy "up the value chain" towards innovation and services, and

in the process helped to mitigate air pollution — an issue of major, popular concern — and strengthen the Party's legitimacy in the process.



In 2019, China's coal industry produced 7.24 billion tonnes of CO_2 emissions

(Courtesy Our World in Data/Global Carbon Project)

Towards 2060

President Xi used his address to the UN General Assembly in September 2020 to double down on this direction of travel and announce unilaterally that China aims to become carbon-neutral by 2060, either by eliminating CO_2 emissions entirely or balancing them with carbon removal. This is significant. The Climate Action Tracker found that the pledge alone lowered global warming projections by 0.2–0.3°C — the largest single change it has recorded. In so doing, President Xi not only suggested that China intends to position itself as an environmental leader on the world stage, but also sent a domestic signal. That signal took even environmental bureaucrats by surprise. Planners quickly started incorporating the target into existing commitments to peak the country's carbon emissions before 2030.

It is already the case that coal capacity only tells part of the story in China, as coal generation and utilisation continues to fall.

Just weeks after the announcement, an influential study group at Tsinghua University created a roadmap for the carbon neutrality goal, confirming, in the words of one of the lead authors, that "achieving carbon neutrality by 2060 essentially means a long-term deep decarbonisation process oriented at the 1.5°C target", with a path towards (if not a clear date for) peak coal.[15]

In March 2021, the government unveiled the headline targets for its 14th Five-Year Plan, which sets a centralised, integrated policymaking framework for 2021–2025.[16] Where previous plans had focused on pollution and energy intensity, this plan was more centred on carbon. However, it was less ambitious than many had hoped. Environmentalists had called for the inclusion of an absolute carbon emissions cap for the first time, but the plan did not contain this; instead, it continued with the approaches of previous Five-Year Plans by setting energy intensity and carbon intensity targets per unit of GDP. The plan sets targets for China to:

- reduce energy intensity (energy consumed per unit of economic output) by 13.5 per cent from 2020 levels, by 2025;
- reduce carbon intensity (CO_2 emissions produced per unit of economic output) by 18 per cent by 2025 on a 2020 baseline;
- boost the share of non-fossil sources in its energy mix to "around 20 per cent" by the end of the plan; and,
- increase overall forest coverage rate from 23.04 per cent in 2020 to 24.1 per cent by the end of 2025.

These high-level targets will be fleshed out in sectoral and provincial plans over the coming year or so. There is room for a strict target on capping iron and steel emissions, for example. But encouragingly, among the overall targets there is not one for GDP growth, potentially giving institutions greater flexibility to pursue other goals and avoid the growth at all costs mindset. That could be moot, of course, since the real economics point towards renewables. Gradual reform of China's power markets will make that even more visible, leading to change and making "stranded assets" in traditional industries even more inevitable. It is already the case that coal capacity only tells part of the story in China, as coal generation and utilisation continues to fall.

Official, public admonitions by central government of bodies that fail to toe the line demonstrate the seriousness of the effort. Earlier this year, the CEEIT condemned the National Energy Administration (NEA), a body that drafts laws and regulations concerning energy development, for failing to align the coal power sector with national guidelines. China has also recently introduced tougher measures on polluting industries. In March 2021, authorities in the city of Tangshan threatened to force steel manufacturers to cut production by as much as 50 per cent if they continued to fall afoul of environmental codes. Chinese officials imposed limits on aluminium smelting in Inner Mongolia, and relocated plants to regions with greater renewable energy resources for power. Trading also recently started, after a long delay, on China's emissions trading scheme (ETS) for the energy sector, which will reward energy generators that are more efficient and emit less carbon. The carbon price has mostly remained in a credible range thus far, and there seems to be enthusiasm around the mechanism.

The implementation of the ETS — much as in other climate policy areas — raises questions about the quality of China's emissions data, the lack of an absolute cap, and uncertainty around coordination with other policies. However, the financial sector is seeing broader change. China's financial regulators are among some of the country's more progressive institutions on the issue of climate risk and, for example, recently tightened definitions of "green debt" — bonds issued to support environmentally friendly enterprises — to lower the risk of greenwashing, where polluting industries brand themselves as environmentally friendly for cosmetic purposes. Seen in the best light, much of the emphasis is on structural, systemic change, encompassed in a medium-to-long-term vision of decarbonisation, organised around the so-called "30-60" goals, of 2030 peaking and 2060 carbon neutrality.

