

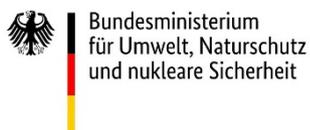
# Carbon Neutrality

**Towards zero emissions**  
**Overview on China's climate pathway**  
**and implications to the transport sector**

Implemented by

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## **Address**

Tayuan Diplomatic Office Building 2-5  
14 Liangmahe South Street, Chaoyang District  
100600, Beijing, PR China  
T +86-(0)10-8527 5589  
F +86-(0)10-8527 5591

E [transition-china@giz.de](mailto:transition-china@giz.de)  
I [www.mobility.transition-china.org](http://www.mobility.transition-china.org)

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## **Responsible**

Sebastian Ibold (GIZ)

E [transition-china@giz.de](mailto:transition-china@giz.de)  
I [www.mobility.transition-china.org](http://www.mobility.transition-china.org)

## **Author**

Sebastian Ibold, Yun Xia

## **Layout**

Xin Hu, Lang Liu

## **Photo credits**

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Beijing, 2021

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Since the announcement of China's 2030 carbon dioxide emission peaking and 2060 carbon neutrality targets end of 2020, the debate on how to decarbonize transport is heating up among experts in the field of policy making, academia, and the transport industry. With increasing motorization and both passenger and freight transport demand still growing, the sector is a hard nut to crack from a climate action perspective. A wide range of technologies is already on the table, with clean energy-based electric mobility being among the most promising solutions for bringing down emissions in road transport and digitalisation offering pathways to increased traffic efficiency. But in particular, the pathway towards zero-carbon freight, aviation, and maritime transport poses big challenges. In order to align the Chinese transport sector development with the 2030 and 2060 targets, clear strategies and action plans are needed and ambitious measures must be implemented now. This does not only include the adoption of innovative technology, but also the accelerated shift to climate-friendly transport modes, as well as a stronger focus on avoiding trips through holistic urban and transport development strategies.

At the same time, it must be ensured that the needed transformation of the transport sector will be implemented in a way that no one is left behind and that this transformation is fully socially and economically sustainable.

In particular, international cooperation, experience exchange, and in-depth dialogues can positively contribute to the sustainable and climate-friendly development of the transport sector in China and beyond.

This paper has the aim to provide an overview of China's climate protection pathway with regards to the role of the transport sector in achieving carbon dioxide emission peaking by 2030 and carbon neutrality by 2060. The paper further aims at fostering debates on the policies, technologies, measures, and partnerships needed to achieve those targets. The paper does not claim to be exhaustive and only lists a few selected approaches and measures that can contribute to achieving the set climate goals.

## Background

Over the past decades, the *People's Republic of China* (PRC) underwent a rapid and holistic socio-economic transformation. This transformation came along with the development of new industries, cities, and infrastructures, as well as the eradication of absolute poverty <sup>1</sup>. In particular, urbanisation plays a key role in China's development. In the last 20 years alone, China's urban population grew by about 390 million people, reaching a degree of urbanisation of 60.6% at the end of

2019. In the same period, China's gross domestic product (GDP) grew from EUR 1 trillion to EUR 13.1 trillion. But urbanisation has not come to an end yet. According to the 14<sup>th</sup> *Five-Year Plan* (2021-2025) <sup>2</sup> draft, which was approved during the *Two Sessions* (两会) <sup>3</sup> in March 2021, the target of a degree of urbanization of 65% was set for the end of 2025. This means that in the next five years alone, another 69 million people will become urban residents (see *Figure 1*).

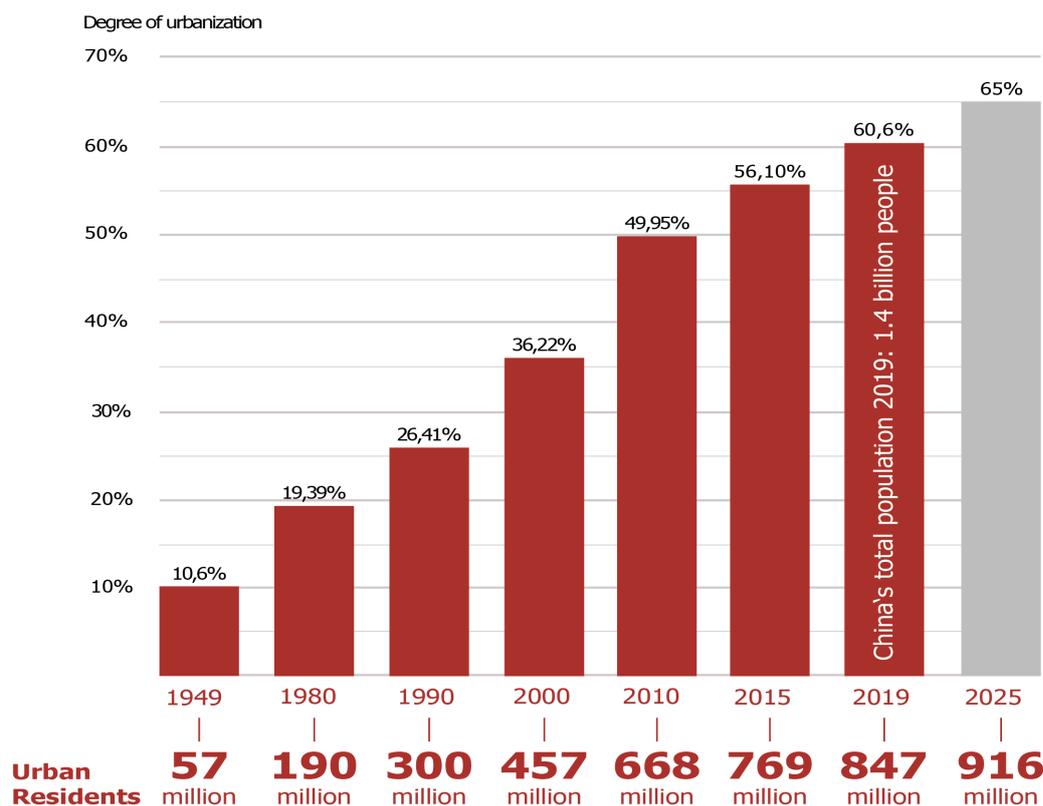


Figure 1. Development of China's urban population, Source: GIZ

<sup>1</sup> [http://english.www.gov.cn/archive/statistics/202102/26/content\\_WS603858f0c6d0719374af99ab.html](http://english.www.gov.cn/archive/statistics/202102/26/content_WS603858f0c6d0719374af99ab.html)

