

COP28 brief: Unpacking China's stance and unravelling implications

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ABOUT THIS PUBLICATION

This policy brief is a publication of the Griffith Asia Institute, Griffith University, Queensland that aims to explore China's stance on COP28. The findings, interpretations and conclusions expressed in this paper are those of the author(s) and should not be attributed to Griffith University or affiliated organisations.

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Cover image: Ding Xuexiang, Vice Premier of the People's Republic of China speaks at the G77 and China Leaders' Summit during the UN Climate Change Conference COP28 at Expo City Dubai on December 2, 2023, in Dubai, United Arab Emirates. (Photo by COP28 / Mahmoud Khaled)

Introduction

China has placed significant emphasis on COP28, hosting over 100 side events to present the country's propositions and share its concepts, practices and cutting-edge technologies in the environmentally sustainable and carbon-efficient transition. Considering China's economic strength, its position as the world's largest emitter of greenhouse gases, its undisputed global leadership in renewable energy and its growing role as a bilateral funder for climate finance, analysing China's stance at COP28 is essential for understanding potential shifts in its domestic policies, technological trajectories and economic strategies. Moreover, China's engagement in COP28 would shape the collaborative nature of addressing global challenges, impacting not only its own course but also contributing to a more effective and inclusive approach to climate action worldwide.

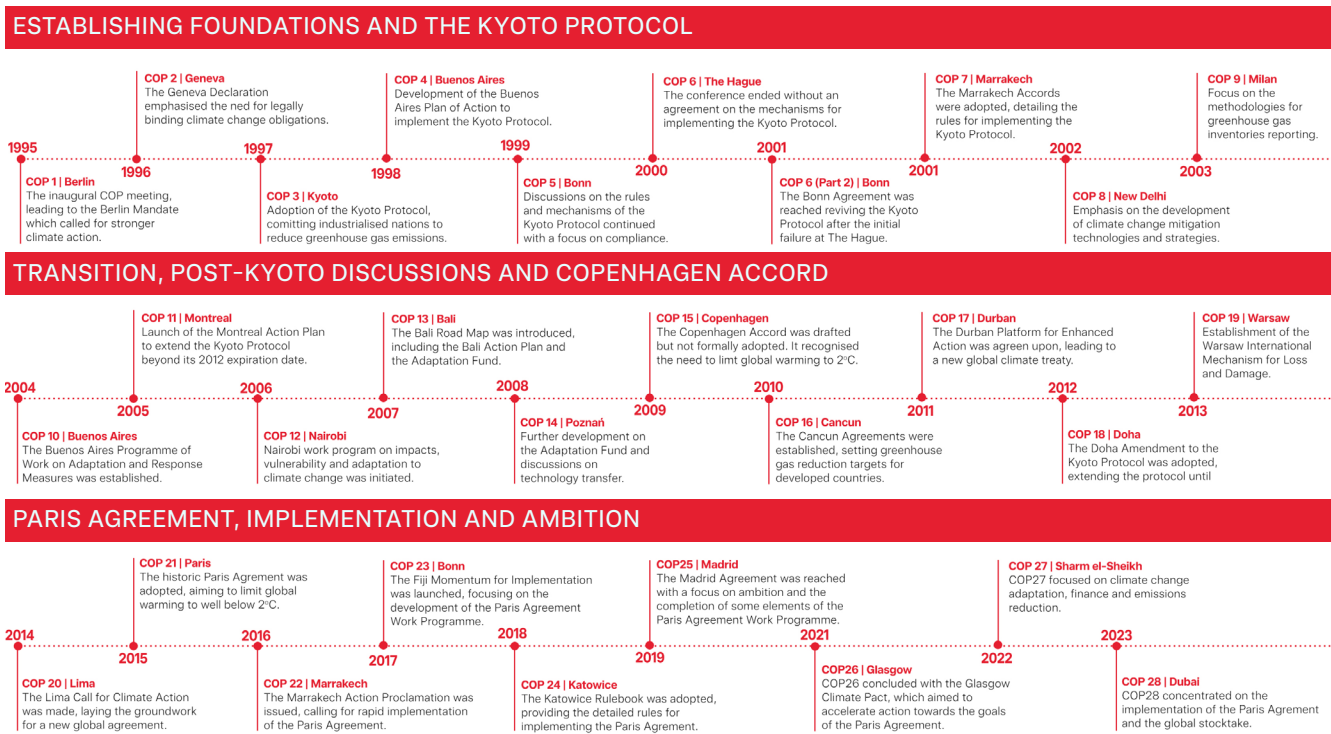
What is COP28 and why is it important?

COP, an acronym for the Conference of the Parties, refers to a gathering of member states that are party to an agreement with the host country changing every year. Figure 1 traces the evolutionary trajectory of major COP meetings, highlighting key milestones and agreements that have defined international efforts to address the complex and urgent challenge of climate change.