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"Irrational decarbonisation"

"There will be many opportunities and challenges along the way," Wang Yi, a member of the Standing Committee of the Academy of Sciences' Institutes of Science and Development said recently, "and it can be seen as a new Long March. No other goals [other than 30-60] have been so systemic and so directional".[17] Key among those challenges is reining in coal: China accounts for over half of the world's operating coal capacity and almost half of the project pipeline. In 2020, according to official statistics, coal provided 56.8 per cent of primary energy consumed by China.[18]

A recent Politburo meeting called for rectifying "irrational decarbonisation", urging instead a "coordinated and orderly" progression towards carbon neutrality and "construction before destruction".

China has not yet put an end to building thermal coal generation and production, but rather reduced its scale and consolidated new projects in the country's western regions, connected to demand centres through ultra-high voltage transmission lines. There has also been a push towards managing down overcapacity in the country's steel sector, reducing demand for metallurgical coal. The 14th Five-Year Plan (2021-2025) contains language on "promoting the clean use of coal". However, 43 new coal-fired power plant units were announced in the first half of 2021, which will emit an estimated 150 million tonnes of CO_2 a year if approved and built, according to the Centre for Research on Energy and Clean Air.[19]

A recent Politburo meeting called for rectifying "irrational decarbonisation", urging instead a "coordinated and orderly" progression towards carbon neutrality and "construction before destruction". This refers to building out capacity for renewables-based generation before coal power is decommissioned, and reining in empty promises on greening made by local officials. A likely underlying concern is the social and economic impact of an excessively rapid transition, for example in terms of inflation, which would see supply constraints drive up the price of key commodities, an increase in social instability due to declining employment in coal-related sectors, a fear of defaults, and an ensuing debt crisis if small producers were allowed to fail *en masse*. These fears were partially borne out recently, when power shortages, owing to a range of factors including the high price of coal, worsened by the Australian import ban and the inability of utilities to pass on that cost to users, caused some disquiet. The debate underscores the degree to which the Chinese government manages a fragile balance between interest groups, and it seems that the push-and-pull that has characterised environmental policymaking until now will continue.

Still, influential environmental researchers in China believe that the country can bring the proportion of coal in primary energy below 50 per cent before 2025, given how fast renewables are developing. One potential measure would be to create such a target (today, the only relevant target is for the share of "non-fossil" fuel sources) in a Special 14th Five-Year Plan for Energy Development, for which there was a precedent during the 13th plan (2016–2020). At the local level, initiatives like the alliance of Chinese "early peaking" cities, which have pledged to reverse the trend of carbon emissions growth before the 2030 peak, stand out as potential bellwethers of progress on the overall aim to reduce coal consumption, underpinned by the ambition to curb urban air pollution and win favour and funding from central

government. Whether or not those progressive actors and institutions can demonstrate such a commitment will be important, as the alternative — locking in a fleet of new coal-fired plants, even if they are built to cleaner standards — is likely to be disastrous for the climate, or economically ruinous if the plants are left idle.

INTERNATIONAL OUTLOOK: "BUILDING A SHARED FUTURE FOR ALL LIFE ON EARTH"

President Xi's joint statement with US President Barack Obama created the diplomatic conditions that underpinned the historic 2015 Paris Agreement on climate change.

If China were unable to curb the construction of new domestic coal-fired power plants, it would sit in stark contrast to the country's repositioning on the world stage — as a global green power, a "torchbearer" in UN climate action efforts, and the host country in October 2021 for the UN Convention on Biological Diversity. That repositioning largely took place after 2014 when — five years after failure to reach agreement at the 2009 Copenhagen conference, where China was widely cast as the villain of the talks — President Xi's joint statement with US President Barack Obama created the diplomatic conditions that underpinned the historic 2015 Paris Agreement on climate change.

Following the signing of the agreement — which committed the world's nations to keep global emissions below 2°C above pre-industrial levels, and preferably 1.5°C — the election of US President Donald Trump, and his announcement that the United States would seek to leave the Paris Agreement, meant that China could easily double down on its climate change rhetoric to international acclaim. President Xi's speech to the 19th Party Congress in 2017, claimed that China was in the "driving seat" of global climate cooperation. As discussed in the previous section, this strongly reflected domestic political priorities, but it was unquestionably an international soft power win.