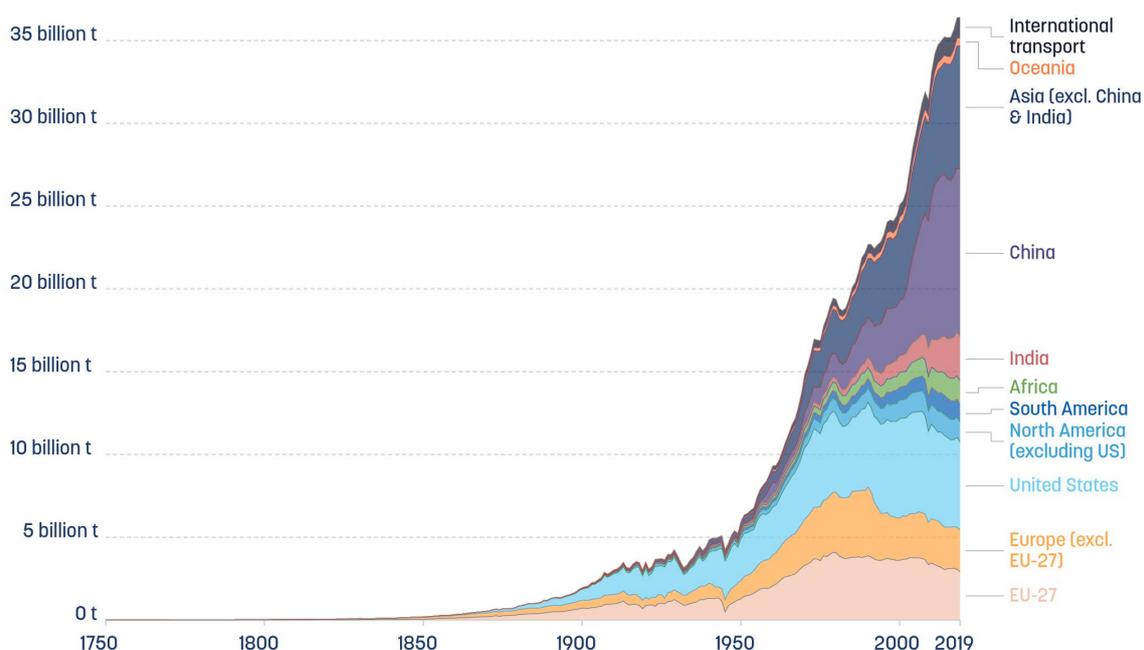
<sup>2</sup> Outline for the 14th Five-Year Plan and long-range objectives 2035

<sup>3</sup> Annual plenary sessions of China's *National People's Congress* NPC and the *Chinese People's National Consultative Conference* CPPCC

## Overview on China's climate protection pathway

Along with economic growth and urbanisation came environmental problems and high carbon emissions. Today, China is the world's largest emitter of Greenhouse Gases (GHG) with 10.5 Gt of CO<sub>2</sub> (2018), accounting for about a third of global emissions (see *Figure 2*)<sup>4</sup>. Climate change is a key challenge for China because a large part of its population is concentrated along the coastline, which

is threatened by rising sea levels and potential risks for harvest and food security caused by extreme weather. The climate risks are increasingly pushing China on to a more sustainable and low carbon development pathway, which is shaped not only by continuing urbanisation, the need for balanced urban-rural development, and an aging population, but also by the political goal to build a "Beautiful China"<sup>5</sup> by the middle of the 21<sup>st</sup> century.



Note: This measures CO<sub>2</sub> emissions from fossil fuels and cement production only—land use change is not included. 'Statistical differences' (included in the GCP dataset) are not included here.

Source: Our World in Data based on the Global Carbon Project

*Figure 2. Annual total CO<sub>2</sub> emissions, by world region, Source: Our World in Data based on the Global Carbon Project*

<sup>4</sup>China Academy of Transportation Sciences (CATS)

<sup>5</sup> The Communist Party of China (CPC) has incorporated the idea of a "Beautiful China" into its "two-stage development plan". In the first stage from 2020 to 2035, China aims at basically realizing "socialist modernization".

In the second stage from 2035 to the middle of the 21<sup>st</sup> century, China aims at building a "great modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious, and beautiful".

Lately, since its *12<sup>th</sup> Five-Year Plan* (FYP) (2010-2015), China has set the direction for its pathway towards green and low carbon development<sup>6</sup>. On that pathway, the year 2020 was an important milestone, particularly for the calibration of China's climate protection roadmap (see *Figure 3*, Step 3). On Tuesday, September 22, 2020, during his speech at the *General Debate of the 75th session of the UN General Assembly*, Chinese president Xi Jinping announced that China aims to peak its CO<sub>2</sub> emissions before the year 2030 and achieve carbon neutrality by 2060. On December 12, 2020, at the 2020 Climate Ambition Summit, Mr. Xi further

announced that China will lower its CO<sub>2</sub> emissions per unit of GDP by over 65% from the 2005 level, increase the share of non-fossil fuels in primary energy consumption to around 25%, increase the forest stock volume by 6 billion cubic meters from the 2005 level, and bring the total installed capacity of wind and solar power to over 1.2 billion kilowatts. These targets are an increased ambition compared to China's *Nationally Determined Contributions* (NDCs) submitted to the *United Nations Framework Convention on Climate Change* (UNFCCC) on June 30, 2015<sup>7</sup>.

