

## ENERGY AND ENVIRONMENT

March 5, 2024

Xi Jinping has strengthened the focus of the Chinese Communist Party (CCP) on energy and environmental issues during his leadership, even making them a part of his personal ideological brand and the subject of deeper study by cadres across the country with the inauguration of “Xi Jinping Thought on Ecological Civilization.” Xi was concerned that rising levels of air, water, and soil pollution were causing mass public discontent, so he believed the central government had to toughen environmental targets and enhance environmental enforcement. Xi often invokes the mantra that “clear waters and green mountains are golden mountains and silver mountains,” especially on his frequent inspection trips to conservation projects across the country, to emphasize the ecological dimension of his mission to shift Beijing’s focus from the quantity to the quality of economic growth. Environmental protection and climate action are critical issues because improvements in energy efficiency can deliver stronger economic growth, renewables can strengthen China’s energy security and self-reliance, and improvements in environmental performance can preserve natural resources, enhance quality of life, and boost people’s support for the government. Xi has continued to achieve and raise binding targets for improving environmental metrics—such as air quality, water quality, forest coverage, carbon dioxide, and energy consumption per unit of gross domestic product—which have been included in China’s Five-Year Plans for economic and social development since 2006.

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### Institutions

The **CCP Central Comprehensively Deepening Reforms Commission (CCDRC)** is the most influential policy institution under the **CCP Central Committee** and its elite 24-member Politburo and top 7-member Politburo Standing Committee (PSC). The party announced the establishment of the Central Comprehensively Deepening Reforms Leading Small Group at the Third Plenum of the 18th Central Committee in November 2013, and Xi chaired its first meeting in January 2014. The party upgraded this group to a formal commission in the party-state institutional reforms of March

2018. The CCDRC is the primary institutional vehicle that Xi has used to implement “top-level design” and centralize policy decision-making across dozens of lower-level party agencies and state ministries. It exists to coordinate the formulation, implementation, and oversight of reforms in six policy areas: the economic system and ecological civilization, democracy and the legal system, the cultural system, the social system, the party-building system, and the discipline and inspection system. A “special group” within the CCDRC, led by a ministerial-level official, directs the commission’s detailed work in each area. The CCDRC’s work on the economic system and ecological civilization has been prominent in advancing Xi’s agenda to enhance environmental protection, with several convenings over the last decade focused on environmental governance, environmental inspections, environmental monitoring, environmental compensation, environmental accountability for leading cadres, green development, green finance, green technology, ecological pilot zones, natural resource management, forest conservation, and national parks. Xi is the CCDRC Director, and the Premier, Chairman of the Chinese People’s Political Consultative Conference (CPPCC), and CCP Secretariat First Secretary have served as Deputy Directors. The CCDRC’s current membership is unclear, but it is thought to include around 20 deputy-national level leaders from the Politburo, State Council, and CPPCC.

The **National Leading Group on Climate Change, Energy Conservation, and Emissions Reduction (NLGCC)** is the main body under the State Council responsible for leading and coordinating the work of its constituent agencies on policies related to the subjects in its title. Its duties include formulating national climate change strategies and deliberating China’s positions on international climate change cooperation and negotiations. Founded in 2007, the Premier leads the NLGCC, and both the Executive Vice Premier (who is also a PSC member) and the Foreign Minister (who is also a State Councilor) serve as deputies. The typical inclusion of the Foreign Minister reflects the diplomatic importance of climate action, an area in which China hopes to be seen as a global leader and significant alignment but also potential leverage exists with the West. The group’s General Office was moved from the National Development and Reform Commission (NDRC) to the Ministry of Ecology and Environment’s Department of Climate Change in 2018. This move represented a bureaucratic boost for the latter ministry but, by removing the jurisdiction of the NDRC, arguably also represented a downgrading of the importance of decarbonization in China’s development planning. The NDRC’s Department of Resource Conservation and Environmental Protection still undertakes specific work related to energy conservation. Almost every State Council minister is a member of this leading small group, showing the importance of its work but also the coordination difficulties of getting it done.