As the 28th instalment, COP28 in Dubai from 30 Nov to 12 December 2023, holds extraordinary significance in fostering global cooperation for sustainable climate solutions. First, it was taking place at a critical juncture amidst a severe climate crisis characterised by escalating temperatures and unprecedented environmental disasters.¹ The urgency for immediate global action is intensified by the stark reality of just seven years remaining until 2030—an initial deadline for many countries to deliver on their commitments to climate goals, which is critical to the long-term goals of the Paris Agreement as well. Moreover, the conference marks the conclusive stage of the first global stocktake (GST), a pivotal mechanism for evaluating progress under the Paris Agreement. Simultaneously, COP28 represents a continuation of the mission initiated by COP27, addressing key initiatives such as the establishment of the Loss and Damage Fund. The unique geopolitical and environmental considerations of the host country, the UAE, introduce a distinctive layer to discussions, while beyond these aspects, COP28 also serves as a crucial platform for observing shifts in international dynamics. This includes the evolving Sino-US and China-Russia relations and the aftermath of the COVID-19 pandemic, both of which shape the global response to interconnected climate challenges.²

Even so, COP28 achieved significant progress on issues such as accelerating energy transition, boosting climate finance, operationalising Loss and Damage fund, establishing Global Goal on Adaptation, prioritising methane emission reduction, addressing agri-food, gender and health concerns, and reached the final "UAE Consensus", strengthening the global consensus on

Figure 1: The evolution of COPs



ESTABLISHING FOUNDATIONS AND THE KYOTO PROTOCOL

The initial stage of COP meetings, notably COP3 in Kyoto (1997) and COP7 in Marrakech (2001), laid the foundation for global climate action. COP3 led to the landmark Kyoto Protocol, establishing binding emission targets. Subsequent COPs refined mechanisms and addressed adaptation and financial support, demonstrating the international commitment to translating climate pledges into actionable policies.

TRANSITION, POST-KYOTO DISCUSSIONS AND COPENHAGEN ACCORD

2004–2013 marked a shift from the Kyoto era. COP13 in Bali (2007) launched discussions for a post-Kyoto framework, leading to the Bali Road Map. However, the high expectations for concluding a post-Kyoto agreement were tempered during COP15 in Copenhagen (2009), which resulted in the non-binding Copenhagen Accord. Despite the accord's voluntary nature, it set the stage for COP16–19, focusing on the implementation of the accord and the negotiation of a more inclusive global climate agreement.

PARIS AGREEMENT, IMPLEMENTATION AND AMBITION

The current phase focuses on implementing the Paris Agreement, launched at COP21 in Paris (2015) to limit global temperature increases to under 2°C, with efforts to cap it at 1.5°C, differing from the Kyoto Protocol by incorporating voluntary contributions from all nations. Subsequent COPs have concentrated on operationalising the agreement, tackling transparency, finance and global stocktaking.

Source: Developed by authors






COP28 official photo (Wikimedia Commons)

climate action.³ Table 1 summarises major declarations and China's endorsements of them at COP28. As shown in Table 1, China has signed agreements on agriculture, nature, gender and health, but notable absences elsewhere leave it with a mixed stance on critical environmental and climate issues, although this will not affect China's efforts to actively responding to climate

change as China has been the country with the largest installed capacity of renewable energy in the world every year for many years. Given the multitude of aspects, this analysis will specifically concentrate on four key areas: agricultural transformation, energy transformation, climate finance and the carbon market—also the main points of discussion at the event.