So too, was the awarding of the Convention on Biological Diversity (CBD) host status to China. Kunming, in southwest China, hosts two-part UN negotiations over revised targets and the new international framework for nature restoration and conservation. The conference opened with a video address from President Xi in October 2021, and negotiations resume in person in April 2022. The CBD COP15 negotiations, with a theme of "Ecological Civilisation: Building a Shared Future for All Life on Earth", have not had the same media or political profile as those on climate, but are critically important for the preservation of nature and intersect with climate change efforts. There has also been an emphasis on building synergies between COP15 and COP26, including between the hosts of the two conferences.

A new global biodiversity framework for the next decade will need revised targets relating to all five driving forces identified as

underpinning the decline in biodiversity: changes in land and sea use; the direct exploitation of organisms; climate change; pollution; and invasive species. Key areas for negotiation — with the previous decade-long framework agreed at the Aichi Summit in Japan in 2010 regarded as a failure — include targets on protected areas; financing; and implementation mechanisms. President Xi used the stage in Kunming to champion a new biodiversity fund for the Global South, and declare China's support for a national parks system, laid out by the Ministry of Natural Resources.

However, for Chinese officials, a major dimension of the talks is the enshrining of President Xi's signature concepts, particularly ecological civilisation, on the world stage. These concepts offer a reputational boost, known in Party-speak as strengthening China's *huayu quan* (discourse power). This means there is pressure to hold a successful conference — a different prospect from achieving an effective convention or constructive negotiations. If anything, that pressure means the level of ambition has been lowered in order that the conference be seen as a narrow success. Promises that emerge from it are unambitious but achievable, so as to avoid criticism that they are empty if progress towards them is insufficient, as was the case with the Aichi Summit.

The rift between the Global North and South is becoming precipitous, and China plays a complex and important role in this global power play, as does the US-China relationship.

US-China rivalry

Across this and most multilateral arenas, the rift between the Global North and South is becoming precipitous, and China plays a complex and important role in this global power play, as does the US-China relationship. President Biden's commitment to multilateralism, certainly by contrast to his predecessor, is important and changes the dynamics considerably. The United States and China jointly account for some 40 per cent of global greenhouse gas emissions. At the Leaders' Summit on Climate in Washington in April 2021, President Biden pledged that the United States would reach net zero carbon emissions by no later than 2050. President Xi reiterated the 30-60 goals and added that China would begin to cut its coal-fired power generation by 2030.

However, it is evident that the US-China relationship cannot return to the era of engagement on climate that presidents Xi and Obama managed to build — a working relationship that went beyond rhetoric, and incorporated a significant degree of joint technical cooperation, as well as coordinated diplomatic manoeuvring. By contrast, the best that US-China climate cooperation can likely hope for now — in a context

where the bilateral relationship has become far more tense and rivalrous — is a reduction of hostilities in this arena alone. Yet, for many policymakers and analysts in Washington, even this degree of cooperation, where climate change is compartmentalised even as other tensions rise, is folly.

The two-day virtual Leaders' Summit on Climate kicked off in Washington on 22 April 2021. US President Joe Biden at the White House and Chinese President Xi Jinping (upper right) on screen *(Kyodo News via Getty Images)*

One popular line of argument in the United States, and increasingly in Europe, is that Beijing has no serious intention to decarbonise, and is instead threatening to withdraw from climate discussions to make "the United States and other countries supplicants" and extract "concessions in other domains". Only a more aggressive, competitive stance, goes the argument, will force China to mend its ways.[20] Chinese officials have, at times, been responsible for encouraging this perception,[21] but the rhetoric is not supported by reality and the United States can call China's bluff. Since he took office, President Biden has continued to challenge China's activities in the South China Sea, renewed security commitments to Taiwan, and imposed sanctions over human rights in Xinjiang. None of these stopped China from agreeing to a joint statement with the United States in Shanghai ahead of the leaders' climate summit in Washington.[22] Nor is China likely to risk the international reputational consequences of reneging on climate action, given President Xi's public and unilateral commitments.

As an issue of human survival, analogous to nuclear non-proliferation or pandemic responses, climate change requires global coordination, even (or especially) in the face of geopolitical tensions. China's long-term commitment to a low-carbon future may not be in much doubt, and is unlikely to be derailed by geopolitical conflict, but greater

ambition is sorely needed. China's 2030 peak-year pledge is widely regarded as unambitious, for example, and could easily be brought forward. Holding climate progress hostage by making it an issue that can be traded off against others is dangerous. "Cooperation versus competition" may therefore prove to be a false dichotomy. As tensions rise in other theatres, it should be possible for the world's two largest economies to continue to coordinate on the topic of climate change, even if that will, no doubt, stray into contentious areas.

