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U.S.-China Engagement and International Climate Diplomacy What Congress Needs to Know about COP29

Friday, October 25, 2024

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- Direct Assistance for Equitable and Inclusive Financing Program

 In addition to a full portfolio of federal policy work, EESI provides direct assistance to utilities to develop "on-bill financing" programs
- Commitment to Diversity, Equity, Inclusion, and Justice

 We recognize that systemic barriers impede fair environmental, energy, and climate policies

and limit the full participation of Black, Indigenous, people of color, and legacy and frontline communities in decision-making

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Our mission is to advance science-based solutions for climate change, energy, and environmental challenges in order to achieve our vision of a sustainable, resilient, and equitable world.

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Bi-weekly newsletter with everything policymakers and concerned citizens need to know, including a legislation and hearings tracker

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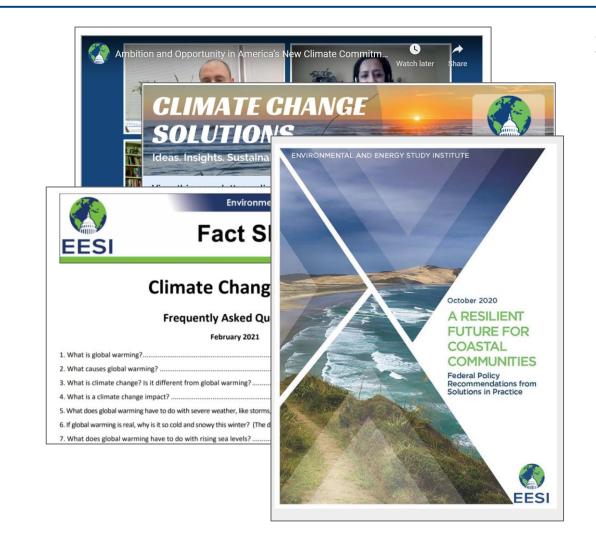


Timely, objective coverage of environmental, clean energy, and climate change topics

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What Congress Needs to Know about COP29

What's on the Table for the Negotiations

Methane Mitigation on the Global Stag





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What did you think of the briefing?

Please take 2 minutes to let us know at: www.eesi.org/survey

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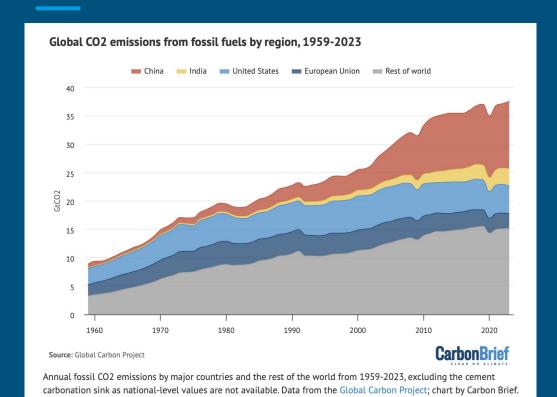
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EESI China Climate Briefing

By Wanyuan Song from Carbon Brief

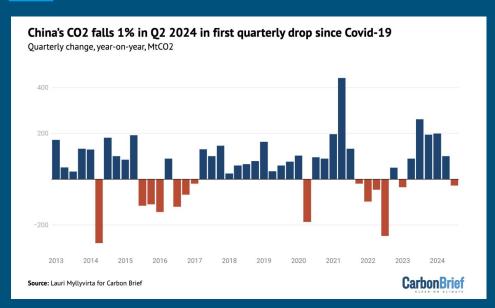
China is the world's biggest emitter



China represents 31% of global CO2 emissions.

The world cannot stay below 1.5C without rapid action from China.

China's emission may have peaked in 2023



Three factors:

Power: wind and solar capacity over 1,200GW

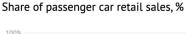
Industry: decrease in steel and cement demand

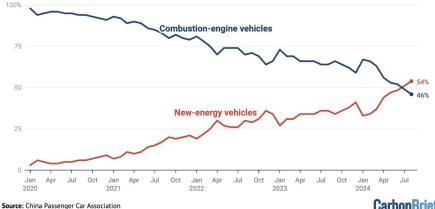
Transport: the rise of NEV

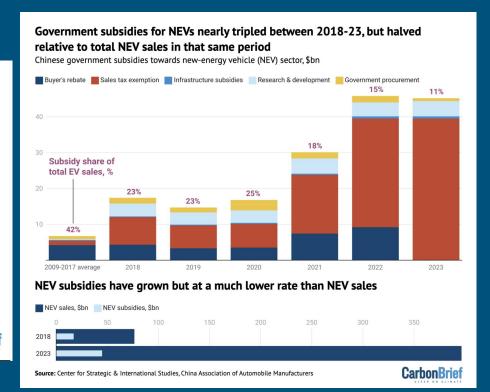
In March 2024, CO2 emissions fell 3%, ending a 14-month surge. In Q2 2024, CO2 emissions fell by 1%.

