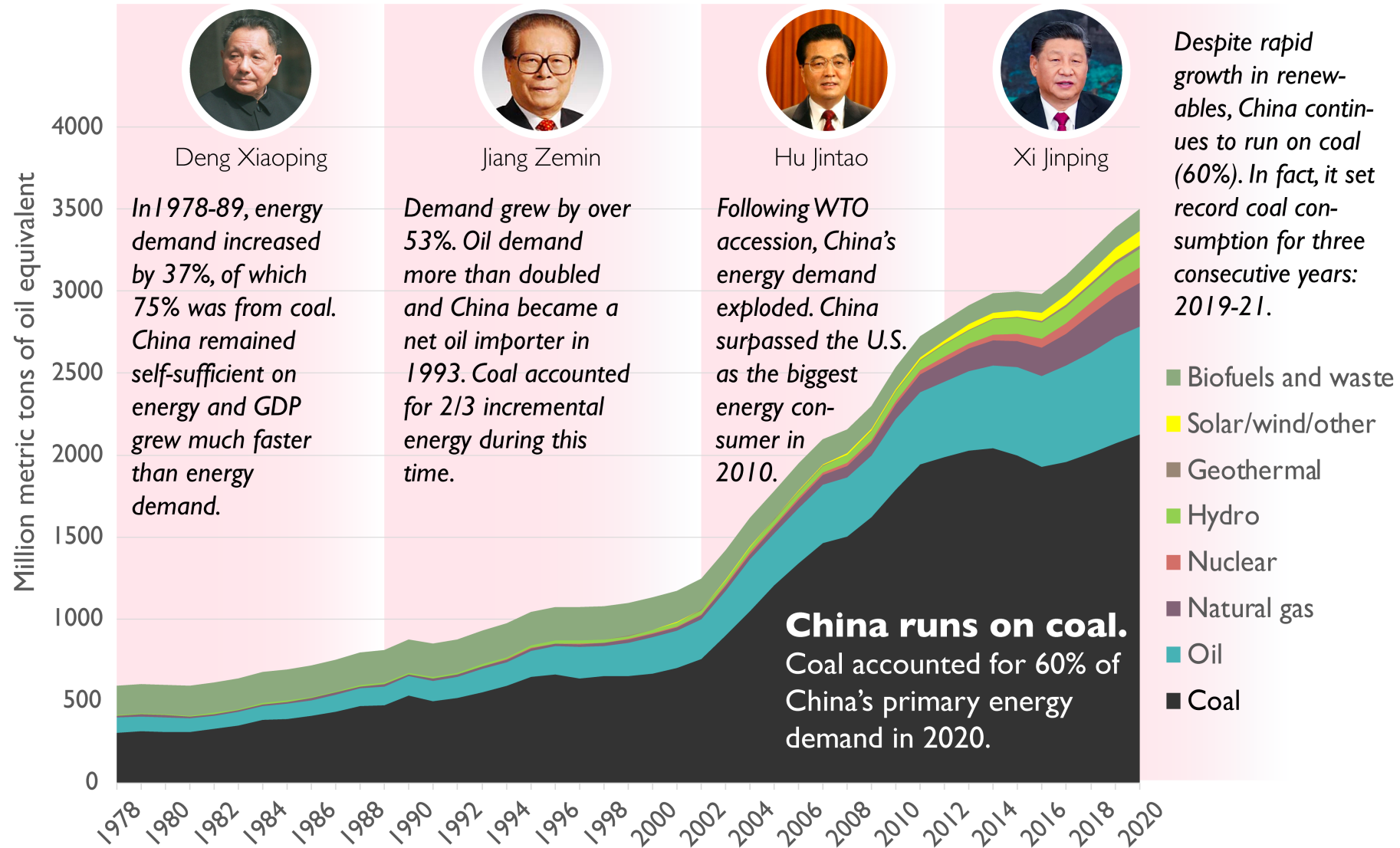
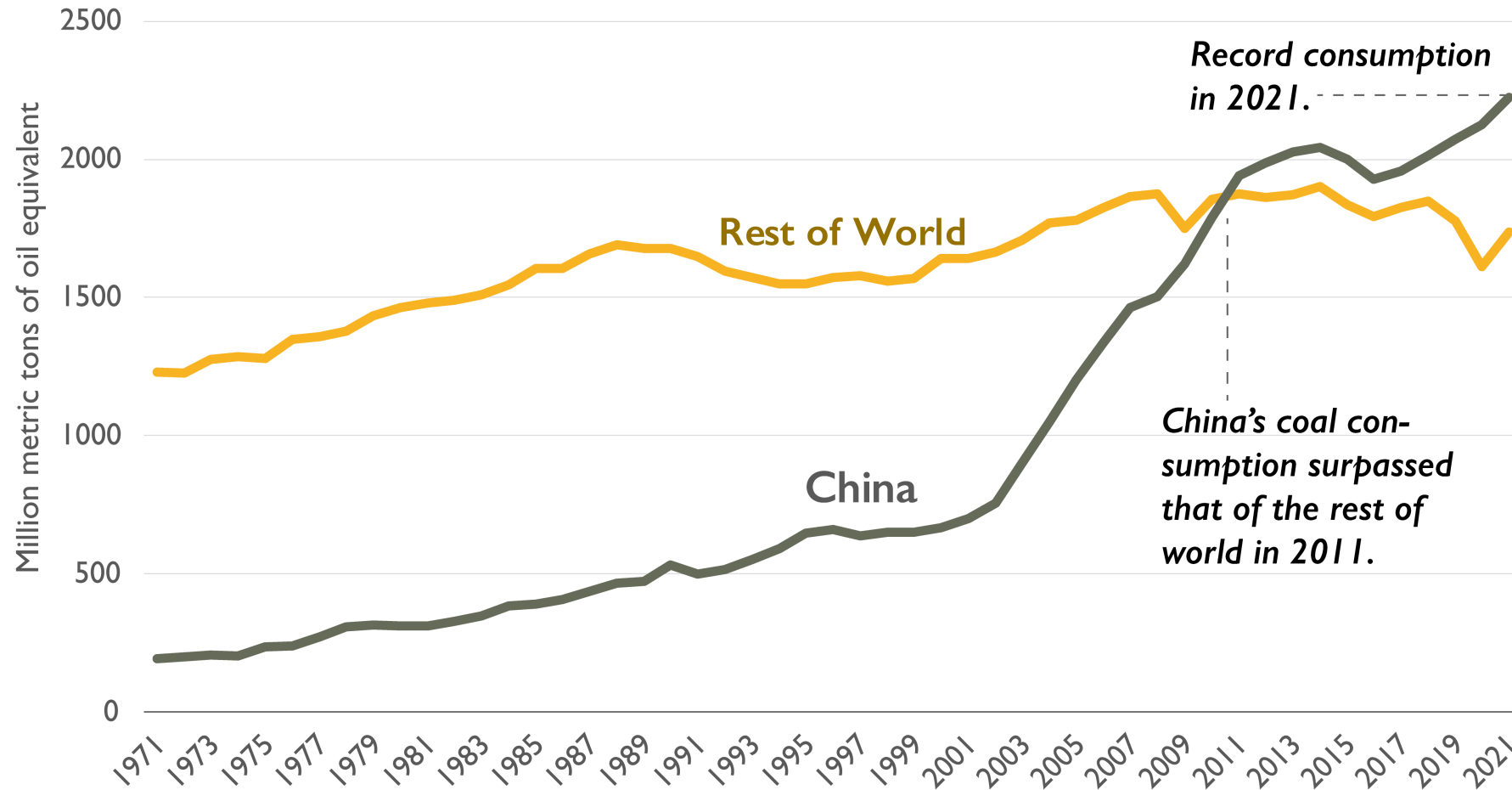