The **National Greening Commission (NGC)** is a body under the State Council that is responsible for coordinating the promotion, organization, inspection, and commendation of the government’s long-running national volunteer tree-planting campaign and urban and rural reforestation nationwide. The Executive Vice Premier serves as the NGC Director, while several Deputy Director

roles are shared by Deputy Ministers and same-level representatives from the Beijing municipal government and Central Military Commission. Its General Office is co-located with the National Forestry and Grasslands Administration's Department of Environmental Protection and Restoration, which handles the NGC's day-to-day work.

The **National Energy Commission (NEC)** is the top agency under the State Council responsible for energy policy. It was founded in 2010, two years after the National Energy Administration (NEA) (please see below), to elevate the political profile of energy strategy and energy security within the Chinese government. The NEC is responsible for formulating energy development strategies, considering major energy security issues, and coordinating both domestic energy development and international energy cooperation. The NEC is a relatively powerful State Council body, as the Premier serves as Chairman, the Executive Vice Premier serves as Vice Chairman, and roughly half of all State Council ministers are members. Its General Office sits in the powerful NDRC, with the NDRC Chairman serving as Director and the NEA Director serving as Deputy Director.

The **National Development and Reform Commission (NDRC)** is arguably the most powerful ministerial-level constituent department of the State Council and plays a pivotal role in coordinating governance matters on both energy and the environment. Formerly the State Planning Commission and the State Development Planning Commission, the NDRC oversees China's economic development planning process, which at its highest level produces the national Five-Year Plan. The NDRC is the macro-level control department and has responsibility for formulating a broad range of economic and social policies, which often overlap with the mandates of other ministries and agencies. Most relevant to the environment is the NDRC's Department of Resource Conservation and Environmental Protection, which oversees policies related to green development, sustainable development, ecological development, and energy conservation. The National Energy Administration gives the NDRC influence in energy policy.

The **National Energy Administration (NEA)** is a deputy ministerial-level bureau under the State Council that is administered by the NDRC. It reports to both the NDRC and the higher-ranking NEC and is responsible for formulating and implementing laws, regulation, industry plans, reform plans, industrial policies, and standards for the energy industry, plus developing new energy sources and promoting energy conservation. Specific responsibilities include regulating the electric power market and making industrial policy and related standards for coal, oil, natural gas, nuclear power, new energy, renewable energy, energy refining, coal-based fuels, and fuel ethanol. In 2018, the NEA lost the responsibility for everyday management of energy reserves to another NDRC-administered deputy ministerial-level State Council bureau, the newly created National Food and Strategic Reserves Administration.

The **Ministry of Ecology and Environment (MEE)** is a ministerial-level constituent department of the State Council and China's main line agency focused on environmental protection, regulation, monitoring, and enforcement. Its responsibilities include pollution control, ecosystem conservation, environmental standards, environmental impact assessments, environmental inspections, international environmental cooperation, climate change, emissions reduction, and nuclear safety. Its remit includes air, atmosphere, water, sea, soil, noise, light, odor, chemicals, radiation, and solid waste. It has five regional centers in Chengdu, Guangzhou, Nanjing, Shenyang, and Xi'an that work on local environmental inspections and regulatory enforcement. The MEE was born in 2018 as a more powerful successor to the Ministry of Environmental Protection, which was elevated to a ministerial-level body in 2008 as the successor to the State Environmental Protection Administration (SEPA). The MEE acquired policy responsibilities and enforcement powers from several other ministries, including those related to climate change, emissions reduction, groundwater pollution, agricultural pollution, watershed environments, and marine environments. The MEE also provides the administrative home for China's ministerial-level Special Envoy for Climate Change Affairs (SECCA), who represents China in international climate change negotiations. The SECCA'S work is supported by an MEE Office of Climate Change Affairs that is led by an MEE deputy minister.