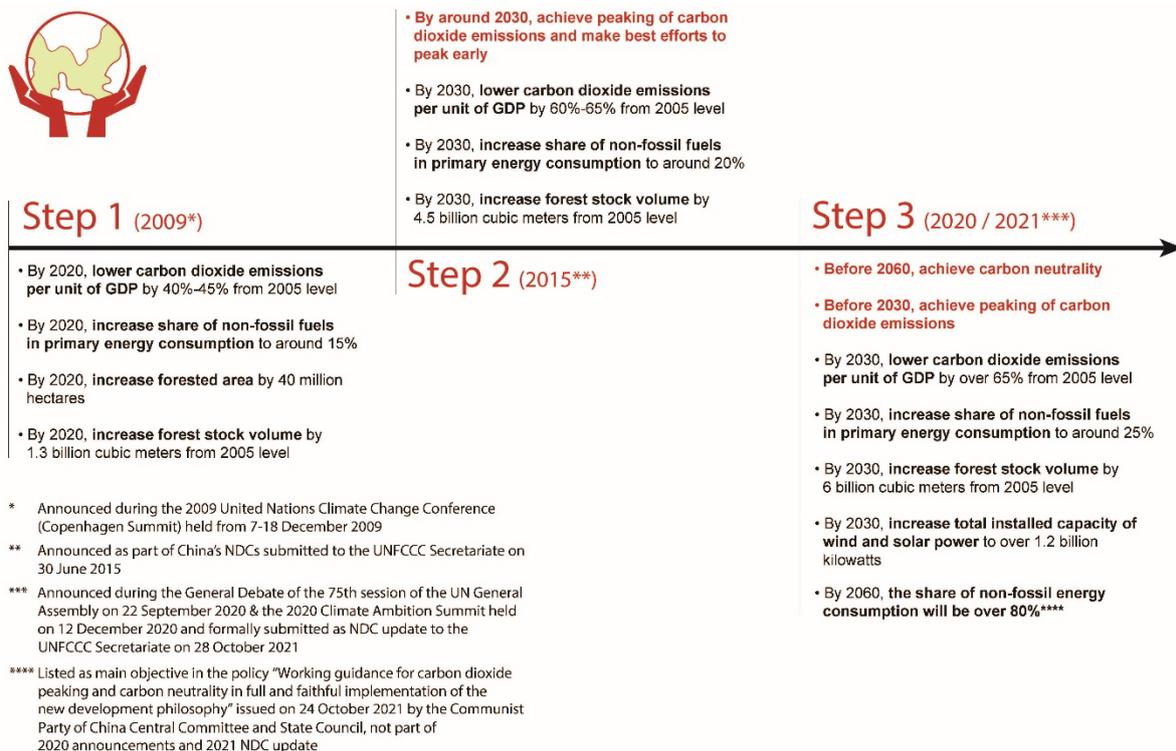


Figure 3. China's climate protection roadmap (selection), Source: GIZ

<sup>6</sup> At the Copenhagen Summit in 2009, China put forward the target of a 40%-45% reduction in CO<sub>2</sub> emissions per unit of GDP by 2020 compared to 2005, and in the subsequent *12th Five-Year Plan*, the emission reduction target of 17% reduction in CO<sub>2</sub> emissions per unit of GDP by 2015 compared to 2010 was included as a binding target for the first time.

<sup>7</sup> In its 2015 NDCs, China pledged to "peak CO<sub>2</sub> emissions around the year 2030 while making best efforts to peak earlier". <https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/China%20First/China's%20First%20NDC%20Submission.pdf>

The new 2030 and 2060 goals were submitted as updated NDCs to the UNFCCC on September 28, 2021, three days ahead of *26th UN Climate Change Conference of Parties (COP26)*.<sup>8</sup> While a 2030 CO<sub>2</sub> emission peaking target (by around 2030, achieve peaking of carbon dioxide emissions and make best efforts to peak early) was already part of China's 2015 NDC to the *Paris Agreement*, on September 22, 2020, it was the first time that China announced a carbon neutrality target. With the made pledge, China joins a group of 137 countries that have, by today, committed to

carbon neutrality<sup>9</sup> (see *Figure 4*). Besides its deep impact on the global climate protection agenda, the announcement also has far-reaching impacts on China's domestic policy making in the coming decades. To put the 2060 carbon neutrality announcement into perspective: for China to reach climate neutrality would mean it has to phase out the conventional use of coal, oil, and gas by 2060. This will require no less than the complete transformation of the country's socio-economic structure, and thus deep and ambitious reforms in all sectors.

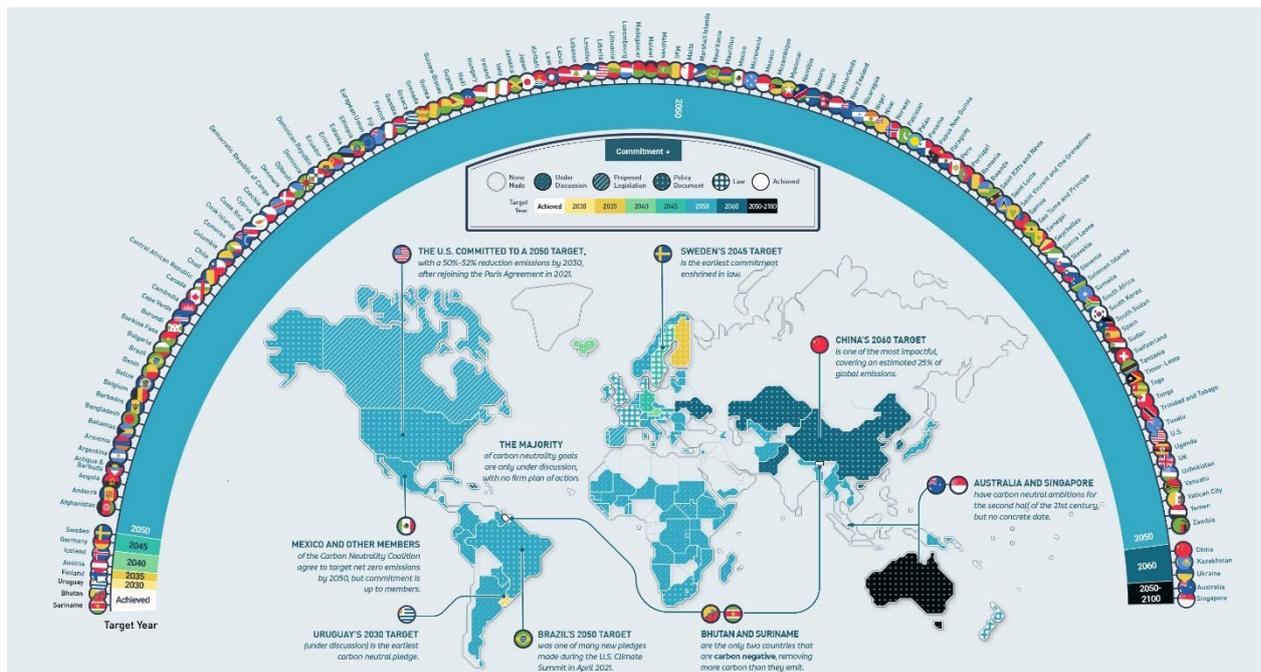


Figure 4. Carbon Neutral Goals, Source: Visual Capitalist

<sup>8</sup> <https://www4.unfccc.int/sites/NDCStaging/pages/Party.aspx?party=CHN>

<sup>9</sup> <https://www.visualcapitalist.com/race-to-net-zero-carbon-neutral-goals-by-country/>

Along with the announcement came first calls for action. On September 27, 2020, one of China's top climate research institutes, the *Tsinghua University's Institute of Energy, Environment and Economy*, presented a EUR 12.7 trillion, 30-year roadmap, calling for ending the use of coal for electricity generation around 2050, drastically increasing nuclear and renewable power generation, and relying on electricity for 80% of China's energy consumption by 2060.<sup>10</sup>

If China wants to deliver on its pledges to peak CO<sub>2</sub> emissions before 2030 and achieve carbon neutrality by 2060, ambitious and binding goals have to be set for every sector, and effective policies, roadmaps, and measures have to be implemented accordingly.

This is particularly true for the 14<sup>th</sup> FYP (2021-2025) and 15<sup>th</sup> FYP periods (2026-2030), which are key to steer China's development direction towards achieving high-quality 2030 peaking (peaking on a low level) as a foundation for achieving carbon neutrality only 30 years later by 2060. In the Outline for the *14th Five-Year Plan and Long Range Objectives Through 2035*, various targets shaping the climate protection roadmap are set, including a binding 18% CO<sub>2</sub> intensity reduction target (CO<sub>2</sub> emissions per unit of GDP), a binding 13.5% energy intensity reduction target (energy consumption

per unit of GDP) from 2021 to 2025, as well as the aim to increase the share of non-fossil energy in total energy consumption to 20% (set goal in 2009 for 2020 was around 15%, reported share in 2020 was 15.8%). The plan outline does not include a specific GDP growth target for 2025 (a target of over 6% for 2021 was set in the *Report On The Work Of The Government* presented by Premier Li Keqiang during the *Two Sessions*<sup>11</sup>) or a CO<sub>2</sub> emission or coal cap.<sup>12</sup>

In order to align the set 2030 and 2060 climate targets and respective implementation direction with the overall requirements on China's socio-economic development as well as with the development direction of individual sectors, the *1+N policy system for CO<sub>2</sub> peaking and carbon neutrality* (see *Figure 5*) is currently being developed by the *National Development and Reform Commission* (NDRC) in coordination with various other ministries and institutions. In the *1+N policy system for CO<sub>2</sub> peaking and carbon neutrality* "1" stands for 2030 CO<sub>2</sub> peaking and 2060 carbon neutrality guidance and "N" stands for *Action Plan for Carbon Dioxide Peaking before 2030* and relevant policies and action plans for key areas and sectors including energy, industry and transport sectors, circular economy among others.