Table 1: Major declarations and China's endorsements at COP28

Declaration document	Main ambitions	No. of signatories	China endorses
Declaration on Agriculture, Food and Climate	<ul style="list-style-type: none"> Scaling-up adaptation and resilience activities Promoting food security and nutrition Supporting workers in agriculture and food systems Strengthening the integrated management of water Maximising the climate and environmental benefits 	159	
Declaration on Climate and Health	<ul style="list-style-type: none"> Building more climate-resilient health systems Strengthening cross-sectoral collaboration to reduce emissions and maximize the health benefits of climate action Increasing finance for climate and health solutions 	143	
Declaration on Gender-responsive Just Transitions	<ul style="list-style-type: none"> Strengthening all women's and girls' leadership and meaningful participation, decision making, capacities, and livelihoods in climate action 	76	
Declaration on Climate, Nature and People	<ul style="list-style-type: none"> Fostering stronger synergies, integration and alignment in the planning and implementation of national climate, biodiversity and land restoration plans and strategies Scaling of finance and investments for climate and nature from all sources Encouraging coherence and interoperability across data sources and data collection, metrics and methodologies, and voluntary reporting frameworks 	18	
Declaration on Climate Relief, Recovery and Peace	<ul style="list-style-type: none"> Boosting financial support for climate resilience in highly vulnerable countries and communities, particularly those threatened or affected by fragility or conflict or facing severe humanitarian needs 	82	
Coalition for High Ambition Multilevel Partnerships (CHAMP)	<ul style="list-style-type: none"> Enhancing cooperation with subnational governments in the planning, financing, implementation, and monitoring of climate strategies, including but not limited to Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs), National Biodiversity Strategies and Action Plans (NBSAPs) and Long-Term Low-Emission Development Strategies (LT-LEDS) 	71	
Global Renewables and Energy Efficiency Pledge	<ul style="list-style-type: none"> Tripling the world's installed renewable energy generation capacity to at least 11,000 GW by 2030 Doubling the global average annual rate of energy efficiency improvements from around 2 per cent to over 4 per cent every year until 2030 Putting the principle of energy efficiency as the "first fuel" at the core of policymaking, planning, and major investment decision 	130	
Declaration on Climate Finance	<ul style="list-style-type: none"> Making finance available, accessible and affordable 	13	
Declaration on Cooling	<ul style="list-style-type: none"> Incorporating cooling in an existing strategy or action plan, or develop a Heat Action Plan by 2026 Increasing the area and quality of green and blue spaces in urban areas for cooling by 2030 Pursuing public procurement of low-global warming potential and high efficiency cooling technologies focused on the lowest lifecycle cost in government buildings by 2030 	66	
Declaration on Hydrogen	<ul style="list-style-type: none"> Working towards mutual recognition of the respective certification schemes Seeking accelerated development of technical solutions to enable mutual recognition 	37	
Global Methane Pledge	<ul style="list-style-type: none"> Cutting global methane emissions by 30 per cent from 2020 levels by 2030 	155	
Loss and Damage Fund	<ul style="list-style-type: none"> Providing financial assistance to nations most vulnerable and impacted by the climate change 	\$792 Mn	
Oil and Gas Decarbonization Charter	<ul style="list-style-type: none"> Net zero by or before 2050 Near-zero methane by 2030 No routine flaring by 2030 	50**	ZhenHua Oil

* China committed to include methane in its next NDC

** 50 companies, representing 40 per cent of global oil production, with national oil companies representing over 60 per cent of signatories.

Agri-food transformation

For the first time in thirty years, agriculture and food systems took centre stage in a COP. The signing of the COP28 Declaration on Food and Agriculture by 159 countries highlighted an integral recognition of the interconnectedness between climate change and food systems and emphasized the urgency of adopting an integrated approach to climate action that transcends conventional disciplinary boundaries. The acknowledgment embedded in the Declaration conveys an understanding of the dual role of agriculture both as a contributor and a potential solution to climate change. This recognition will facilitate efforts to implement practices within the agricultural sector that effectively mitigate greenhouse gas emissions while concurrently promoting sustainable food production.

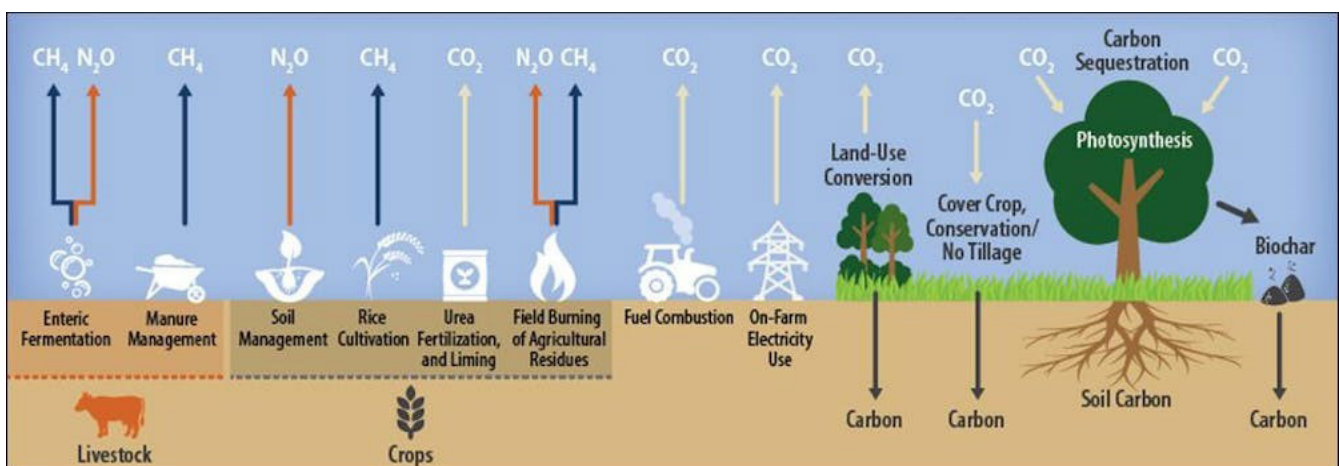
Agriculture and food systems accounts for approximately one-third of total greenhouse gas emissions if considering the entire value chain including storage, packaging, transportation, processing, sales, and consumption, as shown in Figure 2⁴. China had the highest greenhouse gas emissions from agriculture between 1996 and 2016, which later was surpassed by India according to the World Resources Institute.⁵ Therefore, agri-food system transforming is of great significance to the realisation of China's "double carbon" goal. China's endorsement of the declaration reflects its commitment to integrating sustainable food system transformation into their next NDCs, aligning with its broader efforts on pursuing sustainable and transformative measures in agricultural sector. This also means that the central budget may be tilted further towards the agri-food system to provide funds and subsidies for transformation and innovation. The Declaration requires the expansion of innovation and financing specifically targeted at soil health, food waste, biodiversity loss and other initiatives aimed at combating climate change. This directive aligns with a concurrent emphasis in China's domestic policies on diminishing the use of fertilizers and agricultural chemicals, enhancing