The **Ministry of Natural Resources (MNR)** is a ministerial-level constituent department of the State Council formed in March 2018 to succeed the Ministry of Land and Resources, State Oceanic Administration, and State Bureau of Surveying and Mapping. It is responsible for regulating, managing, surveying, registering, and exploiting China's land, minerals, forests, grasslands, wetlands, water, and oceans. Its duties also include ecological restoration, arable land protection, geological exploration, permits for undersea cables and pipelines, upholding national maritime rights and interests, urban and rural planning management, and the surveying and registration of water resources. The MNR administers the National Forestry and Grasslands Administration (NFGA), which also operates as the National Park Management Bureau, a deputy ministerial-level State Council body that is responsible for managing the country's forests, grasslands, wetlands, deserts, wildlife, ecological restoration, reforestation, and national parks.

The **Ministry of Water Resources (MWR)** is a ministerial-level constituent department of the State Council that is responsible for managing and regulating China's water. Its duties include water permits and fees, irrigation and drainage, water and soil conservation, water technology, hydrology, international water issues, flood control, and drought relief. In the 2018 party-state institutional reforms, the MWR transferred responsibility for water function zoning and watershed protection to the MEE but absorbed the ministerial-level offices of the Three Gorges Project Construction Committee and the State Council South-North Water Diversion Project Construction Committee. The MWR also directs river basin authorities for six major river systems, with the Yangtze River

Water Resources Commission and the Yellow River Water Resources Commission both enjoying deputy ministerial-level rank.

Legislative work related to energy and the environment is supervised and evaluated in the National People's Congress (NPC) by the ministerial-level **NPC Environmental Protection and Resources Conservation Committee (EPRCC)**, which has existed since 1993. United Front work related to energy and environmental issues in the CPPCC is overseen by the ministerial-level **CPPCC Population, Resources and Environment Committee (PREC)**, which conducts studies and consultations across Chinese society related to policy proposals in these areas. In January 2023, the CPPCC announced the addition of an Environment and Resources Group, which will guide the selection and policy work of CPPCC members on energy and environmental issues, the first new group since 1993.

The State Council's State-owned Assets Supervision and Administration Commission (SASAC) oversees dozens of state-owned enterprises that are key players in the Chinese energy industry, including the State Power Investment Corporation, China National Petroleum Corporation, China Petrochemical Corporation (Sinopec), China National Offshore Oil Corporation, State Grid Corporation of China (State Grid), China Southern Power Grid, China Huaneng Group, China Datang Group, China Huadian Corporation, China Three Gorges Corporation, China Energy Investment Corporation (China Energy), Harbin Electric Corporation, Dongfang Electric Corporation, China Resources, China Energy Conservation and Environmental Protection Group, China National Coal Group, China Coal Technology and Engineering Group, China Forestry Group, China National Administration of Coal Geology, China Energy Engineering Corporation, China General Nuclear Power Group, and China XD Group.

The environment is a policy area that is more open than most others to the participation and influence of nongovernmental organizations and public opinion. The government is also relatively open regarding information disclosure and public participation in environmental policies, such as for environmental quality, emissions data, and environmental impact assessments. Problems such as air pollution, soil pollution, and water pollution have an unusually visible and inescapable impact on the everyday quality of life enjoyed by Chinese citizens of all backgrounds. This eventually made it possible, following several major environmental disasters and protests from the 1990s to the 2010s, to unite broad social coalitions behind environmental action movements and generally rendered policy improvements a more appealing and less costly option for the government than repression. Still, the momentum of such movements has ebbed amid the more repressive political environment of the Xi era, and central policymakers have always called the shots about the pace and direction of China's energy transition.

## People

**Xi Jinping** (born June 1953) is the single most influential person in energy and environment policy by dint of his position as General Secretary of the Politburo and the PSC. **Li Qiang**, **Wang Huning**, and **Cai Qi** are also relatively influential PSC members in policymaking in these areas because of their deputy leadership positions on Xi's CCDRC. Li will lead the government's work to implement CCP directions on these policy areas as Director of the NEC and the SLSGACCECER. Li was a relatively pro-growth local leader, so he may be unlikely to prioritize environmental issues, especially while China's economy remains weak.