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<sup>10</sup> <https://www.japantimes.co.jp/news/2020/09/29/asia-pacific/science-health-asia-pacific/china-climate-change-road-map-2060/>

<sup>11</sup> <http://www.npc.gov.cn/englishnpc/c23934/202103/ed3ca743486b43acabbdce4323466937/files/a54ecbc67f2c4ef78b8fc12c5717e85b.pdf>

<sup>12</sup> A detailed briefing by CarbonBrief on what the 14<sup>th</sup> FYP means for climate change can be found here: <https://www.carbonbrief.org/qa-what-does-chinas-14th-five-year-plan-mean-for-climate-change>

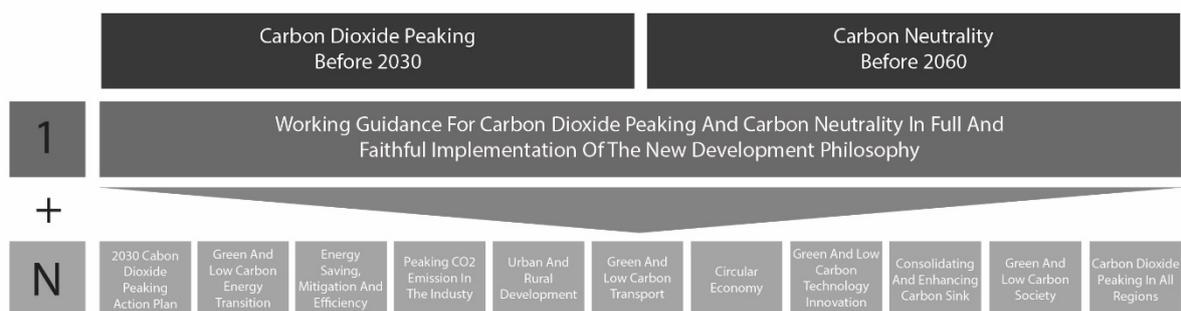


Figure 5. “1+N” policy system for CO<sub>2</sub> peaking and carbon neutrality; Source: GIZ

As the first policy -the “1”- of the 1+N policy system for CO<sub>2</sub> peaking and carbon neutrality, on October 24, 2021, the *Working guidance for carbon dioxide peaking and carbon neutrality in full and faithful implementation of the new development philosophy*<sup>13</sup> was released by *Central Committee of the Communist Party of China (CPC)* and the *State Council of the People’s Republic of China*. The policy can be understood as the top-level green and low carbon transition guidance for China’s national and international development strategy. The policy aims to align the set 2030 and 2060 climate targets and respective implementation direction with the overall requirements on China’s socio-economic development as well as with the development direction of individual sectors (including transport), technology roadmaps, standards, laws and regulations, and policy and implementation mechanisms.

The policy sets the following main objectives:

1. by 2025, in line with the targets outlined in the 14<sup>th</sup> FYP and updated NDCs, China will have created an initial framework for a green, low-carbon and circular economy and greatly improved the energy efficiency of key industries, laying a solid foundation for carbon dioxide peaking and carbon neutrality.
2. by 2030, China will see significant accomplishments from the comprehensive green transformation in economic and social development, with energy efficiency in key energy-consuming industries reaching advanced international levels and that CO<sub>2</sub> emissions will reach peak and stabilization and then decline.
3. by 2060, China will be carbon neutral, and it will have achieved fruitful results in ecological civilization and reached a new level

<sup>13</sup>[https://en.ndrc.gov.cn/policies/202110/t20211024\\_1300725.html](https://en.ndrc.gov.cn/policies/202110/t20211024_1300725.html)

of harmony between humanity and nature. By then, the country will have fully established a green, low-carbon and circular economy and a clean, low-carbon, safe and efficient energy system with energy efficiency being at the advanced international level, and the share of non-fossil energy consumption being over 80%.

The policy highlights that the achievement of the 2030 and 2060 goals should be incorporated into the medium- and long-term plans for economic and social development and must be balanced with the overall economic and social development requirements including energy, industrial chain and supply chain and food security as well as “normal daily life”.

Under the guidance of the “1” policy, subsequently the *Action Plan for Carbon Dioxide Peaking before 2030*<sup>14</sup>, was released as one “N” by the *State Council of the People’s Republic of China* on 26 October, 2021. Other relevant “N” policies and action plans for key areas and sectors (including transport) will be released in the coming months as parts of the comprehensive

*1+N policy system for CO<sub>2</sub> peaking and carbon neutrality.*

In order to ensure the alignment of the 2030 and 2060 targets with the requirements for socio-economic development and reinforce overall climate work coordination, a top-level *leading group on carbon peaking and carbon neutrality* has been established by the central government comprising leaders of national ministries and agencies.<sup>15</sup> The office of the leading group is set within the NDRC. The first plenary meeting of the group, presided by Vice-Premier Han Zheng, took place on May 26 in Beijing (see *Figure 6*). Mr. Zheng highlighted that efforts should be made to guide and supervise local governments and key areas, industries, and enterprises in scientifically setting goals and formulating action plans and targeted and operable policy measures are needed to optimize the industrial structure, promote the adjustment of the energy structure and support research and development of green and low-carbon technologies. Mr. Zheng further highlighted the responsibilities of local authorities and the leading role of State-owned

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<sup>14</sup> [https://en.ndrc.gov.cn/policies/202110/t20211027\\_1301020.html](https://en.ndrc.gov.cn/policies/202110/t20211027_1301020.html)

<sup>15</sup> <https://www.carbonbrief.org/explainer-china-creates-new-leaders-group-to-help-deliver-its-climate-goals>. The meeting was attended by four other top-level officials including Vice-Premier Liu He, State Councilor Wang Yong, State Councilor Wang Yi and director of the National Development and Reform Commission NDRC He Lifeng.

According to CarbonBrief, also Minister of Finance Liu Kun, Minister of Science and Technology Wang Zhigang, Minister of Ecology and Environment Huang Runqiu, governor of China’s central bank Yi Gang, China’s special envoy for climate Xie Zhenhua, director of the National Bureau of Statistics Ning Jizhe participated in the plenary meeting.

enterprises (SOEs) in achieving the 2030 CO<sub>2</sub> emission peaking goal.<sup>16</sup>

The establishment of the leading group, which functions as the top-level coordinating and steering political body overseeing China's climate roadmap development and implementation, reinforces that the 2030 and 2060 targets are of highest priority for the central government and that they must be achieved as an integral part of the overall modernisation and socio-economic transformation towards the establishment of a "Beautiful China" by mid-century as outlined above. Also, provinces, autonomous regions and municipalities successively established *leading groups on carbon peaking and carbon neutrality* to

reinforce coordination and the implementation of the set 2030 and 2060 climate targets (e. g. formulation of plans, schemes, or opinions to implement provincial carbon emissions control targets and tasks of controlling GHG emissions).