The rise of EV and renewable energy

Combustion-engine car sales in China just fell 28% year-on-year, driving their share of the world's top market to a record-low 46%







"Policy pendulum" back to climate change

- Xi calls for green growth
- "Two sessions" reiterating climate goals
- Third plenum mentions carbon emissions for first time
- "New quality productive forces" and "New three" (EV, lithium-ion batteries, and solar cells)

"Policy pendulum" back to climate change

- "Dual control' of carbon intensity" to "dual control of carbon emissions"
- ETS expansion; Relaunched CCER; CCER and GEC linked
- Ecological and Environmental Code & Energy Law may come into force.
- Steel permit freeze and emissions reduction plan
- Low-carbon coal plan and new guideline; coal plant approvals drop

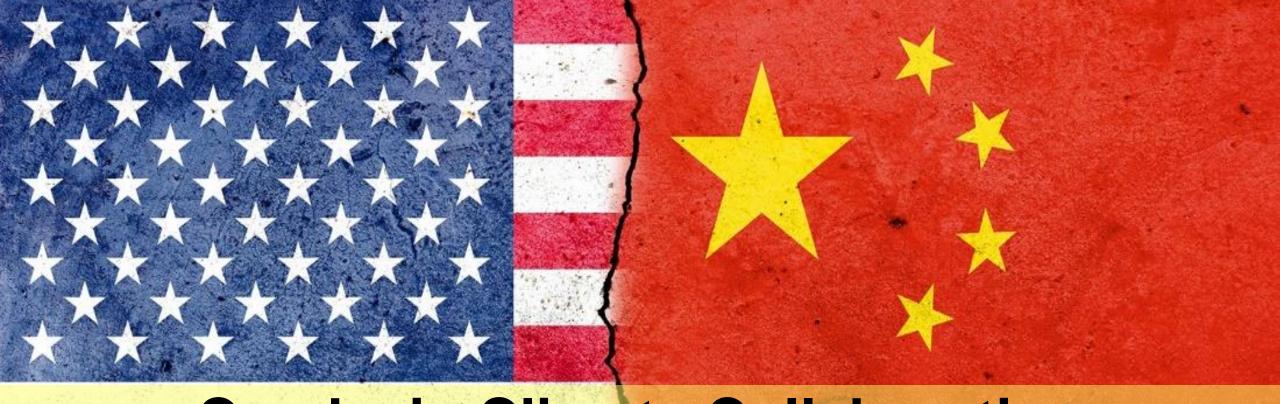
China could do more

Investment:

- NEA data: investment in the energy transition reached
 \$676bn in 2023.
- \$51bn to Africa to "move away" from infrastructures and focus on selling "advanced and green technologies"

What next?

- CREA, IEA, : China could cut CO2
 emissions to at least 30% below
 2023 levels by 2035 and its
 non-CO2 emissions by 35%.
- COP29
- China's next NDC



Cracks in Climate Collaboration

Is There Path to Revive U.S.-China Climate Relations?





A long time ago in a galaxy far, far away....



2009 Obama - Hu Clean Energy Agreements

Climate Ping Pong: Clean Energy Forums, US-China Climate Working Group, US China Clean Energy Research Centers (EVs, Building EE, RE, Green Diesel Trucks, Water & Energy Technologies, Cleaner Coal), Biz Energy Partnership....

Air Quality Ping Pong: SO2 Trading, Fuel Efficiency Standards, Regional Air Quality Management & Policies, Green Ports, Cleaner Cookstoves.....