**Ding Xuexiang** (September 1962) is a PSC member who serves as Executive Vice Premier and has responsibility for the environment portfolio within the State Council. However, unlike his predecessor, Han Zheng, Ding Xuexiang does not appear to be on the CCDRC, limiting his influence on structural reforms designed to balance economic development with environmental protection. However, early signals indicate that he may play a more prominent role in climate diplomacy. His main avenue of influence on environmental policy will likely be as NGC Director, NEC Deputy Director, and SLSGACCECER Deputy Director. Ding is one of Xi's most trusted aides and a newcomer to the State Council and the more public political profile that its work entails, so he can be expected to hew closely to Xi's thinking (see "Top Leadership"). But his background as a technocrat, and his penchant for supporting other technocrats, may lead him to advocate for stronger environmental policies.

**Zheng Shanjie** (November 1961) is the Chairman of the NDRC. Hailing from Fujian Province, he studied chemical equipment corrosion at Nanjing Tech University. Zheng spent the first 15 years of his career at the Xiamen Cod Liver Oil Factory, where between 1982 and 1997 he rose from working in equipment maintenance to become a successful factory manager. He won promotion to district leadership roles in the city of Xiamen before serving as a top political secretary to the city leadership and as Director of the Xiamen municipal and then the Fujian provincial development and reform commission (DRC). Zheng was a factory employee in Xiamen while Xi was Deputy Mayor from 1985 to 1988 and a district-level official in Xiamen for most of Xi's tenure as Deputy Party Secretary of Fujian from 1995 to 2002, but Zheng's most important political connection is likely as a protégé of Xi confidant **He Lifeng**, who was his predecessor at the NDRC and is now a Vice Premier. Zheng's achievements at the Xiamen Cod Liver Oil Factory in the mid-1990s caught the attention of local authorities, and He Lifeng was a city official there from 1984 to 1995 and Deputy Mayor from 1992 to 1995. He's return to Xiamen as Party Secretary from 2005 to 2009 made him Zheng's superior when the latter was Xiamen DRC Director. He may also have used his position on the provincial party standing committee to help Zheng win promotion to the provincial DRC in 2008. Zheng enjoyed a rapid series of promotions after Xi came to power, winning a relatively late promotion to the deputy ministerial level as a Deputy Governor of Fujian in 2015

before becoming NEA Director, Deputy Director of the State Council Taiwan Affairs Office, Governor of Zhejiang, and Party Secretary of Anhui. He did all this without a seat on the CCP Central Committee, which he finally won at the 20th Party Congress before becoming NDRC Director as one of the few new State Council ministers appointed at the Two Sessions in March 2023. Zheng holds significant bureaucratic influence in the transformation of the party's direction on energy and the environment into specific policies, not just through his leadership of the NDRC but also through his role as Director of the NEC General Office. Moreover, while the CCDRC has not revealed its full membership for several years, Zheng or one of his deputies would be the likeliest candidates to lead its Special Group on the Economic System and Ecological Civilization.

**Zhang Jianhua** (September 1964) is Director of the NEA and a member of the CCP Leadership Group in the NDRC. He is a Shanghai native and a veteran of the state petrochemical industry, having worked his way up to Deputy Manager of the Shanghai Gaoqiao Petrochemical Company, Senior Vice President of Sinopec, and General Manager of the China National Petroleum Corporation. He left the last of those jobs to take on his current roles in November 2018. Zhang, along with Lu Xinshe and Che Jun, are the only officials on this list who are not members of the CCP Central Committee, indicating their relative distance from central decision-making power. Zhang's most influential role is as Deputy Director of the NEC General Office.