Further, China has set up a carbon emission statistical accounting working group, which is jointly led by the NDRC and the *National Bureau of Statistics*. The group's purpose is the acceleration of the establishment of a unified and standardized carbon emission statistical accounting system as well as the coordination of carbon emission statistical and accounting work across different regions and industries.<sup>17</sup>

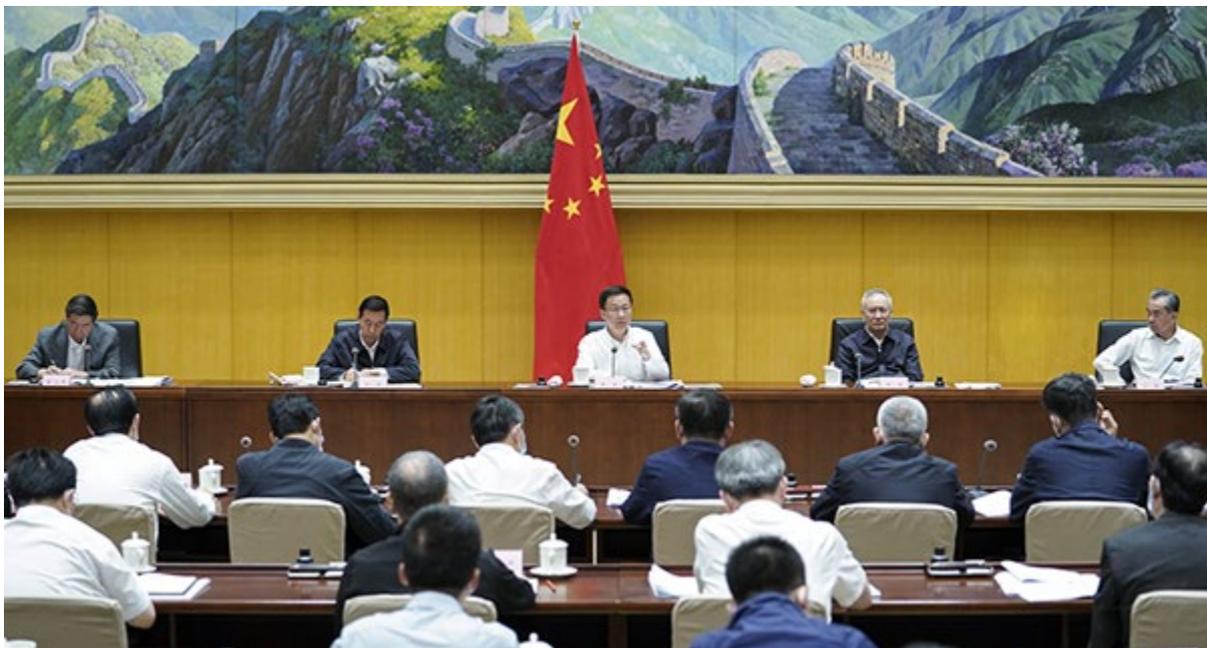


Figure 6. Plenary meeting of the leading group on carbon peak and carbon neutrality, Source: State Council of the People's Republic of China

<sup>16</sup> [http://english.www.gov.cn/statecouncil/hanzheng/202105/27/content\\_WS60af990bc6d0df57f98da4d7.html](http://english.www.gov.cn/statecouncil/hanzheng/202105/27/content_WS60af990bc6d0df57f98da4d7.html)

<sup>17</sup> <https://www.chinadaily.com.cn/a/202108/31/WS612e15eda310efa1bd66c648.html>

## Status quo of China's transport sector development

The transport sector is a key to reach the 2030 and 2060 goals. China's transport CO<sub>2</sub> emissions, with an average annual growth rate of 5.4%, increased from 505 million tons in 2005 to 1.11 billion tons in 2019, accounting for about 10.7% of the country's total CO<sub>2</sub> emissions (8.1% in 2005). Of those emissions, freight transport accounts for a share of 65.8%, and road-transport accounts for a share of 76.7% (2019).<sup>18</sup> It is expected that due to further increasing motorisation<sup>19</sup> and transport volumes in both passenger and freight transport, the transport sector is likely the only sector in China that will not peak CO<sub>2</sub> emissions by 2030<sup>20</sup>. This means that the ambitions to decarbonise transport and the respective set policies and measures need to be fundamental and much more ambitious if the 2060 target shall be achieved. This includes the sustainable steering of future transport demand, the promotion of low carbon transport modes, and the adoption of low carbon technology among others. At the same time, it must be ensured that the holistic transformation of the transport sector will be implemented in a way that no one is left behind and that this transformation is economically sustainable.

To better understand the future orientation of the transport sector in China, it is important to first look into the past.

Along with the rapid economic growth and urbanisation of the last decades came the large-scale expansion of the country's transport infrastructure and the rapid increase of both passenger and freight transport volumes. The number of civil airports increased from 138 in 2012 to 238 by the end of 2019, and the share of total passenger transport by air increased from 0.8% in 2012 to 3.7% in 2019. By the end of 2019, China's high-speed rail (HSR) network length totaled 35,000 km compared to 10,000 km in 2012, the share of HSR in total rail passenger transport rose from 4.5% in 2007 to 65.4% in 2019, while the proportion of total passenger transport by railway increased from 5% in 2012 to 20.8% in 2019. The urban rail passenger volume grew from 8.73 billion trips in 2012 to 23.88 billion trips by the end of 2019, and a total of 40 cities had opened urban rail transit lines, with 6,172 km of total track length in the same year. More than 70 cities have released administrative measures to regulate bike-sharing, and more than 360 cities provide bike-sharing services. Fueled by digitalisation and e-commerce,

<sup>18</sup> Source: China Academy of Transportation Sciences (CATS)

<sup>19</sup> Currently, motorisation rate in China is relatively low (211,8 passenger cars/1,000 capita in 2021). If China would reach the motorization rate of Germany (about 579

passenger cars/1,000 capita), another 515 million cars would hit the roads.

<sup>20</sup> World Energy Outlook 2017, IEA

express delivery volumes soared. While the total number of delivered parcels was 5.69 billion in 2012, this number increased to 63.52 billion by the end of 2019, an increase by a factor of 11 (see *Table 1*).

With accelerating digitalisation and the emergence of new industries and technology, China has become an important global player in fields such as electric mobility, battery and energy

storage technology, shared mobility, and smart and Big Data-based traffic management systems. In order to modernise and transform its transport sector, China has implemented various programs, plans, and policies to guide short-, medium-, and long-term development. Specific development targets for short-term development are set in China's FYPs (see *Table 2*).