Source: GIPHY. At https://media.giphy.com/media/MHKl0gVYw0RTq/giphy.gif

Supporting Foundation of Bilateral Climate Cooperation

1979 US-China Science and Technological Cooperate Agreement

Agriculture

Basic Science

Biomedical Research

Health

Energy & Environment

Metrology



Atmospheric & Marine Science

Remote Sensing

Food Safety

Nuclear Fusion

Transportation



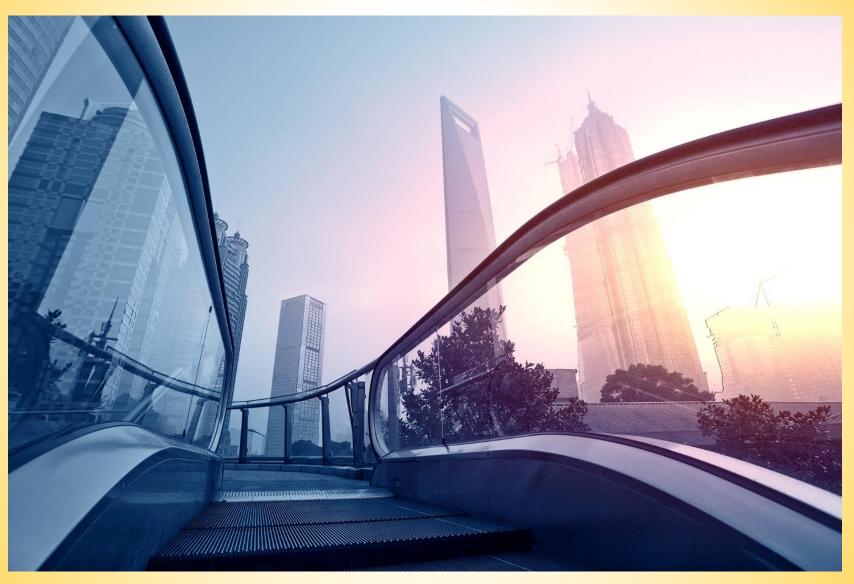
US NGOs,
Foundations,
National Labs,
Universities,
Think Tanks & States
ALSO Support
Climate Cooperation



NRDC, WWF, EDF, WRI, Energy Foundation, Greenpeace, Pacific Environment, Wilson Center, Institute for Sustainable Communities, Rocky Mountain Institute, Carnegie, GGF, blue moon fund, ClimateWorks, Hewlett, Rockefeller Brothers Fund, Energy Foundation, American Bar Association, Vermont Law School, Western Kentucky University, Regulatory Assistance Project, Brookings, Climate Solutions, LBNL, PNNL, ANL, International Council on Clean Transportation, Institute for Transportation and Development, US Green Building Council, State of California, Harvard, Duke, UC Berkeley

A Race to the Top Opportunity

Buildings 39% Global CO2



China 40-50% & US 36% of CO2

CERC-BEE Building retrofit, Energy Efficiency Standards,, Monitoring Technologies