agricultural waste management, saving ag-machinery energy and advocating for rural biogas.⁶ In a speech delivered in March 2021, President Xi highlighted the potential of carbon credits within ecological systems, urging the maximisation of the role of carbon sequestration in various environments such as forests, grasslands, wetlands, oceans, soil and permafrost.⁷ The central government has also issued a number of policy measures and targets, such as 'The 14th Five-Year Plan for National Agricultural Green Development Plan' and the 'Top Ten Technical Models for Emission Reduction and Carbon Sequestration in Agriculture and Rural Areas' in 2021, as well as the 'Implementation Plan for Agricultural and Rural Emission Reduction and Carbon Sequestration' in 2022.⁸

However, the transition of agri-food system in China faces significant pressure on domestic food security, which may intensify in the future under the combined effects of increased extreme weather (drought and floods), geopolitical conflicts and post-epidemic economic slowdown. This also applies to the whole of Asia, which is home to more than half the world's population and is expected to consume more than two-thirds of the world's meat by 2050. Given that China needs to feed 18 per cent of the world's population with only 9 per cent of arable land and 6 per cent of fresh water, food security has always been the top priority for the Chinese government and achieving food security through greater production of major agricultural products remains a key focus of the 2023 No. 1 Document. This is because feed crops such as soybeans and corn, along with livestock products like beef and dairy, have increasingly relied on imports with the shift in residents' dietary structure towards protein. Therefore, ensuring food security must be a prerequisite for the agricultural sector to pursue carbon emission reductions, emphasizing self-sufficiency in staples and importing non-staples.

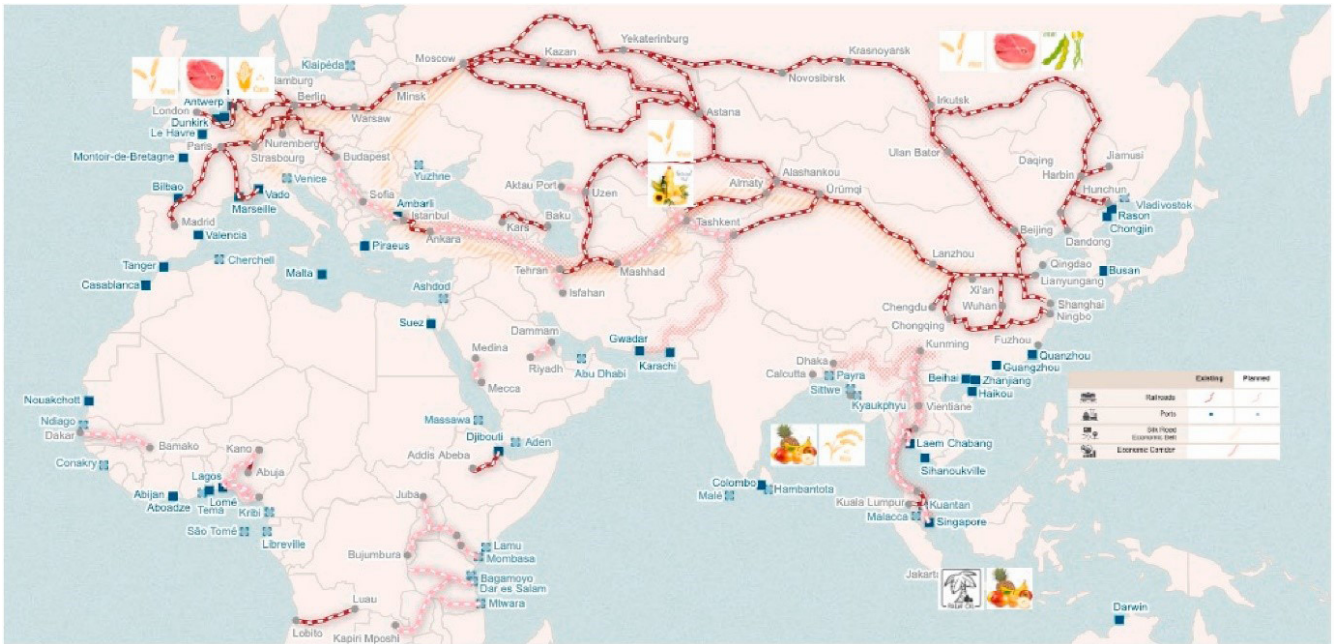
This has seen China has in recent years sought to diversify its import sources for food and the raw materials for food production via a "Food Silk Road", which is creating new food trade routes connecting China, Europe, Russia,