Year	2012	2019	Factor
<b>High-Speed Rail (HSR) network length</b>	10,000 km	35,000 km	3.5
<b>Expressway network length</b>	96,000 km	150,000 km	1.56
<b>Navigable inland waterway</b>	125,000 km	127,000 km	1.01
<b>Civil airports</b>	138	238	1.72
<b>Urban rail passenger volume</b>	8.73 billion trips	23.88 billion trips	2.73
<b>Rail freight volume</b>	3.9 billion tonnes	4.39 billion tonnes	1.12
<b>Postal and express delivery services network length</b>	10.92 million km	40.86 million km	3.74
<b>Express delivery volume</b>	5.69 billion parcels	63.52 billion parcels	11

*Table 1. Development of China's transport infrastructure 2012 to 2019, selected numbers, Source: White Paper Sustainable Development of Transport in China*

Target	11 <sup>th</sup> FYP (2006-2010)	Status 2010	12 <sup>th</sup> FYP (2011-2015)	Status 2015	13 <sup>th</sup> FYP (2016-2020)	Status 2019	14 <sup>th</sup> FYP (2021-2025)
Grade of urbanisation	47%	<b>47.5%</b>	51.5%	<b>56.1%</b>	60%	<b>60.6%</b>	65%
Reduction in energy consumption per unit of GDP	20%	<b>19.1%</b>	16%	<b>18.2%</b>	15%	<b>13.2%</b>	13.5%
Reduction in CO <sub>2</sub> emissions per unit of GDP	-	-	17%	<b>20%</b>	18%	<b>18.2%</b>	18%
Share of non-fossil fuels in primary energy	-	<b>8.6%</b>	11.4%	<b>12%</b>	15%	<b>15.3%</b>	20%
Railway network length	90,000 km	<b>91,000 km</b>	120,000 km	<b>121,000 km</b>	150,000 km	<b>139,000 km</b>	170,000 km <sup>21</sup>
High-Speed Rail network length	-	<b>8,358 km</b>	-	<b>19,000 km</b>	30,000 km	<b>35,000 km</b>	50,000 km <sup>22</sup>
Highway network length	2.3 million km	<b>4 million km</b>	4.5 million km	<b>4.58 million km</b>	5 million km	<b>5.01 million km</b>	-
Civil airports	190	<b>175</b>	230	<b>207</b>	260	<b>238</b>	268+
% villages with access to paved roads	-	<b>81.7%</b>	90%	<b>94.5%</b>	99%	<b>100%</b>	-

Table 2. Comparison of selected transport development targets in the 11<sup>th</sup>, 12<sup>th</sup>, 13<sup>th</sup>, and 14<sup>th</sup> Five-Year Plan, Source: GIZ

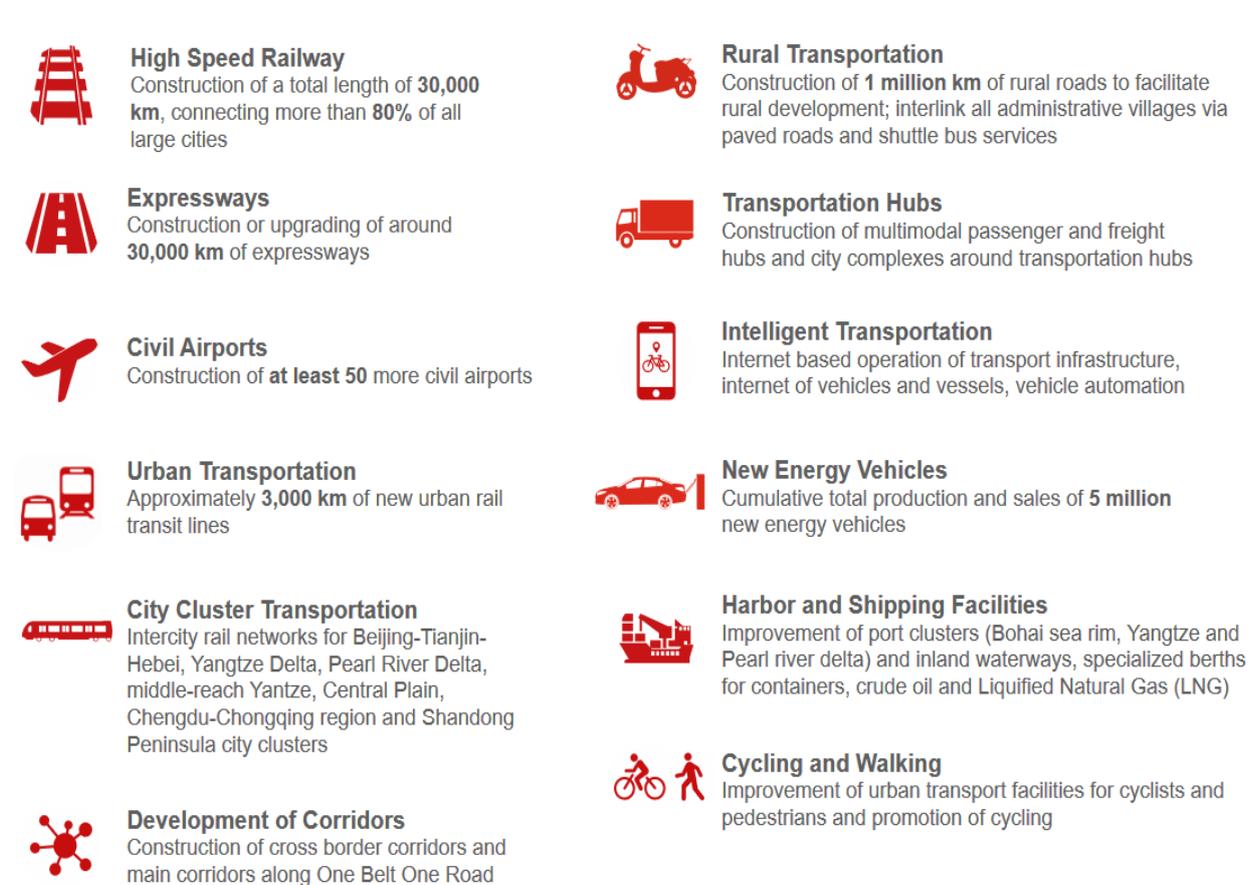
<sup>21</sup> Expert predictions, expected to be included in upcoming 14th Five-Year transport plans.

<https://baijiahao.baidu.com/s?id=1693528477794435890&wfr=spider&for=pc>

<sup>22</sup> Ibid.

In its 13th FYP period (2016-2020)<sup>23</sup>, besides the further expansion of its basic transport infrastructure, China has set the course for the development of the green transport sector to be more efficient, integrated, and safe (see *Table 2* and *Figure 7*). This included the promotion of public transport, smart and intelligent transport, new energy

vehicles (NEVs)<sup>24</sup>, intermodal transport, and cycling and walking. This also included the better integration of transport infrastructures and services in city clusters such as Beijing-Tianjin-Hebei (Jing-Jin-Ji), the Yangtze River Economic Belt, and the Guangdong-Hong Kong-Macao Greater Bay Area (GBA).