California Helped Drive Cooperation on EVs

China California



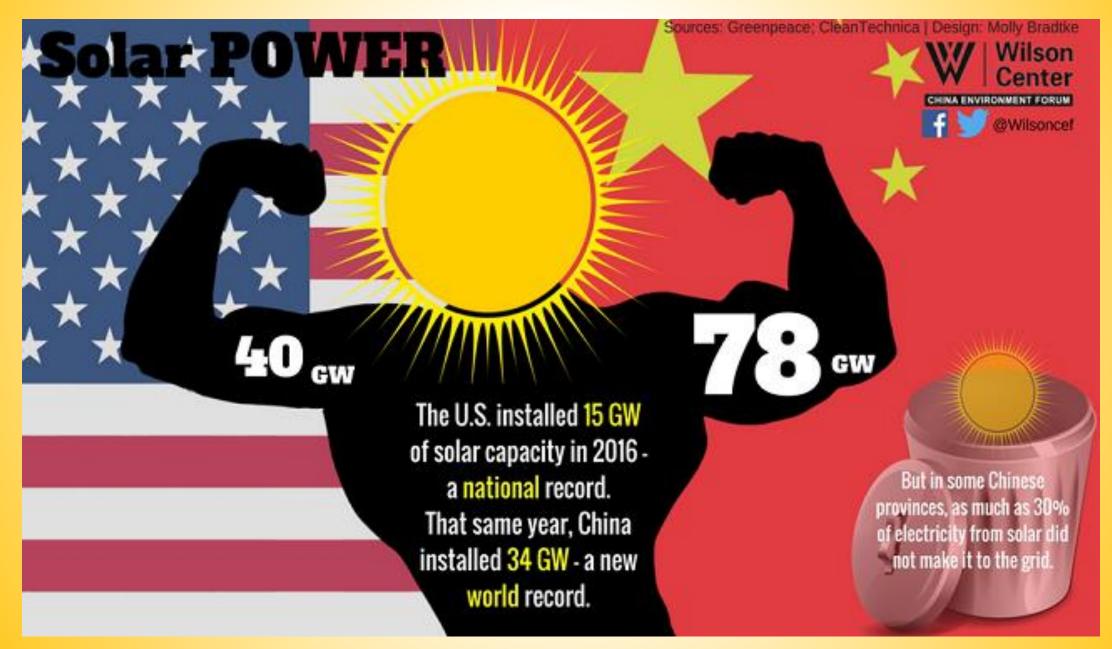


xujun/Shutterstock.com

Dan Schreiber/Shutterstock.com

China's NEV Credit Trading Program Modeled on California's Zero Emission Vehicle Program
Vehicles to Grid, Battery Swapping, Charging Stations

Another Race to the Top Opportunity





2014 US-China Climate Agreement

2017 Doors Shutting





Foreign NGO Registration Law

Leading in Installed Renewable Energy Capacity 2023 (GW)



China's Fast Drive for New Energy Vehicles At Home and on the (Belt and) Road





Jan 2022: 30% EV Subsidy Cuts....2023: Gone!

U.S. Hits the Gas on EVs & Clean Energy Investment with Bipartisan Infrastructure Law (2021) & Inflation Reduction Act (2022)



Photo Credit: November 17, 2021, in Detroit. (Official White House Photo by Adam Schultz):

CHINA'S MONOPOLY ON CRITICAL MINERALS









WIND TURBINES







ELECTRIC VEHICLES DEFENSE SYSTEMS

SOLAR PANELS

Nilson CHINA ENVIRONMENT FORUM



China manufactures 80% of the world's polysilicon, a key solar panel component

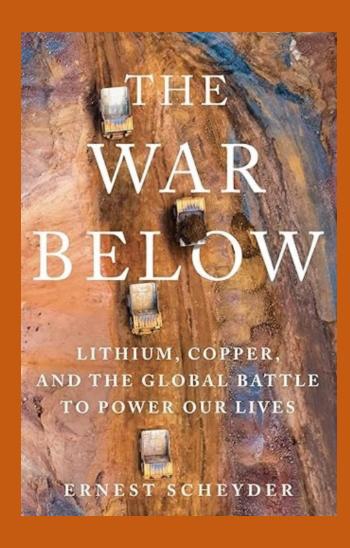
CHINA'S LEAD IN CRITICAL MINERALS PROCESSING





China dominates the processing of lithium, cobalt, and aluminum, controlling over 60% of the world's supply of these minerals which are vital for electric vehicles

Literacy rate based on IEA data in 2019. Sources: IEA, World Bank, World Resources Institute. Designed by Yiming Zhong on Canva July 2023



Integration Means
National Security, Job & IPR Losses

Cut Supply Chains and Joint Scientific, Tech & Policy Research & Joint Biz



US (and EU) Push Clean Tech Import Tariffs
Scrutiny of Scientific Cooperation

RISKS OF DECOUPLING FROM CHINA ON CLEAN TECH

Military Threat From Batteries
Somewhat Overblown, Not Same as
Those for Green Tech

Too Much Focus on Renewables & Critical Minerals



Defense Production Act to Increase Solar Panel Manufacturing & Secure Supply Chains

Domestic & Friendshoring Critical Mineral Mining Hard

Hardworking Climate Envoys



2021 US-China Glasgow Climate Declaration & 2023 Sunnylands Agreement

Short-Lived Climate Pollutants Dominate US-China Sunnylands Agreement



Lots of Methane Reduction Areas



US and China Signed Kigali Amendment on HFCs

2023 FIRST Transpacific Green Shipping Corridor Launched

Ports of Shanghai, LA & Long Beach, Shipping Lines and Cargo Companies
Partnered with C-40



Built on 2015 Shanghai & LA Green Ports Initiative

Glasgow & Sunnylands Put Food and Agriculture on the Climate Table





One-Third of Greenhouse Gas Emissions Come from Agriculture/Food Production

Photo Credits: Shutterstock.com

US and China are Food SUPERPOWERS

Agri-Food Greenhouse Gas Emissions are MOOOVING Higher

11% US (Second Largest Source)

