SPS

CLIMATE

Global Climate Governance and Green and Inclusive Transition

Focus

- We examined China's role in global climate governance in this new era.
- We analyzed China's medium- and long-term energy transition and the development of green, low-carbon industries.

Findings

- International multilateral climate governance has been adversely impacted. However, momentum for the global low-carbon transition continues to strengthen and the climate governance system is steadily becoming more resilient.
- Investment and trade in low-carbon technologies can accelerate the global transition and support multiple objectives, including economic growth, security, and climate goals.
- China is in its carbon peaking period, ahead of the 2030 emission peaking target, and has made positive progress on the green transition of its economy and society. However, it faces challenges, such as rigid growth in energy consumption and intensified industrial competition.
- China's dual carbon goals, peaking before 2030 and neutrality before 2060, depend on coordinated efforts across industries to drive a green industrial revolution. This will comprehensively reshape the country's economic structure and drive high-quality economic growth.

Recommendations

Accelerate the development of a new, green power system across China based on the principle of "establishing the new before phasing out the old." Strive to achieve a combined installed wind and solar capacity of above 3,000 gigawatt by the end of the 15th Five-Year Plan period. Gradually reduce coal consumption and ensure no net increase in coal power capacity during this period.

Address short-term imbalances between supply and demand in the domestic green sector, including through stimulating investment to drive green demand in both domestic and international markets.

Promote shared leadership and cooperation in global climate governance, global green investment, and open and inclusive green supply chains. Participate in reform of the global financial architecture to help build a more inclusive and effective climate finance system.

Build a domestic carbon emission management system guided by total carbon caps, further enhancing China's legal and regulatory system on climate.