*Figure 7. Key targets for transport in the 13th Five-Year Plan for Economic and Social Development of the People's Republic of China 2016-2020, Source: GIZ*

<sup>23</sup> The 13th Five Year Plan for Economic and Social Development of the People's Republic of China 2016-2020

has been issued on March 17, 2016. More information can be found [here](#)

<sup>24</sup> Battery-electric, (plug-in) hybrid and fuel cell vehicles

## Key policies for China's transport sector development

In order to further guide the development of the transport sector, based on the made achievements, China has recently issued various short-, medium-, and long-term top-level policies (see *Figure 8*).

Selected policies of high relevance for the short-, medium-, and long-term development of China's transport sector are:

### 1. Outline for Building China's Strength in Transport (2020-2050)

The outline, which was released on September 19<sup>th</sup>, 2019, and has

been approved by the *Communist Party of China Central Committee (CPCCC)* and the *State Council of the People's Republic of China*, is a long-term oriented top-level guidance plan laying the foundation of China's ambition to transform from a speed- and scale-centered and comparatively isolated development model towards an innovative, quality- and efficiency-centered integrated transport model and describing the future vision and roadmap of China to become a global transport superpower by 2050. A detailed briefing on the policy can be found [here](#).

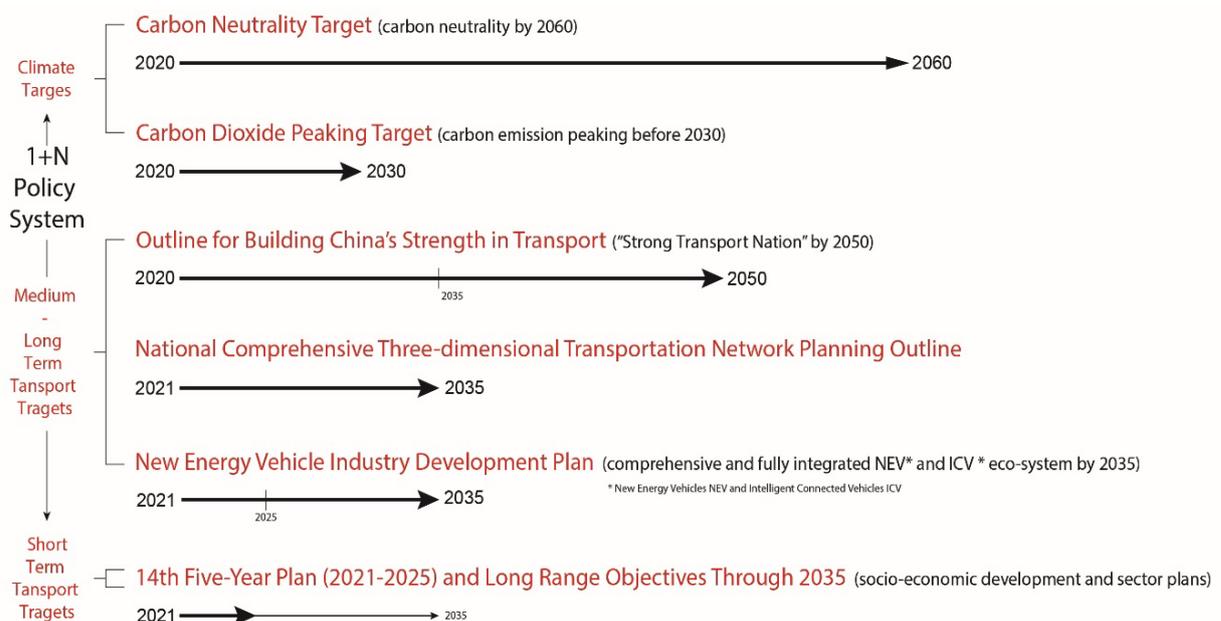


Figure 8. China's transport sector development roadmap (selected policies), Source: GIZ

## **2. National Comprehensive Three-dimensional Transportation Network Planning Outline (2021-2035)**

The policy, which was released on February 24, 2021 by the *Central Committee of the Communist Party of China (CPC)* and the *State Council of the People's Republic of China*, is a strategic top-level policy guiding the development of a comprehensive and fully integrated transport system in China with a planning period from 2021 to 2035 and a vision to the middle of this century. The policy builds upon the above-listed *Outline for Building China's Strength in Transport*. The policy is aligned with China's 2030 and 2060 climate targets and highlights that transport sector emissions should peak as early as possible. A detailed briefing on the policy can be found [here](#).

## **3. New Energy Vehicle Industry Development Plan (2021-2035)**

The plan, which was released on November 2<sup>nd</sup>, 2020 by the *State Council Office of the People's Republic of China*, is a strategic top-level policy guiding the development of a comprehensive and fully integrated New Energy Vehicle (NEV) and Intelligent Connected Vehicle (ICV) eco-system in China until 2035 and is part of the

comprehensive roadmap to help China become a global automotive powerhouse. The plan follows the Energy Conservation and New Energy Vehicle Industry Development Plan (2012-2020)<sup>25</sup>, which was issued by the *State Council of the People's Republic of China* in 2012. A detailed briefing on the policy can be found [here](#).

## **4. 14th Five-Year Plan (2021-2025) and Long Range Objectives Through 2035**

The 192 chapters long *14<sup>th</sup> Five-Year Plan (FYP)* is a top-level policy blueprint for China's national economic and social development over the next five years. As mentioned above, for the first time in China's FYP history, the 14<sup>th</sup> FYP does not set a GDP growth target (compared to the average 6.5% target in the 13<sup>th</sup> FYP (2016-2020)), indicating a focus on the transition from speed- and scale-centered development to more sustainable, quality- and efficiency-centered development. The 14<sup>th</sup> FYP strongly emphasises the important roles of technology and innovation (incl. frontier technologies such as Artificial Intelligence, Big Data, 5G) and of strengthening research and development (R&D), intending to increase R&D spending by above 7% per year. The transport sector is a key to achieve more integrated

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[http://www.gov.cn/gongbao/content/2012/content\\_2182749.htm](http://www.gov.cn/gongbao/content/2012/content_2182749.htm)

development in the 14<sup>th</sup> FYP period. With further qualitative development of coastal areas and economic development of its hinterland, China will further strengthen its urban

agglomerations and city clusters, push rural development and urban-rural integration and expand and improve its transport infrastructure accordingly (see *Figure 9*).