8.2% China (Mainly Rice)



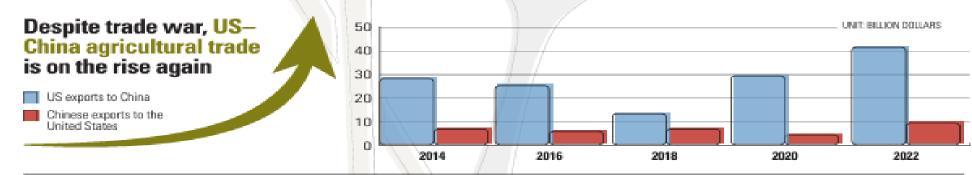
US-China Agricultural Trade

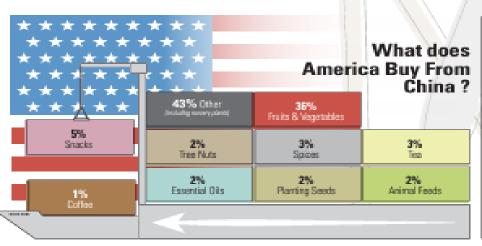
China is the largest foreign market for US food and agricultural products

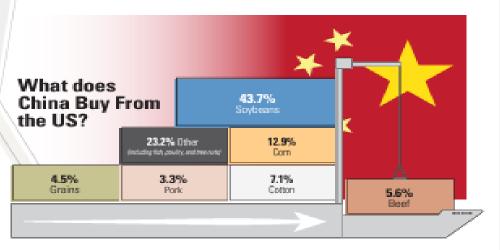












*The percentages represent the monetary value of agricultural commodities each country imports from the other. For example, soybeans are 43.7% of the total value of Chinese agricultural imports from the United States.

Common Climate Threats to Our Food Security



Heatwaves From Hell Disrupting Agriculture in China and United States







CULTIVATING US AND CHINESE CLIMATE LEADERSHIP ON FOOD AND AGRICULTURE

A Roadmap for Collaboration

By Jennifer L. Turner, Karen Mancl & Jennifer Nguyen

January 2024

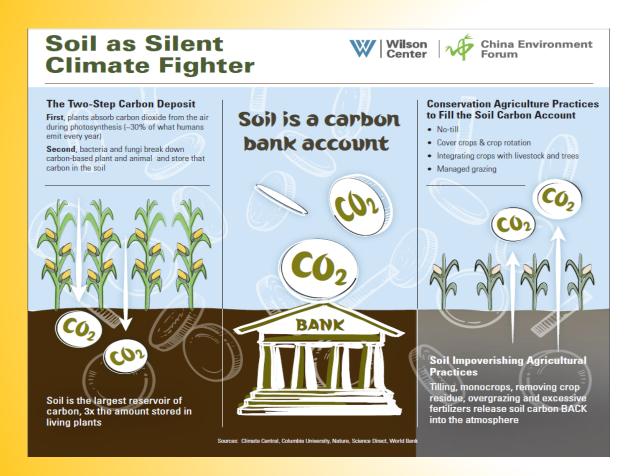








Low Hanging Fruit for Food and Climate Collaboration



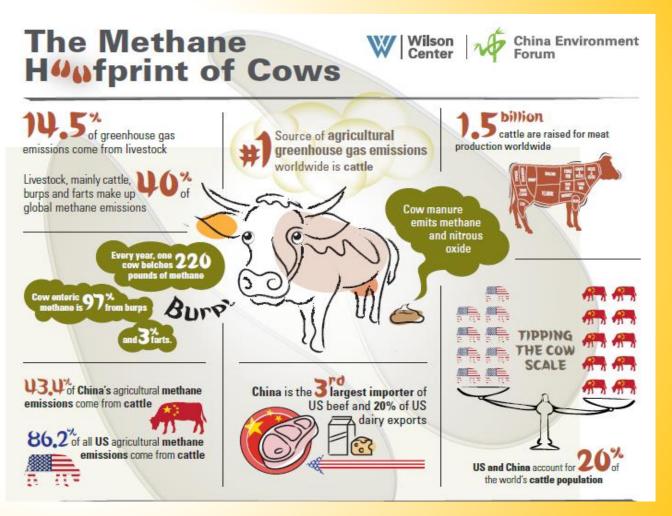


Soil

Rice

More Low Hanging Fruit for Food and Climate Collaboration





Food Waste

Dairy Cows

Food was ALSO on the Table at COP28



US & China Joined 150+ Countries

Committing to Add Food and Agriculture to Climate Plans

Questions?