**Huang Runqiu** (August 1963) is the Minister of Ecology and Environment. He has the unusual distinction of not serving as Party Secretary of his ministry, because he is the only State Council minister who is not a member of the CCP (and only the third ever in the post-Mao era). Huang is a Vice Chairman of the Jiusan Society, one of eight satellite parties in the CCP's United Front architecture. He earned a doctorate in engineering geology at what is now Chengdu University of Technology, where he rose through the academic ranks, serving as Deputy President from 2001 to 2016 and leading the State Key Laboratory of Geohazard Prevention and Geo-environment Protection. He became a Deputy Minister in 2016 and was promoted to MEE Minister in 2021. Huang has been involved in Xi's push to make China a leader in biodiversity diplomacy, for example, by presiding over the 15th United Nations Biodiversity Conference in 2022, but his non-CCP status makes him a slightly less influential leader than he would be otherwise.

**Sun Jinlong** (January 1962) is the MEE Party Secretary and serves as an MEE Deputy Minister. He studied tunnel engineering in his native Hubei Province and then worked as a pit mining engineer for the mining bureau of the Liaoning provincial government, a role that won him recognition as a "national model worker" in September 1990. He then became an executive at the China Geo-Engineering Corporation before being catapulted into the senior leadership of the Communist Youth League (CYL), the factional base of Xi's predecessor Hu Jintao and First Premier Li Keqiang, where he worked closely with sidelined ex-Politburo member Hu Chunhua. He was promoted onto the Anhui party standing committee in 2003, but his career then stalled for several years. He

eventually served as Deputy Party Secretary of Anhui, Deputy Party Secretary of Hunan, and finally as the ministerial-level Party Secretary of the of the Xinjiang Production and Construction Corps from 2016 to 2020, when he won his current role. His party role technically makes him the most senior decision maker in the MEE bureaucracy, but his power is diluted by not also being minister, which is likely attributable to his association with the CYL.

**Liu Zhenmin** (August 1955) is China's Special Envoy for Climate Change Affairs. Liu is a career diplomat with a postgraduate law degree who rose through the ranks of the MOFA Department of Treaties and Laws, in between postings to the United Nations in New York (1984-1988 and 2006-2009) and in Geneva (1992-1995 and 2011-2014 as ambassador), before serving as a Deputy Minister of Foreign Affairs from 2013-2017. Prior to becoming China's climate change envoy in January 2024, Liu served as the Under-Secretary-General for the United Nations Department of Economic and Social Affairs in New York from 2017-2022. He replaced the retiring **Xie Zhenhua** (November 1949), who was the first Chinese Representative for Climate Change Negotiations from 2015-2019 and then the first Special Envoy for Climate Change Affairs from 2021-2024. Xie built a formidable network of bureaucratic allies at home and international interlocutors overseas (most notably **John Kerry** in the United States), and likely remains influential with the top leadership behind the scenes. Liu may struggle to exert as much influence as his predecessor on Chinese policymaking and international negotiations. **Su Wei** (December 1962) currently sits below Liu as the Chinese Representative for Climate Change Negotiations.

**Wang Guanghua** (January 1963) is the Minister of Natural Resources. A technocrat with a degree in economic geography from the prestigious Peking University, he has worked for virtually his entire career in the Ministry of Natural Resources and its predecessors, the State Land Administration and the Ministry of Land and Resources, with a focus on land management and property registration. That included a five-year stint leading the ministry's Land Inspection Bureau in Wuhan, where he overlapped with the tenure of Xi loyalist Li Hongzhong as Party Secretary of Hubei, the province where Wuhan is the capital city. Wang became Minister in June 2022, a promotion that reflects the seriousness of Xi's rising policy focus on conserving China's natural resources as a matter of national security, especially on energy security and preserving agricultural land for food security.

**Li Guoying** (December 1963) is the Minister of Water Resources. He is a technocrat who trained as a hydroelectric engineer. Li worked in the Ministry of Water Resources for most of his career, except for two years heading the local water department in Heilongjiang in 1999-2001, when current Vice Premier Liu Guozhong was a senior cadre in the provincial party bureaucracy, and a few years as a Deputy Party Secretary and Governor of Anhui Province before his appointment as Minister in February 2021. Li's appointment resonates with Xi's determination to conserve China's

rivers, especially the great Yellow River, which was a frequent focus of Li's during his career with the ministry.

