

China signals its global intentions on climate change during a flurry of high-level meetings

05-MAY-2021

Latin America and the Caribbean is home to ecosystems like the Amazon tropical forest and high altitude Andean habitat which are key in fighting the worst impacts of climate change while simultaneously particularly sensitive to its impacts. In fact, the Amazon absorbs 5% of our current global CO2 emissions. Over the past 15 months LAC countries have suffered greatly from the covid-19 pandemic. The most vulnerable in LAC have been hit the hardest and it is estimated that the number of people in extreme poverty will increase by 8 million. Economic and social development and GDP per capita will be set back by a decade. Plans for recovery must not only confront the health and economic repercussions but also take a longer term approach by being green and sustainable.

It is in this context that a series of meetings between the world's two largest emitters of greenhouse gases -- China and the US -- are of great interest. The USA and China will both seek to use the climate change agenda to advance broader foreign policy objectives. It is clear that both countries are seeking to counter the influence of the other. The Biden administration provides a partner for collaboration and also inherent competition for China as they both tackle climate change.

China's statements at meetings over the past weeks reaffirm its commitments to reduce domestic emissions and coal consumption. While these are important and necessary commitments, they do not translate to China's investments overseas, including China's involvement in Latin America.

This blog reviews the events of recent weeks and offers a few concluding thoughts.

April 15th

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At China's invitation, John Kerry, the US' Climate Change Envoy met with his Chinese counterpart Xie Zhenhua in Shanghai. Xie and Kerry have a history of working together. Each led the negotiations for their respective countries at the 2015 COP21 which culminated in the legally binding Paris Climate Agreement. This meeting between Xie and Kerry was key to resume bilateral efforts (stalled during the Trump administration) to deal with climate change. It ended with a joint statement by the USA and China describing both countries' commitment to maximize international finance to support a transition from carbon intensive fossil fuels to low carbon renewable energy.

April 16th

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President Xi Jinping had a three-way video summit with his counterparts from France and Germany. During the meeting, leaders discussed helping developing countries reduce their debts, cooperation on confronting the global covid-19 pandemic and actions to tackle climate change. Xi reiterated China's domestic commitment to peak emissions by 2030 and to reach zero net emissions by 2060. European media reported that Xi criticized EU plans for a carbon border tax, reportedly explaining that "tackling climate change is a shared responsibility... and should not become a geopolitical bargaining chip or used to attack other countries (or impose) trade barriers."



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April 20th

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President Xi made an in-person *keynote address at the Boao Forum*, an annual gathering in which 25 Asian countries and Australia regularly participate. Xi made vague commitments about strengthening cooperation on green infrastructure and improving the Belt and Road Initiative International Green Development Coalition. Presidents of major Chinese financial institutions (China Central Bank, China Exim Bank, Asian Infrastructure Investment Bank) discussed the role of sustainable finance along the Belt and Road during a roundtable. China's Vice Minister of Commerce, Qian Keming, suggested that conventional energy enterprises will include more green energy projects in their portfolios.

April 22-23th

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To mark Earth Day, the Biden Administration convened a *Climate Change Meeting* in which 40 world leaders participated. During the summit, *Xi flagged* that China is vying to be a leading technological power, especially in tackling climate change. He also announced that China is moving away from coal domestically, and will reduce coal consumption on which it is still very reliant by 2025. China will likely have different approaches in terms of coal and renewable energy investments in other parts of the world. A *letter leaked earlier in March* from the Chinese Embassy in Dhaka to the Bangladeshi power ministry stated that China would no longer consider involvement in coal power projects in the country. This follows an earlier move away from coal by the *Bangladeshi government*. Meanwhile Dong Fang Electric, a Chinese company, signed a contract on April 19th to build a coal power plant in Vietnam and there are reports that Gezhouba, another Chinese company had signed a contract to *build a coal fired power plant in Colombia*.

Concluding thoughts

This flurry of meetings within a very short time provides insights into China's approach to climate change.

Undoubtedly inspired by the need to respond to the Biden administration's reestablishment of the United States' commitment to climate change, the joint meetings between China and the US show a political willingness to work together on these issues. While the US has stated its desire to keep climate change discussions separate from other bilateral discussions, Chinese officials have often iterated that other negotiations between the countries are intertwined.

During the past weeks, China has reaffirmed its commitments to reduce domestic emissions and coal consumption. But it has not made the same commitments to regulate Chinese banks and companies operating abroad. As far as things stand today, China is still willing to finance dirty projects when opportune. A *database by Boston University* confirms this. It shows that China's largest banks are financing 58 projects in Latin America, 23 of which are in biologically sensitive areas or within indigenous territories. It remains the case that *80% of China's Belt and Road investments are fossil fuel projects*. But it may be that strong leadership from countries can result in China subsequently announcing that it does not intend to be involved in any dirty projects in that country.

The meetings from the past weeks remind that the focus of relationships between China and Latin America is centered around investments in LAC. At the present time there are no clear examples of climate change being the focus in bilateral relationships between China and LAC countries. US re-engagement as a leader in the fight against climate change potentially provides an important alternative to cleaner investments. The competition between the world's two largest GHG emitters provides a significant opportunity to underline to China the reality that climate change is a global phenomenon which will not be successfully ameliorated so long as it continues to promote high carbon projects around the world.

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