Belt and Road

Of those contentious areas, there is no more obvious fault-line than China's Belt and Road Initiative (BRI). First raised in a 2013 speech by President Xi at Nazarbayev University in Kazakhstan, China's bold, if somewhat nebulous, plan for overseas infrastructure spending and enhanced connectivity has grown not only in scale and expenditure, but also in its relevance to geopolitical and climate conversations. At the G7 Summit in the United Kingdom in June 2021, the "Build Back Better World" (B3W) launched by President Biden as a "values-driven, high-standard, and transparent infrastructure partnership", was explicitly framed by the White House as a rival proposition to the BRI in the "strategic competition" with China.

The risks are real. If the BRI becomes an "escape valve" for excess capital from China, as firms and financiers seek new markets that welcome investment and construction in high-carbon infrastructure, then it will likely undo China's domestic progress. Until recently, overseas lending has certainly been weighted that way: of China's state-linked "policy bank" loans into the energy sector, more than two-thirds were for oil, coal, and gas projects.[23] One major study by Tsinghua University, Vivid Economics, and the ClimateWorks Foundation found that following conventional growth pathways, annual emissions of BRI countries will account for 66 per cent of global emissions and exceed even the 2°C (let alone 1.5°C) target by 2050.[24]

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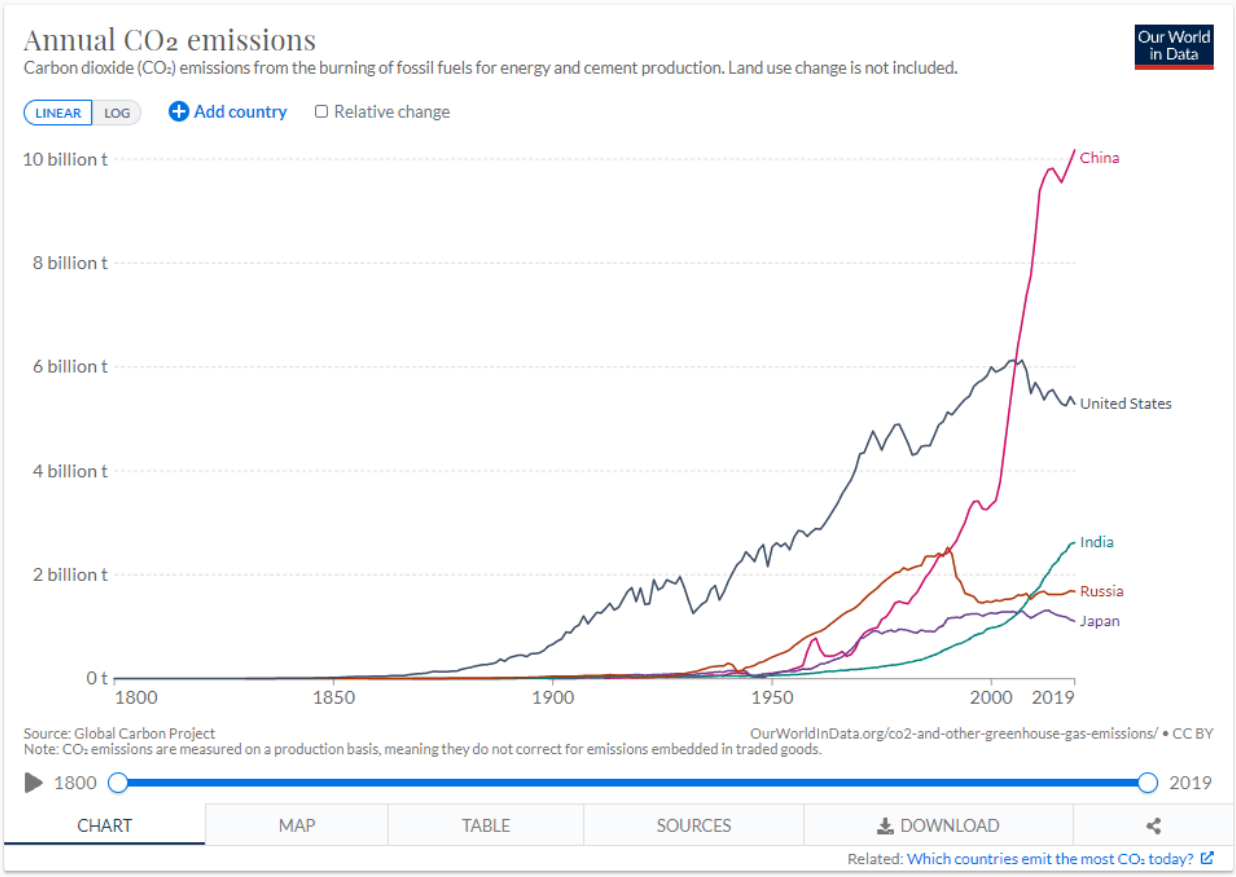