**Lu Xinshe** (November 1956) is the Director of the NPC Environmental Protection and Resources Conservation Committee. Lu is a hydraulic engineer who worked in the land management bureaucracy for two decades before spending another decade as a Deputy Minister for Land Resources throughout the 2000s. He was then promoted to the provincial leadership ranks, serving as Deputy Party Secretary of Gansu, Governor and then Party Secretary of Jiangxi, and Party Secretary of Guangxi, before retiring from frontline leadership when he reached the ministerial-level retirement age of 65 in 2021. He served on the NPC Agriculture and Rural Affairs Committee before taking his current post after the Two Sessions in March 2023.

**Che Jun** (July 1955) is the Director of the CPPCC Population, Resources and Environment Committee. He does not bring any specific environmental policy experience to the role, having originally studied law and worked in local courts in his native Anhui before going into local government leadership in the province. He then served as Deputy Party Secretary of Hebei, where he took over the leadership of the provincial capital Shijiazhuang after the Sanlu Group, which was headquartered in the city, became embroiled in a fatal tainted milk scandal that received enormous domestic and international attention. Che was later promoted to Party Secretary of the Xinjiang Production and Construction Corps, and afterwards to Governor and then Party Secretary of Zhejiang, one of Xi's provincial power bases. He left the frontline leadership when he turned 65 in 2020 and spent three years with the NPC Supervisory and Judicial Affairs Committee before moving to his current role in March 2023.

## Policy

China has become an increasingly critical player in international efforts to combat climate change. Since 2006, China has been the world's single largest annual emitter of greenhouse gases, accounting for over a quarter of annual global emissions, although it is only slightly above the world average in per capita emissions. The country historically resisted global climate action, viewing climate change as an issue for rich countries that should not stymie the growth of poorer countries. China has long been a powerful advocate for the principle of "common but differentiated responsibilities" (CBDR) for developed and developing countries, and for developed countries to provide financial aid for the climate mitigation programs of developing countries. The shift by developed countries to a deal structure that effectively accommodated CBDR (without being as rigid as the old Kyoto Protocol) was an important factor in negotiating the 2015 United Nations Paris Agreement to limit global warming to well below two degrees Celsius and pursuing efforts to limit it to 1.5 degrees Celsius above pre-industrial levels.

Climate action is one of few remaining areas of constructive dialogue between the China and the United States in the new era of strategic competition. The two nations' cooperation is evidenced by the US-China Joint Glasgow Declaration on Enhancing Climate Action, which was signed at COP26 in November 2021. However, this cooperation it is still impacted by geopolitical tensions, as shown by Beijing's suspension of high-level climate talks after former US House Speaker Nancy Pelosi visited Taiwan in August 2022, before their reinstatement after a Biden-Xi meeting that November. China has also increasingly incorporated climate diplomacy into its relations with countries in the developing world.

Xi's second term brought several significant announcements about China's clean energy future. In September 2020, Xi announced new overarching climate goals for China to achieve peak carbon emissions before 2030 and to achieve carbon neutrality before 2060—relatively ambitious goals for a developing country that, if achieved, could lower the global temperature rise by 0.2 to 0.3 degrees Celsius. An implementation plan for these two carbon goals, released the following year (the core document of the so-called "1+N" system), elaborated that Beijing aimed to start reducing carbon dioxide emissions between 2025 and 2030 and to begin cutting aggregate energy consumption before 2035. In April 2021, Xi said that coal consumption in China would peak by 2025 and then begin falling in 2026, and he promised in September of that year that China would not build coal-fired power projects overseas.

China is the world's largest producer, consumer, and importer of coal, the burning of which to create electricity is a major source of the greenhouse gases that cause global warming. China still relies on coal for about 55 percent of its total energy consumption, although this figure is down from 70 percent in 2001. Xi has made some efforts to slow the pace of new coal power construction and champion the use of "clean coal," but local governments especially continue to view coal power as essential, and production continues to reach new heights. Xi has also strengthened China's push to become a leader in renewable energy. Massive government investments in renewables led to innovation and economies of scale that have pushed down the price of renewable energy around the world. The country is now the world's leading investor and leading producer of renewable energy by some margin, with the largest output of wind, solar, and hydro power.