Figure 2: Examples of greenhouse gas emission sources and sinks from agricultural activities



Source: CRS 2022.⁹

Figure 3: China's emerging Food Silk Road



Source: Tortajada and Zhang, 2021.¹⁰

Central Asia, South Asia, the Middle East and Africa, aiming to avoid reliance on a single country or region (Figure 3). At the same time, China is expanding its agricultural operations overseas and become a key player in agricultural investment and related infrastructure including farmland, most notably in South America and in Africa for soybeans, meat, palm oil and so on. This global agricultural diversification strategy not only ensures China's food security but also allows China an ambitious opportunity to implement significant transformation in the domestic agricultural and food system.

However, it's important to note that both food imports and overseas agricultural investment are likely to have various environmental impacts on trading partners and investing countries, such as deforestation, water pollution and greenhouse gas emissions. Efforts to promote sustainable practices, adherence to environmental standards and collaboration between countries may help mitigate these negative environmental impacts.

Energy transition

The latest COP28 draft, calls for a 'transitioning away'¹¹—not 'phase-out'—from fossil fuels. An opinion from Financial Review defined this as "another case of geopolitical and energy realities continuing to challenge the direction and pace of the energy transition and ultimately climate policy".¹²

Historically, global north countries—including US, Canada, Australia, Norway and the UK—have been deeply committed to wean the world off coal, oil and natural gas. While both Norway and EU expressed intent to push for fossil fuel 'phase out' following draft text, Australia took a toned-down stance by defending the term 'unabated coal' using a football analogy, suggesting a justification for continuing certain activities without immediate emission

reductions. The UK advocated for 'guardrails' to ensure substantial carbon capture, demonstrating a proactive stance on robust carbon reduction measures. Through a different negotiating strategy, Saudi Arabia advocated for a focus on emissions rather than energy sources, implying a potential continuation of reliance on traditional energy sources while addressing environmental concerns.

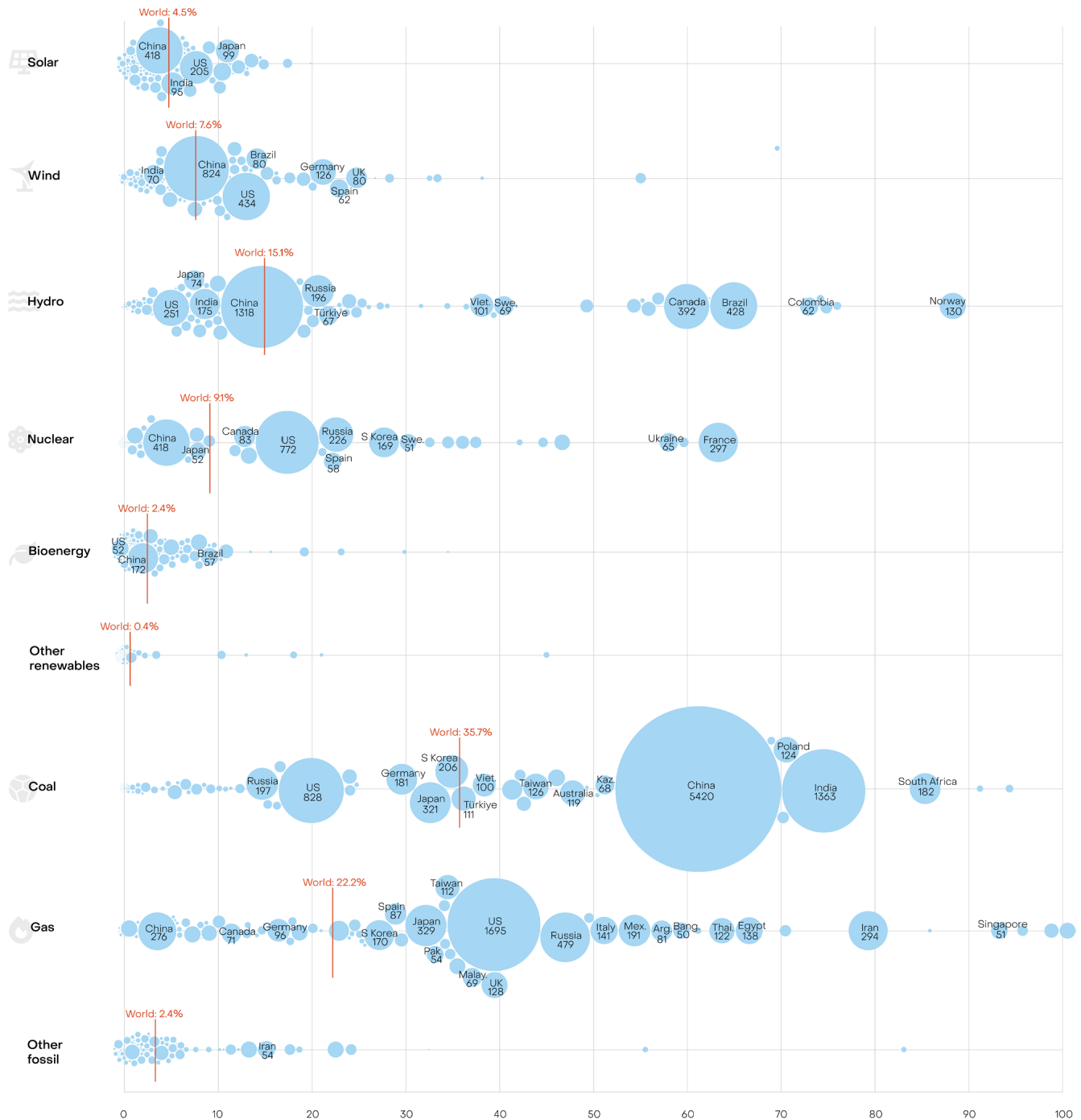
Other key players, such as India, Russia and China, played pivotal roles with varying approaches too. India was not actively engaging or taking a vocal stance on this debated topic, but Russia has explicitly come out against a fossil fuel phase-out. China neither supported nor opposed a fossil fuel phase-out but called for a 'balanced' text with financial support for developing nations, urging developed countries to take the lead in the climate 'marathon'. Given its recent experience of widespread blackouts in 2021 affecting approximately 44 per cent of industrial activity,¹³ committing to a complete phase-out, particularly with a specified deadline like 2050, could be too challenging. China's current energy policy follows a strategy of 'xianlihoupo (先立后破)', whereby the retirement of fossil fuel infrastructure need be contingent upon the establishment of a fully functional low-carbon system. China has agreed to 'phasing down coal' during the Glasgow conference in 2021 and given that oil and gas are less important for China than coal, agreeing on the same language on all fossil fuels should not be too hard. However, China has adopted a cautious and reserved approach, highlighting that 'equity and justice are the foundation of climate action.' It's important to observe that neither of these countries officially backed the comprehensive commitment to triple the world's installed renewable energy generation capacity and double the global average annual rate of energy efficiency until 2030. The reluctance stems from the comprehensive nature of the commitment, linking renewable energy expansion to the phase-out of fossil fuels, along with concerns about associated costs,¹⁴ even if they have indicated support for the tripling of renewable energy by 2030.¹⁵

