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The Chinese Emissions Peak: Not When, But How

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Elements of the 13th five year plan (FYP) (2016-2020) in China are starting to filter through in the policy discussions and speeches of senior Chinese politicians. The 13th FYP which will be soon publicly available after consultation at

National Congress Meeting in March, comes at an important time, as China goes through a significant economic crossroads. China faces a stark yet very complex choice: continue with a growth model driven by investment, infrastructure and industry (the three I's) or shift to one based on innovation, household consumption, and higher value added manufacturing.

The problems of the old model are manifold: overinvestment, over capacity, inequality, environmental damage, slowing growth, ballooning debt. The slowdown in China is sending shockwaves round the world, depressing resource prices, global growth and global trade.

And yet, at the same time, the shift to a new model is [not easy](#). Industries will have to close, workers be retrained, state-owned enterprises will have to be reined in, and finance reformed. Entrenched interests are strong, and the risk of hiccups is real.

A crucial driver of the fight against climate change in China is the shift away from the old, emissions-intensive model, towards a cleaner, more efficient model. The ambitions of the broader reform agenda in the 13th FYP matters for the fight against climate change.

The Chinese government is starting to send signals of the seriousness with which it is taking the reform agenda, and its willingness to confront difficult choices. The government is speaking openly about [millions of job losses](#) in the coal and steel sectors, which are suffering both from severe overcapacity and from the drive to reduce pollution. The government is talking about opening up major sectors like electricity and gas, which would be crucial to providing more market based incentives for investment and consumption.

For the first time, the 13th FYP sets targets for the reduction of local air pollutants known as PM2.5. This will continue the drive towards cleaner sources of energy and improved energy efficiency. The government has also announced its targets for the improvement of energy intensity and carbon intensity of GDP. Energy intensity is to be improved by 15% and carbon intensity by 18%, between 2016 and 2020.

In 2009, at the climate summit in Copenhagen, China committed to reducing its carbon intensity by 40-45% by 2020 against 2005 levels.

If China hits the target mentioned above for its 13th FYP for the period 2016-2020 it would dramatically overshoot the promise it made in Copenhagen. Instead of a 40-45% improvement in carbon intensity levels by 2020 against 2005 levels, it would achieve over 50%.

If we continue forward this trend to 2030, China would also overachieve its promise made at COP21 in Paris and peak its emissions before 2030 (as argued by Lord Stern in a [recent paper \(China's 2030 peak-emissions target likely to be met within the next 10 years\)](#), and as IDDRI argued in a [blog last year - China's INDC: a first analysis](#)).

The question thus becomes not when China will peak its emissions but rather, how? Will we see a serious and wide ranging reform of the Chinese economy in the next five years, enabling a much cleaner, more efficient model? Or will the temptations and challenges be too much, with a middle-of-road strategy adopted of moderate reforms? Will China continue its clean energy push, *and* at the same time manage to retire dirty, surplus infrastructure? The answer to these questions will determine what is really at stake: not when China peaks, but rather whether the peak allows significant reductions thereafter. That is the question.