Join The China Environment Forum!

wilsoncenter.org/program/china-environment-forum Jennifer.turner@wilsoncenter.org



X

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EESI Briefing: What Congress Needs to Know About COP29 U.S.-China Engagement and International Climate Diplomacy

Role of U.S.-China Engagement in the UNFCCC Process

Kate Logan | Director, China Climate Hub and Climate Diplomacy
Asia Society Policy Institute | Friday, October 25, 2024

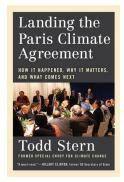


Background

Historical role of U.S.-China in UNFCCC



- Tense relationship in early years of the UNFCCC due to divergences on historical responsibility and developed versus developing country status
- Cooperative shift in the lead-up to Paris negotiations in 2015, spurred by leader-level announcement of targets in November 2014
- Lack of engagement during the Trump administration
- Former climate envoys John Kerry and Xie Zhenhua rekindle cooperative relationship under Biden administration in light of challenges, before passing the torch to John Podesta and Liu Zhenmin









Barack Obama at the White House. (Politica Externa/CC By-NC)



SEPTEMBER Second U.S.-China Joint Presidential Statement on Climate Change is issued

Chinese President Xi Jinping and U.S. President Barack Obama reaffirm the Joint Statement from 2014. The two sides pledge to support an enhanced transparency system as part of the Paris Agreement and to increase bilateral and multilateral climate cooperation.



Mayor of Los Angeles Eric Garcetti speaking at the U.S.-China Leaders Summit. (Eric Garcetti/Flickr)



SEPTEMBER

First U.S.-China Climate Leaders Summit is held

The first summit is held in Los Angeles, with 29 cities, states, and provinces of the United States and China signing the U.S.-China Climate Leaders Declaration.





DECEMBER

Paris Agreement is adopted

The Paris Agreement, adopted at COP21, aims to significantly curb global greenhouse gas emissions. According to Article 2.1, it seeks to "hold the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels." The agreement mandates that major emitting countries cut climate pollution and enhance commitments over time. Its implementation relies on nationally determined contributions (NDCs) that are increased every five years.





Third leader-level U.S.-China Joint Presidential Statement on Climate Change is issued

While attending the Nuclear Security Summit, Chinese President Xi Jinping and U.S. President Barack Obama announce that the two countries will sign the Paris Agreement on April 22 and take their own domestic steps to join the Paris Agreement as early as possible. The two heads of state further pledge to work together to advance the full implementation of the Paris Agreement and other necessary climate

Engagement in lead-up to COP29



- November 2023: Sunnylands Statement on Enhancing Cooperation to Address the Climate Crisis; Biden and Xi meet in San Francisco
- December 2023: COP28 and the Dubai Consensus / First Global Stocktake Outcome
- May 2024: China's Special Envoy for Climate Change Liu Zhenmin visits the U.S. for the first in-person meeting of the U.S.-China Working Group on Enhancing Climate Action in the 2020s
- September 2024: Advisor to the President for International Climate Policy John Podesta visits China for the Second Meeting of U.S.-China Working Group
- November 2024: COP29 takes place in Baku, Azerbaijan

Priority issues for U.S.-China climate talks



- 1) Climate targets: Nationally determined contributions (NDCs)
- 2) Global climate finance: "New collective quantified goal" (NCQG) to succeed the \$100bn goal
- Methane and super pollutants: Agreement to co-host special summit on methane and other non-CO2 gasses
- 4) Other working group issues: Energy transition, circular economy, subnational cooperation, supply chain deforestation

