

China Development Forum 2024

The Continuous Development of China

Thematic Seminar on Carbon Neutrality and Global Climate Governance (Panel Discussion III)

The China Development Forum (CDF) 2024, hosted by the Development Research Centre of the State Council (DRC) and organized by the China Development Research Foundation (CDRF), was held at Diaoyutai State Guesthouse in Beijing from March 24 to 25. On the afternoon of March 24, the Symposium on Carbon Neutrality and Global Climate Governance was held, presided over by Gao Shiji, Director-General of the Institute for Resources and Environmental Policy, DRC. There were five panelists in Panel Discussion III, namely Nicholas Stern, Professor, London School of Economics & Political Science; WEN Shugang, Chairman, China Huaneng Group Co., Ltd.; Christoph Schweizer, CEO, Boston Consulting Group; Jennifer Scanlon, President & CEO, UL Solutions; and Jeffrey Sachs, Professor, Columbia University.

Nicholas Stern pointed out three changes in current global climate governance. On the mechanism level, since the 20th United Nations Conference on Climate Change (COP20), developing countries have been playing an increasingly important role in setting the agenda, with the focus of discussion expanding from the United Nations Framework Convention on Climate Change to the transformation of the

whole economy. On the conceptual level, the relationship between climate change action and development has changed from competition and conflict to concurrence. Actions mitigating climate change can stimulate innovation, improve productivity, promote urban transformation and boost investment, thus promoting economic growth. On the practical level, countries should define their strategic direction, optimize policies, improve information disclosure in the capital market, and exert the synergistic effect of pollution reduction and carbon reduction to cope with the market failure caused by insufficient investment. Relying on carbon tax and carbon market only cannot solve the market failure problem. He suggested that we should vigorously develop green investment, adopt various forms of financing, strengthen cooperation between multilateral financial institutions and the private sector, and reduce financing costs in emerging markets, thus better achieving climate change goals.

WEN Shugang pointed out that with the increasingly grim global climate change situation, deepening global climate governance has become an international consensus. However, global climate governance still faces triple challenges. First, the climate-related rule of law is yet to be strengthened. The international climate gaming has intensified, and some countries' climate policies have wavered, affecting the authority and effectiveness of international laws on climate governance. Second, climate actions are yet to be strengthened. The energy transformation goals and emission reduction commitments put forward by major countries in the world are still far from the temperature control goals stipulated in the Paris Agreement. Third, breakthroughs are yet to be made in key technologies. About half of the technologies to achieve net zero emission in the world by 2050 are still immature, urgently calling for innovation and breakthrough. WEN believed that to cope with the above challenges, we should uphold the concept of a community of life for man and nature and the concept of a community of a shared future for mankind, uphold the global governance system with the United Nations as the core, adhere to the international

law based on the United Nations Framework Convention on Climate Change, follow the principles of common but differentiated responsibilities, fairness and respective capabilities, build a fair and reasonable global climate governance system featuring win-win cooperation, and jointly build a clean and beautiful world. China has become an important promoter of the world's energy development and transformation and climate change mitigation. By the end of 2023, the installed capacity of renewable energy in China had reached 52%, surpassing thermal power for the first time, and bringing about a fundamental transformation in the power supply structure. It is estimated that by 2060 the proportion of electricity consumption in China will reach 70%, the proportion of non-fossil energy consumption will exceed 80%, and the proportion of clean energy generation will exceed 90%. This mission, tremendous as it is, is being pragmatically performed in China, which will bring great development opportunities for energy science and technology innovation and industrial upgrading globally.

Christoph Schweizer noted that climate change is one of the biggest challenges facing both the world and China. To achieve the goal of climate change mitigation, China needs to invest at least US\$38 trillion in energy, electrification, transportation, power grid upgrading, green manufacturing and other fields. Large-scale investment is feasible and will exert a positive impact. Enterprises must, above all, take initiative to make a commitment. By far, about 7,000 companies have set scientific carbon emission reduction targets, three times that of four years ago. Among the top 1000 companies, 20% have set carbon emission reduction targets. This progress is encouraging, but more efforts are still called for. Second, reducing Scope 3 greenhouse gas emissions is the key to an enterprise's net zero strategy. The challenge faced by most enterprises is not that technology and capital are unaffordable, but how to reduce Scope 3 emissions. Therefore, enterprises must maintain close cooperation with stakeholders such as upstream suppliers and downstream customers to jointly

address global climate challenges.

Jennifer Scanlon talked on the relationship between innovation and safety in energy transformation. Scientific and technological innovation is of critical importance to green transformation. Since corporate social responsibility (CSR) reporting requires standardized and mandatory disclosure based on risks, technology will play an important role in this process, affecting the measurement, reporting and verification of carbon emissions. Meanwhile, however, innovation may also incur risks, especially the safety risks resulting from transformation. A survey of 1,600 CEOs in 16 countries by UL demonstrates that 90% of them hold a positive attitude towards the global response to the climate crisis, and 90% of them believe that they have relevant technologies to tackle the climate change crisis. It is noteworthy that almost all the respondents believe that safety is very important in energy transformation and new risk challenges have emerged, but only 17% of the respondents think that there are enough resources to ensure safety.

Scanlon believed that strengthening cooperation is the key to meeting safety-related challenges. Governments can integrate stakeholders through local, national and global regulatory frameworks. Enterprises should set sustainable development goals to realize safer energy transformation. Meanwhile, the government and enterprises should make concerted efforts to more effectively utilize existing resources and technologies in order to achieve climate change goals.

Jeffrey Sachs noted that China is a major leader in almost all key green technologies, including electric vehicles, photovoltaics, wind power, hydropower and fourth-generation nuclear technologies. China should continue to properly play its leadership role to accelerate transformation, further reduce costs and lower the learning curve, thus providing core technologies for global transformation. It is noteworthy that China's sale of green products to the world market is not dumping, but the world needs products made in China. Sachs suggested that China should

further accelerate innovation, because achieving the goal of carbon neutrality ahead of schedule benefits both China and the world. In addition, China should promote innovation in the financial sector, further implement the Belt and Road Initiative and open financial markets to provide low-cost financing for global transformation.

(Written by Wu Si, and reviewed by Cui Keliang, China Development Press)

--Background Information--

Under the mandate 'Engaging with the world for common prosperity', China Development Forum (CDF) serves as an important platform for Chinese government to carry out candid exchanges and discussions with leaders of global businesses and international organizations as well as foreign and Chinese scholars. Initiated in 2000, CDF has made remarkable contributions for the policy exchange and international collaborations between China and the world.

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