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

Cecilia Han Springer
Wilson Center, October 26 2021
China’s overseas development finance is highly concentrated: Just 3 sectors make up $336 billion: 72% of commitments (Ray et al. 2021)
Coal represents the largest share of generating capacity receiving Chinese development finance and foreign direct investment (CGP 2020)
China’s planned overseas coal projects represent 13.5GW of capacity, with another 14GW commissioned or under construction (CGP 2020)
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)
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).
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)
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
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
References


THANK YOU!

Explore our interactive data tools online:

• China’s Overseas Development Finance
  www.bu.edu/gdp/codf
  Data repository: https://osf.io/7wuxy/

• 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