On the other hand, new research reveals that the five global north countries—US, Canada, Australia, Norway and the UK—are intending to augment their oil and gas production by 2030 and are accountable for 51 per cent of the projected oil and gas expansion until 2050;¹⁶ China continues to authorise the construction of new coal-fired power plants with over 50GW of new capacity commencing last year, to stabilise prices and ensure a secure electricity supply;¹⁷ India currently has 27GW under construction but has announced to incorporate 80GW of thermal power, coal-based, by 2031-32 due to an 'unprecedented rate' of increased power demand in the

country;¹⁸ Sub-Saharan Africa is poised for a substantial increase in energy demand, following a pattern similar to China and India, and showing a preference for fossil fuels due to their cost-effectiveness and reliability. These instances make it clear that the lasting demand for fossil fuels will continue, posing challenges in reaching an agreement on the requests of vulnerable countries.

As shown in Figure 4, China dominates both renewables and coal, but renewables are yet to meet the growth of electricity demand, so navigating the energy transition requires skillful execution of a tight balancing act.

Figure 4: Global electricity generation (TWh, bubble size) and share of electricity (per cent, x-axis)



Source: Ember 2023.¹⁷

Climate finance

Climate finance took a pivotal turn at the COP15 in Copenhagen (2009), where developed countries, acknowledging the urgency of climate action, pledged within the context of meaningful mitigation actions and transparent implementation to mobilise \$100 billion annually by 2020 to support climate initiatives in developing countries. This commitment was formalised at COP16 in Cancun (2010), reiterated and expiry date extended to 2025 during COP21 in Paris. However, it has historically fallen short of the target²⁰ due to various factors including inconsistent rules, ambiguous accountability, the political and economic interests of donor countries, and the limited governance capacity of developing nations,²¹ although improvement was seen at the 2022 Paris Summit after significant pressure applied.

