

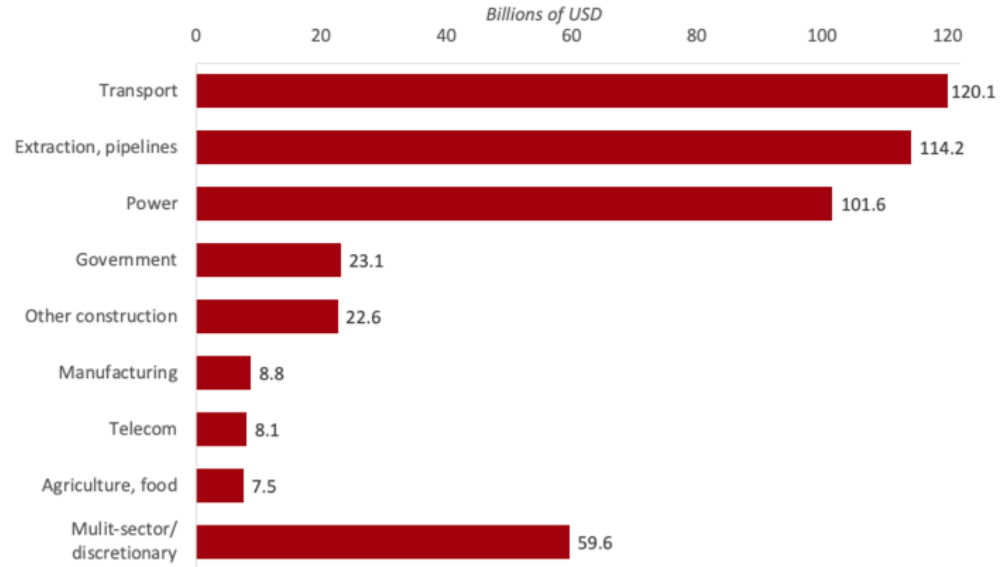


China's New Role in Overseas Energy Development: Reducing the Pain of the Clean Energy Transition

Cecilia Han Springer
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Why Xi Jinping's Announcement is a Big Deal

China's overseas development finance is highly concentrated: Just **3 sectors** make up **\$336 billion**: **72%** of commitments (Ray et al. 2021)



Why Xi Jinping's Announcement is a Big Deal

Coal represents the largest share of generating capacity receiving Chinese development finance and foreign direct investment (CGP 2020)

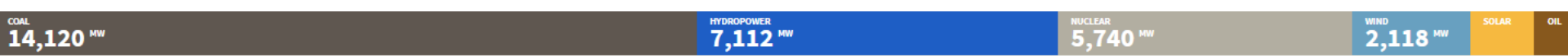
Operating Plants



Why Xi Jinping's Announcement is a Big Deal

China's planned overseas coal projects represent 13.5GW of capacity, with another 14GW commissioned or under construction (CGP 2020)

Commissioned Plants



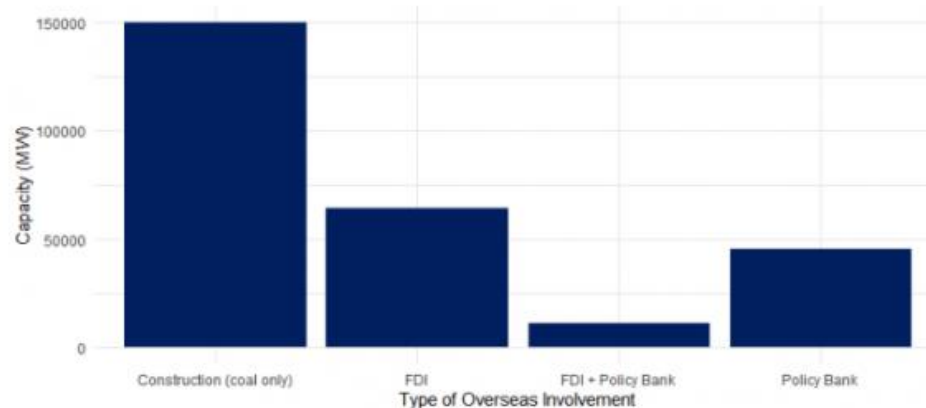
Planned Plants



Why Xi Jinping's Announcement is a Big Deal

If Xi Jinping's announcement includes financial arrangements AND construction arrangements, that could triple the amount of overseas coal capacity potentially affected by the announcement (Springer and Chen 2021)

Figure 1: Global Coal, Gas, Wind and Solar Capacity with Different Types of Chinese Involvement