China's Primary Energy Demand: From Deng to Xi



Source: Batt Odgerel, EPRINC analysis, historical data from IEA WEB

Coal Consumption: China vs. World



Source: Batt Odgerel, EPRINC analysis, historical data from IEA WEB



- Thanks to cheap and abundant coal resources, China has witnessed rapid economic growth under different leaderships in the past 40 years. Under Jiang Zemin and his premier Zhu Rongji, China successfully bid for WTO accession, which helped boost energy demand in the years that followed.
- Hu Jintao oversaw the unprecedented growth in demand on the back of coal burning, but his administration's policy largely failed to put a check on the growing energy intensity as energy demand grew faster than GDP.
- Under Xi Jinping, the shares of alternative energy sources grew significantly from their small base, and carbon peaking and carbon neutrality targets have been announced. Nevertheless, China continues burning more coal and building more coal power plants.
- Despite China's carbon neutrality target by 2060, the country will continue to run on coal in the years to come due to the considerations of energy security and industrial competitiveness.
- According to IEA data, China hit record levels of coal consumption for three consecutive years from 2019 to 2022. In 2021, China started the construction of 33 GW of coal power plants, the most new coal-fired power capacity China added since 2016 (CREA).
- Relatedly, China is the largest producer and consumer of EVs (electric vehicles). The electricity that is used to charge China's EVs will be primarily from coal-powered generation. Any pledges and efforts to lower CO2 emissions from China's transport sector will effectively be cancelled by the electricity with which they charge these EVs.