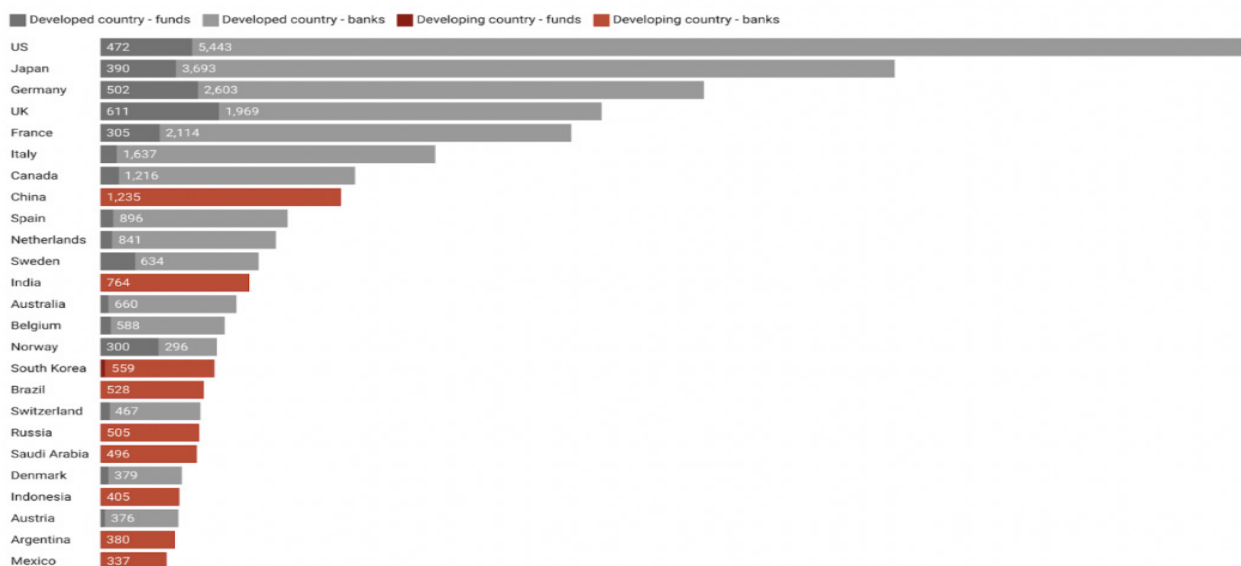
Future financial requirements for agrifood system transforming, the energy transition, climate adaptation and disaster relief are sure to be substantial and overwhelming. A report of Songwe et al²² has projected that emerging markets and developing countries will require \$2.4 trillion annually in investments to limit emissions and address challenges posed by climate change. Emerged from the same system, climate disasters are pushing vulnerable countries deeper into debt as loans continued to be the main instrument used by the developed countries to provide public climate finance, trapping them in a vicious cycle that perversely drives investment in the fossil fuels that further accelerate the climate crisis.²³ Hence, COP28 confronts not only the task of securing funds but also the intricate challenges of addressing debt issues and reshaping the financial architecture.

Given these challenges, progress in climate finance has been notably limited at COP28, with a consensus achieved on the operationalisation of the Loss and Damage Fund and the framework for the Global Goal on Adaptation. Additionally, a New Collective Quantified Goal (NCQG) has been agreed upon to be set before 2025, based on US\$100 billion per year. Developing countries expressed continued concern over the absence of explicit financial commitments

within the targets, while developed nations advocate maintaining this ambiguity and postponing detailed financial discussions to the following year. Instead, there is a notable focus and expectation from developed countries on the wealthy emerging economies such as China and the Gulf states, as well as on multilateral development banks (MDBs), to play a crucial role in promoting investment opportunities and mobilising funds.

In fact, relevant research²⁴ has proven that the large nations such as China, India, Brazil and Saudi Arabia has contributed to more climate-related finance via MDBs than many countries in the global north (Figure 5). While China's identity as a developing country has made it reluctant to take formal responsibilities for financing global climate action, China's foreign aid and the Belt and Road Initiative have integrated climate components over the past decade and the promotion of a 'green soft power' agenda and a 'greener BRI' promise has led to heightened Chinese contributions to climate mitigation and adaptation. For example, China has pledged to make available \$3.1bn to other developing countries through the China South-South Climate Cooperation Fund to implement the '10-100-1000 initiative',²⁵ although this falls short of pledges due to institutional challenges.²⁶ The project continues without a set implementation deadline. Lippolis's analysis of Chinese bilateral finance data compiled by research institute AidData²⁷ shows that the vast majority of China's climate finance consists of mitigation²⁸ projects granted on commercial terms, most of which in the hydropower sector and the Americas, specifically Latin America and the Caribbean. In contrast, Africa has received the most non-hydro mitigation finance, with a significant portion directed towards Kenya and Ethiopia. Meanwhile, Asia has been the leading recipient of adaptation finance, particularly in Indonesia and Cambodia. Like other 'new' donors, China, does not adhere to DAC conventions in categorising its foreign aids and BRI projects based on the Rio climate markers, making it challenging to track its contribution. Domestically, China's approach to climate investment involves a combination of policies and instruments including green credit, green bond, green insurance, green fund, and so on.²⁹ What's more, China unequivocally rejects the notion of categorising or endorsing these contributions as climate finance in alignment with the UNFCCC goals.³⁰

Figure 5: Top 25 largest climate-related finance providers via MDBs and multilateral climate funds, 2020
Developed (grey) and developing (red) countries. Lighter shades indicate MDB finance and darker shades indicate funds.