Since 2000, China's carbon dioxide emissions from the burning of fossil fuels for energy and cement production have increased dramatically *(Courtesy Our World in Data/Global Carbon Project)*

However, President Xi's commitment at the UN General Assembly to stop building coal overseas should present opportunities. Yet his statement was terse and its implications are as yet unclear. What is the scope of the word "build"? What about Chinese labour or engineering on a domestic project? Does it cover private companies, or only state-owned enterprises and banks? Chinese financing typically responds to the demands of recipient governments, and with energy planners in the developing world apparently changing their minds about the benefits of coal, Xi's pledge sends a positive signal. Several emerging economies have cancelled significant coal power projects;[25] traditional financiers of coal, such as Japan and Korea, have pulled their financing of the sector; and since the beginning of 2021, no new overseas coal projects have been contracted.

The opportunities in infrastructure invested represented by nations' NDCs is enormous; China not only has financial and technological capabilities, but also experience in building clean technologies that

serve the needs of the poor. President Xi committed at the UN to support green energy in developing countries, and has issued a number of documents that provide guidance on greening overseas investments, and these have increasingly been linked to the 2060 goal. In October 2020, five of China's key ministries and regulators issued guidance to promote climate investment on the Belt and Road, including encouragements to "formulate and revise international standards on climate investment and financing".[26]

Global solidarity

Still, as much as BRI investment might be a fault-line, the counter-offer from rich countries — not to mention the dynamics of talks at COP26 — are undermined by insufficient support. Many of the world's poorest and most climate-vulnerable countries face a dire situation in the wake of the COVID-19 pandemic. The demand shock caused by lockdowns in rich countries hit many developing economies reliant on commodity exports. For many poor countries, the pandemic has been an economic crisis and a debt crisis as much as it has been a health emergency. Yet, the US-led B3W initiative is not backed by a concrete financial package or down payments. Moreover, rich countries are already failing to meet the pledge made in the Paris Agreement to mobilise US$100 billion annually to support climate action in the Global South.

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This, and the lack of sufficient global solidarity on aid and vaccines, can only allow China to deflect attention from its own climate ambition at Glasgow. As the champion of developing and climate-vulnerable countries at the talks, China has a protective shield, unless rich countries (whose greater responsibility on climate, it should be noted, stems in part from their larger share of historical emissions, which are still in the atmosphere) make an effective alternative appeal. Meanwhile, the pandemic has meant considerable delays, postponements, and cancellations to the schedule of multilateral processes, and made progress ever more elusive on the synergies needed to unlock a green recovery and high ambition global deal on nature and climate.

PROSPECTS FOR COP26

The 1.5°C pathway is narrow, but it is also achievable if the world acts quickly and decisively; COP26 has an important mandate to raise ambition.

In a vital moment for the fight against climate change, COP26 presents an opportunity for a global green recovery. The 1.5°C pathway is narrow, but it is also achievable if the world acts quickly and decisively; COP26 has an important mandate to raise ambition. China is rolling out its carbon-centred 14th Five-Year Plan (2021–2025) and hosting the CBD COP15; a new US president has recommitted to the Paris Agreement and seeks to "build back better". Yet, such a green recovery needs governments and multilateral organisations to exercise greater leadership and to pursue a shared vision for global coordination. The pandemic illustrated this vividly: when individual nations hoard crucial medical supplies, decline to share public health information internationally, or fail to adopt effective measures on cross-border travel and quarantine, global efforts to exit the pandemic or at least to better manage its consequences are harmed. The same is true of efforts to address the climate crisis.