Key bilateral commitments in 2024



- Welcomed the call in COP28's Global Stocktake decision for Parties to submit on time 2035 nationally determined contributions ("NDCs") that are economy-wide, cover all greenhouse gases, and are 1.5C-aligned; they further expressed their intention to engage in related technical and policy exchange
- Recalling the U.S. intent to achieve 100 percent clean power by 2035, and the Chinese intent to phase down coal consumption during the 15th Five Year Plan and make best efforts to accelerate this work, including by accelerating renewables deployment, the two countries intend to intensify technical and policy exchanges on realizing their respective goals
- Jointly host, with the COP29 Presidency of Azerbaijan, a second "Methane and Other Non-CO2 Greenhouse Gases Summit" at COP29
- Both sides are committed to further strengthening dialogue, collaborative efforts, and working with other Parties to support the Azerbaijan Presidency for a successful outcome of COP29, including on, inter alia, the <u>new collective quantified goal</u> and <u>Article 6</u> under the Paris Agreement



U.S.-China at COP29

1. Nationally Determined Contributions (NDCs)

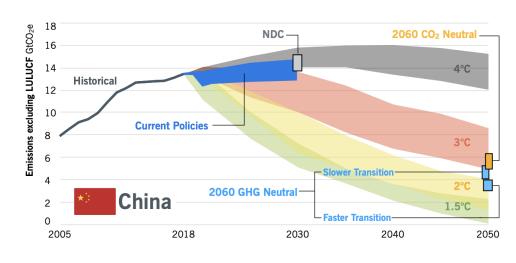


- NDCs are countries' core climate targets under the Paris Agreement
- Updated every five years based on a "ratchet" mechanism agreed in Paris
- Second round of updated NDCs with targets extending to 2035 are due by February 2025
- UN Emissions Gap Report: Failure to increase ambition in these new NDCs and start delivering immediately would lead to a temperature increase of 2.6 3.1°C this century
 - Emissions cuts of 42% are needed by 2030 and 57% by 2035 to get on track for 1.5°C; also need to peak global emissions by 2025
 - China accounts for around a third of global emissions, so its delivery of emissions reductions could make-or-break the Paris Agreement's 1.5°C target
 - China's current commitment to peak emissions before 2030 means this will be the first time China puts forward a target for absolute emissions reductions

1. Nationally Determined Contributions (NDCs)



- U.S. and China have been working on preparing their NDCs and indicated they will submit "on time"
- Both countries have conducted relevant policy and technical exchanges on their respective NDCs
 - U.S. and China agreed in Sunnylands Statement (and reaffirmed in Dubai) for their 2035 NDCs to:
 - Be economy-wide
 - Include all greenhouse gases
 - Reflect the Paris Agreement's 1.5°C target
 - Key components to watch for China's NDC:
 - Headline target at least 30% from peak?
 - Reductions from base year versus from peak
 - Targets for 1) sectors and 2) non-CO2 gases



2. New Collective Quantified Goal (NCQG)



- At COP15 in Copenhagen in 2009, developed countries agreed a goal to jointly mobilize USD \$100 billion a year by 2020 to address the needs of developing countries; goal was extended to 2025 at Paris in 2015
- Also agreed prior to 2025 to "set a new collective quantified goal from a floor of USD \$100 billion per year, taking into account the needs and priorities of developing countries"
- Recent studies by the World Resources Institute and others show that **China's average contribution of \$4.5bn/year from 2013 to 2022 places it on par with developed countries** (ranking around 5th), though

 China's finance is much less concessional and heavily tilted toward mitigation as opposed to adaptation
- Key challenges regarding divergent U.S. and Chinese positions on NCQG:
 - How to acknowledge China's existing contribution & identifying new contributors to the goal
 - Provisions for accountability to the goal & transparency for reporting progress
- Podesta in September: U.S. and China still have "some differences" on climate finance, but have made progress in narrowing them

3. Other U.S.-China issues to watch



- Methane and non-CO2 gasses: Joint summit, progress on industrial nitrous oxide
- Subnational cooperation: Progress after high-level event in Berkeley in May 2024, implementation of China-California MoUs





Other UNFCCC-related issues



- **Transparency:** Submission of Biennial Transparency Reports (BTRs) under the Enhanced Transparency Framework (ETF)
- Article 6: Rules for carbon trading under Article 6.2 and Article 6.4
- Adaptation: Financing adaptation needs; indicators to measure progress
- Loss & Damage: Progress on Fund for Responding to Loss and Damage
- Food & Agriculture: Joint work on agriculture and food security
- Mitigation & Energy: Transition away from fossil fuels; Mitigation Work Programme
- Just Transition Work Programme: Role of international cooperation
- Subnationals: Role in NDCs; Coalition for High-Ambition Multilevel Partnerships



Thank you!

Email: Klogan@asiasociety.org