Source: Cao and Tsang 2023.³¹

This is in line with China's steadfast position and persistent assertion that the responsibility for providing climate finance lies squarely with developed countries. I believe developing countries, including most G20 members, are only inclined to make voluntary commitments that they see as contributing to emissions reduction—but don't call them climate finance.

In the High-level Forum on South-South Cooperation on Climate Change at COP28, China is committed to further strengthening the South-South cooperation by:

- a) implementing agreements with the World Meteorological Organisation, supporting the UN's Early Warnings for All initiative;
- b) implementing the China-Africa Declaration on Cooperation in Addressing Climate Change, and implementing the Africa Light Belt project to achieve Africa's sustainable development while promoting energy transformation; and
- c) sustain ongoing capacity-building training to support climate change professionals in developing countries.

Unresolved carbon trading

While COP28 produced positive outcomes, the cooperative mechanism for carbon trading remains unresolved. Countries have failed to agree on key rules including integrity and transparency measures to trade carbon offsets bilaterally and failed also to kickstart a long-anticipated global UN-sanctioned trading market. There was also no agreement on non-market approaches for international collaboration that do not involve the exchange of carbon credits. The US and the EU have consistently been in a dispute over the cooperative mechanism, where the US advocates for a less regulated approach which is in line with the preference of private sector operators, while the EU are pushing for stricter controls to ensure that traded credits effectively reduce emissions without causing additional environmental or social concerns. Therefore, finding common ground on the regulatory framework for this mechanism is pending with discussions deferred to

the COP29 in Azerbaijan. This could disrupt the efforts of global rule-makers, impeding their ability to effectively navigate and meet commitments regarding carbon credit transactions. It is particularly relevant for countries, including Singapore, engaged in preliminary deals to purchase carbon credits for meeting emission targets.³²

The breakdown in negotiations will inevitably lead to increased uncertainty in the development of the voluntary carbon market. Without an agreed cooperative mechanism, countries will prioritise own interests, independently constructing or developing domestic carbon markets. The US' Inflation Reduction Act and the EU's Carbon Border Adjustment Mechanism are typical cases. The interconnection of relatively well-established national markets will then give rise to regional markets. This scenario presents challenges for China as it works to enhance its domestic carbon market and participate effectively in the international carbon market. This is because regional carbon markets, not completely multilateral, form climate alliances or clubs among two or more countries. Carbon credits trade within these alliances and clubs, usually involving countries with similar climate goals and market rules. Developed countries, particularly in Europe and North America, are most likely to dominate regional carbon trading due to advanced mechanisms. For example, the G7 has included the establishment of a 'climate club' in the scope of discussions, and the US and EU have tried to reach an agreement on the Global Arrangement on Sustainable Steel and Aluminium. In contrast, developing countries face significant barriers in regional carbon trading due to limited domestic markets and disparities in scale, mechanisms and rules. For example, China's carbon market has potential, but low demand and transaction volume might hinder its entry into the developed countries' dominated environment (Figure 6). As one of the few developing countries with a carbon market, China will enhance its domestic market as soon as possible according to national conditions. In response to regional alliances and clubs, China might consider initiating carbon market connections with "Belt and Road" countries initially, followed by expansion to multilateral platforms like the G20, BRICS, and APEC. This strategic approach could allow China to actively engage in and influence the formulation of international rules, thereby reinforcing its participation in the global carbon market.

Figure 6: China's low carbon price with the world's largest carbon market (ICAP)



Source: ICAP³¹

Conclusion

China's stance at the COP28 demonstrates resilience against external pressures, particularly evident in its approach towards formal declarations and substantive commitments. This resilience suggests that: on one hand, China will determine its own path without being influenced by other countries. Despite facing challenges in addressing the agri-food transition while ensuring food security in the long term, China has exhibited a growing interest in shaping global governance in food security. We believe China will continue strengthening agricultural investment, deepening technological cooperation and expanding climate finance bilaterally with developing and vulnerable countries globally. On the other hand, China's climate policy is likely to continue evolving in response to competitive pressures and emerging opportunities. China will continue to deepen reforms in the energy system with an unwavering commitment to emission reduction; and additionally, the country emphasizes the importance of forging robust strategic relationships to maximize cooperation in the evolving landscape of carbon markets. Finally, China intends to unveil its 2030 and 2035 national climate targets (including methane) within the framework of the Paris Agreement by 2025. The recent stabilisation of the US-China relationship provides necessary conditions, but there is a belief that any potential political messages arising between now and then will create significant impact over China's climate policies and will shape China's decisions in 2024/5 over a series of issues including its 2035 NDCs and its direction regarding coal consumption. Despite this, China's stance will remain instrumental in influencing global climate actions.

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