New partnerships

Among those effects has been the further straining of the relationship between the world's two largest carbon polluters — tensions that are likely to continue for the foreseeable future. From trade to human rights, Taiwan to cyber, the potential flashpoints for continued conflict between China and the United States are myriad, and it is unlikely a detente will easily be found. Yet, a crucial element of any future climate regime is coordination between those two countries. While many of China's policy drivers are domestic, tense geopolitical and macro-economic environments pose an underestimated menace to the climate because they likely encourage China to seek energy self-sufficiency through coal. A "war-footing", in other words, is likely to make policymakers more receptive to the arguments of vested interests that using domestic coal improves energy security.

This is not to suggest that other areas of foreign policy should pull back to facilitate climate cooperation. The world order has changed since the Paris Agreement was signed, and the conceptual framework that guided bilateral engagement under President Obama is unlikely to be helpful. The framing for a new US-China relationship, for example, should clearly accept the reality of strategic rivalry and sharply contrasting values, but also acknowledge that common interests in climate security should necessitate continued trust-building and coordination — perhaps at best, technical exchange. An analogy for such an approach would be the Strategic Arms Limitation Talks (SALT)

introduced between the United States and the Soviet Union during the Cold War, which saw continued work on arms control even at points of high tension. To draw on this narrative might prove politically challenging, since it implicitly abandons the notion that the United States through engagement can substantially change and affect the values of the Chinese government, and entrenches a Cold War framing of the relationship. However, the strength of such a framing is that it gets beyond "competition versus cooperation" as a dichotomy, accepting that both dynamics can and will co-exist.

Today, it is almost inevitable that competition between regional blocs — China, the United States, and Europe being the three most significant actors in this context — will increasingly be a feature of climate policy. The EU is proposing a carbon border adjustment mechanism — imposing a carbon price on imports from outside the bloc to prevent "carbon leakage", where companies transfer production to countries that are less strict about emissions — as part of "Fit for 55", and the Biden administration has mulled one, too. Unsurprisingly, China regards this as trade protectionism and is vocally opposed to the plan. Carbon tariffs are only one area where climate policy is likely to become contentious. Regardless of the merits of carbon border adjustments — there are a number of good reasons beyond the scope of this paper to query its likely effects — it should be possible to create spaces for increasingly contentious debate, without taking climate hostage, making such coordination contingent on concessions or cordiality in other areas. Arguably the EU is already demonstrating this; while an investment treaty with China is in the deep freeze and tit-for-tat sanctions ramped up, the two markets were still able to make a significant joint leaders' announcement on phasing out refrigerants this year.[27]

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Race to the top

The most productive way to introduce greater climate competition is a race to the top, and the best way to start is to lead by example. It is not only morally incumbent on rich countries to step up, but also a good strategic decision at this perilous diplomatic moment. This should incorporate various aspects: greater public investment in the research, development, and deployment of clean, green technologies is necessary, and clearly preferable to protectionism. But beyond that support for mitigation, rich countries need to understand the pressing importance of solidarity: climate-vulnerable countries, many of them suffering fiscal and debt crisis in the wake of the pandemic, sorely need concrete support; failing them will only continue to erode trust. Rich

countries' climate finance pledges have been insincere and insufficient; the US$100 billion promised in the Paris Agreement has not been met; support on vaccine access is critical; and there need to be measures offered to address the debt crisis. Developed countries must also do more to address "loss and damage", the language used to describe measures such as compensation required when vulnerable nations face devastating climate risks and adaptation is no longer possible.

Such an approach to developing countries would help to change the dynamics of the relationship with China, which otherwise can effectively use poorer countries as a "protective shield" in negotiations. It also avoids a bellicose, direct attack on China over its need to raise ambition, at a point when nationalistic sentiment in China makes it politically unpalatable to take actions deemed to be at the behest of the West. Despite evident soft power and domestic alignment with climate action in China, its negotiators' approach to their counterparts in Western capitals has been frosty at best. It is far better, therefore, that rich countries aiming for greater climate ambition build trust with vulnerable and developing countries through concrete demonstrations of solidarity, and allow them to push for greater ambition towards 1.5°C. This includes understanding their role as likely recipients of Chinese finance, and recognising that the demand side of the Chinese overseas finance equation is important. For many countries, forcing them to choose between the West and China puts them in an impossible situation.

NOTES

Cover image: Smoke stack (Veeterzy/Unsplash)

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