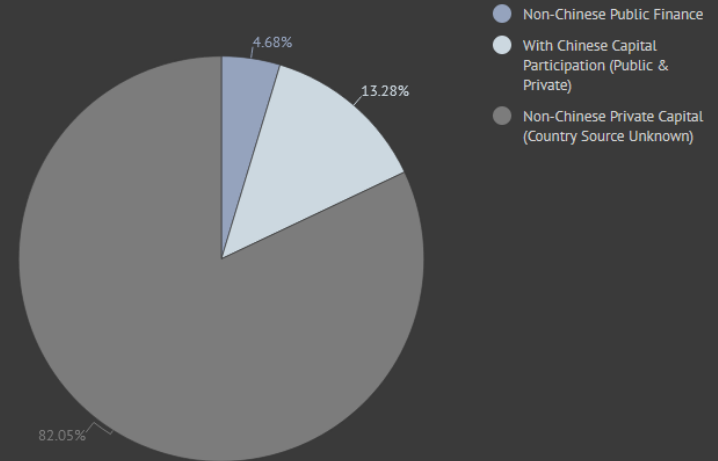


Source: Springer and Chen, 2021.

Why More Needs to Be Done

China was the last major public financier of overseas coal, but the global private sector has been the main enabler of coal in recent years (Ma and Gallagher 2021)

87% OF TOTAL (PUBLIC AND PRIVATE) FINANCE FOR OVERSEAS COAL PLANTS IS FUNDED BY ENTITIES OUTSIDE OF CHINA



Note: The graph represents coal power generation capacity (GW) outside China that became operational or underwent construction/planning between 2013-2018.

Source: Global Energy Monitor, 2020. Global Coal Public Finance Tracker (GCPFT); Boston University Global Development Policy Center, 2020. China's Global Power Database (CGP Database). S&P Platts, 2019. World Electric Power Plant Database.

Why More Needs to Be Done

China has already been pulling back from overseas coal in recent years

- No new overseas coal in 2021 (Nedopil Wang 2021)
- Withdrawal of Chinese banks from projects facing local pushback (e.g. Lamu, Sengwa)



(Image: Baz Ratner / Alamy via China Dialogue)

Why More Needs to Be Done

In order for countries to meet Paris Agreement targets and the Sustainable Development Goals, financing on the order of 2% of global GDP will need to be dedicated each year through 2030 to expanding renewable energy and sustainable infrastructure (Bhattacharya et al. 2019)

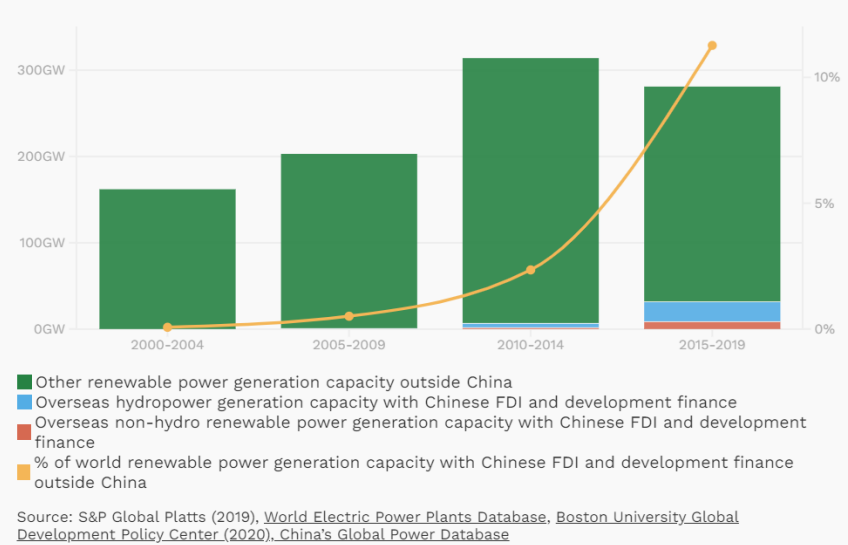
The bottom line: China should match the recent pledge against coal finance with concrete commitments for overseas renewable energy support

Why More Needs to Be Done

China is poised to lead a massive scale-up of global renewable energy

- Technical expertise
- China's financing for overseas renewables generation increased more than fourfold between 2015 and mid-2019 (Ma 2021)
- Chinese SOEs are increasingly supporting renewable energy
- Chinese policy banks are able to rapidly mobilize finance at a large scale

Newly added renewable power generation capacity outside China and the China-funded share, 2000-2019



References

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THANK YOU!

Explore our interactive data tools online:

- China's Overseas Development Finance www.bu.edu/gdp/codf
Data repository: <https://osf.io/7wuxv/>
- China's Global Energy Finance www.bu.edu/cgef
- China, Debt, Climate and Nature: Opportunities for Financial Stability <https://debt-for-climate.web.app/>
- China's Global Power: www.bu.edu/cgp
- China-Latin America Finance Database: www.thedialogue.org/map_list