Where once local officials were primarily incentivized to deliver economic growth, Xi has strengthened a push begun by his predecessor Hu Jintao to use environmental key performance indicators in cadre evaluations and has created a new system of central environmental inspections and punishments to add teeth to compliance efforts. He has also overseen the passage of several new laws to improve environmental protection, including landmark amendments to China's core Environmental Protection Law in 2014, which strengthened the enforcement powers of environmental regulators, introduced new incentives for local governments to balance economic

development with environmental protection, improved environmental information disclosure, and gave certain NGOs standing to file environmental public interest lawsuits. Other significant legislation includes amendments to the Water Pollution and Prevention Act in 2017, to toughen punishments and boost local government accountability; two sets of amendments to the Air Pollution Prevention and Control Law in 2015 and 2018, which mandated cleaner production processes for heavy-polluting industries; a new Soil Pollution Prevention and Control Law in 2018, which established liability policies for soil pollution; a wide-ranging Yangtze River Protection Law in 2020; and an analogous Yellow River Protection Law in 2022. China also launched a national intensity-based carbon trading scheme in 2021.

However, in recent years, rising economic and geopolitical concerns about energy supply have threatened to slow China's progress on climate action and environmental protection. Xi's nationalist politics, coupled with intensifying US-China competition, have led to the elevation of self-reliance in Chinese development planning. The 14th Five-Year Plan, published in March 2021, added a new category of key targets focused on "security guarantees," including a binding target to maintain domestic energy production capacity of at least 4.6 billion tons of standard coal equivalent (from any source). Then, during the second half of 2021, China experienced a series of major power cuts that disrupted industrial production because of a combination of coal shortages (due largely to poor forecasting and stockpiling by end users), higher than expected manufacturing demand, rigid pricing mechanisms, and (to a lesser extent) the government's emissions reduction mandates. Russia's invasion of Ukraine in February 2022 was also a major shock to global energy markets, and the West's response with severe sanctions was surprising to the Chinese leadership. These developments fed into a noticeable cooldown in Xi's willingness to prioritize environmental progress over energy security.

Xi's recent authoritative statements have sent mixed messages about the relative importance of climate action and environmental protection compared with other policy priorities. On the one hand, a key characteristic of Xi's push for "Chinese-style modernization," an underlying theme of his report to the 20th Party Congress, is "modernization where people and nature live in harmony." The report also enshrined China's dual carbon goals and the accelerated construction of new energy systems. On the other hand, Xi's report introduced "energy security," a concept that prioritizes regular energy supplies over clean energy supplies, as one of top "major difficulties and challenges that the CCP must address," where it had been absent from the same section of the 19th Party Congress report. Meanwhile, he downgraded "environmental protection" from near the top of this list in 2017 to near the bottom in 2022. He also slightly demoted the priority of "enhancing green production and lifestyles" in China's overall development goals for 2035 in his 20th Party Congress report compared with the 14th Five-Year Plan that was released 18 months earlier.

Xi's report suggests the overall balance of priorities between environmental protection and energy security has shifted toward the latter. Xi said that China would pursue an "incremental and orderly" path toward a low-carbon future, but he emphasized that the country must guarantee its energy security before replacing fossil fuels with clean energy. This more cautious approach could mean slower progress toward Xi's ambitious goals to reduce carbon emissions and phase out coal power, which would also bring more negative consequences for China's environmental and social stability. Xi pledged to maintain China's "active participation in global climate change governance," but his energy security policies could slow international climate negotiations and exacerbate US-China tensions. China will also look to pursue long-term ownership or supply contracts for foreign energy supplies more aggressively, Especially as it looks to make up for lack of domestic oil and gas reserves.