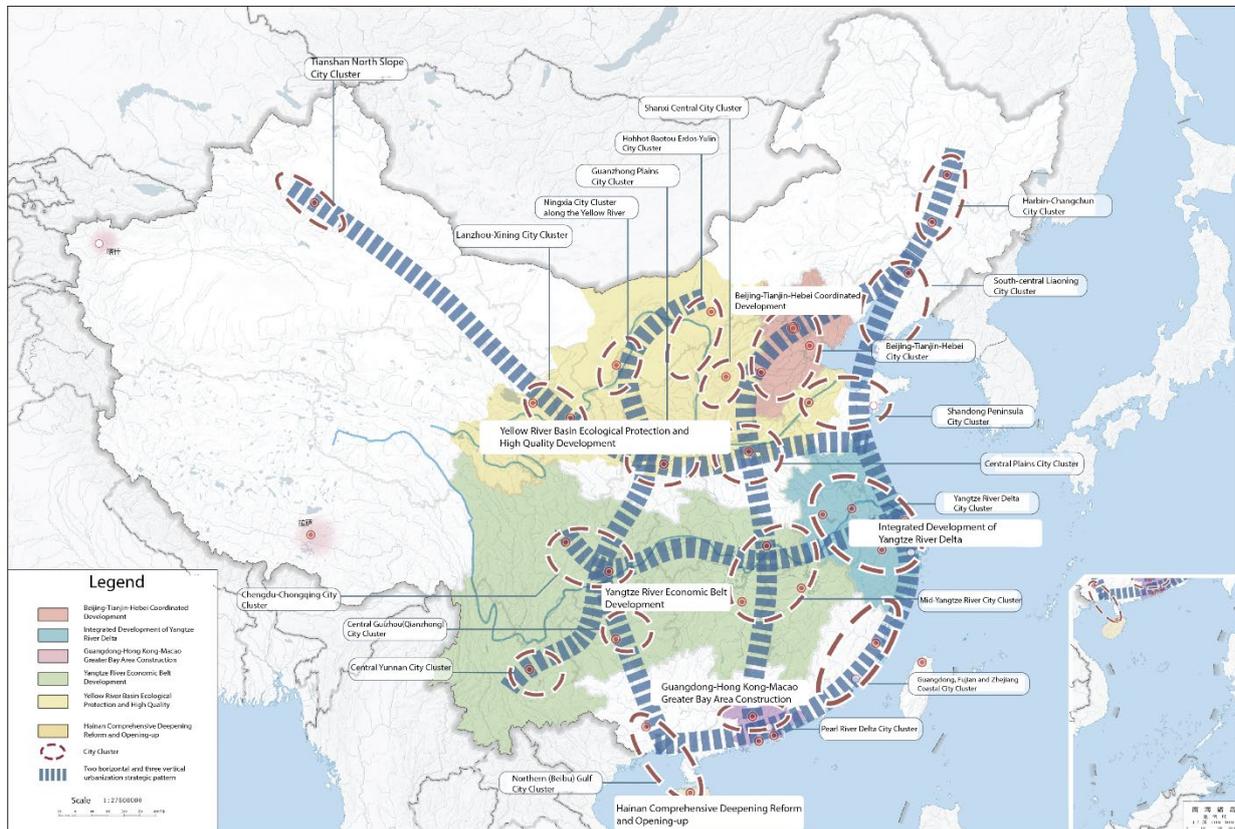


Figure 9. Diagram of the spatial patterns of urbanisation in the 14<sup>th</sup> FYP, Source: 14<sup>th</sup> FYP

In line with the above-listed medium- and long-term transport development blueprints *Outline for Building China's Strength in Transport (2020-2050)* and *National Comprehensive Three-dimensional Transportation Network Planning Outline (2021-2035)*, the 14<sup>th</sup> FYP sets the below-listed targets (selection):

1. Build 30+ new civil airports by 2025,

2. Build 3,000 km of new intercity railways and suburban railways and complete the rail transport network in Beijing, Tianjin, and Hebei region (Jing-Jin-Ji), the Yangtze River Delta, and the Greater Bay Area. 3,000 km of new urban rail transit will be added,

3. Accelerate the shift from road to rail and road to waterways for bulk cargo and long-distance freight transport,

4. Promote the electrification of urban public transport and logistics distribution and give priority to the development of urban public transport and active mobility (cycling and walking) networks in Chinese cities,
5. Develop in-depth NEV and charging facilities, and Intelligent Connected Vehicles (ICVs),
6. Strongly support the R&D of innovative technologies with potential for energy saving and emission reduction, the development of relevant standards, and the marketisation of products, such as electric and ICVs, smart ports, and the digital transformation of traditional transport infrastructure.

The policy can be found [here](#).

Based on the *14th Five-Year Plan (2021-2025) and Long Range Objectives Through 2035*, further transport sector-specific 14<sup>th</sup> FYPs and implementation policies will be released in the coming months on national and sub-national level (e. g. Modern Comprehensive Transportation 14<sup>th</sup> FYP, Comprehensive Transportation Services 14<sup>th</sup> FYP, Urban Public Transport 14<sup>th</sup> FYP, Water Transport 14<sup>th</sup> FYP, Highway Development 14<sup>th</sup> FYP).

**5. *Working guidance for carbon dioxide peaking and carbon neutrality in full and faithful implementation of the new development philosophy***

As outlined above, the policy is the “1” of the *1+N policy system for CO<sub>2</sub> peaking and carbon neutrality*. The transport sector is highlighted as a key sector in section VI of the policy “*Accelerating the construction of a low-carbon transportation system*”. In line with the goals of the above listed short, medium- and long-term policies and targets, the section outlines the importance of continuously bringing down transport energy consumption and carbon dioxide emission intensity. This shall be achieved by optimizing the transport structure and accelerating the construction of an integrated multi-dimensional transportation network. Further measures listed are the promotion of low carbon mobility (public transport, cycling and walking), green logistics, low carbon equipment and low carbon infrastructure, (hydrogen refueling stations, charging and battery swapping network system) and intelligent transportation among others. The improvement of energy efficiency standards for fossil fueled vehicles and vessels, and the phase out of obsolete vehicles and vessels with high energy consumption and high emissions (no phase out date mentioned in the policy) will be implemented as guarantee measures.

The policy can be found [here](#).

## **6. Action Plan for Carbon Dioxide Peaking Before 2030**

The policy is the first “N” of the *1+N policy system for CO<sub>2</sub> peaking and carbon neutrality*. The transport sector is highlighted as a key sector in section 5 "*The action for promoting green and low-carbon transportation*". Selected targets are:

1. strive to reach peak in petroleum consumption for land transport before 2030,
2. by 2030, reach share of incremental vehicles fueled by new and clean energy of around 40%,
3. cut carbon emission intensity of commercial vehicles measured on the basis of converted turnover by about 9.5% compared with 2020,
4. cut comprehensive energy consumption of national railways/ unit of converted turnover by 10% compared with 2020,
5. By 2030, no less than 70% of travel will be conducted through environmentally friendly means in cities with permanent populations of one million or more.

The policy can be found [here](#).

## Recommendations

### **Transport emission peaking and decarbonisation strategies**

As part of the *1+N policy system for CO<sub>2</sub> peaking and carbon neutrality*, a national-level climate action strategy for the transport sector that is based on emission caps needs to be developed to provide a clear low carbon development pathway for sub-national level decision-makers, the transport industry, and markets. The strategy should be foresight-based and address emissions from road, rail, water, and air transport. The strategy should further address propulsion technology pathways (in particular for heavy-duty freight, aviation, and maritime transport), clean energy supply, charging and refueling infrastructure, the benefits of co-control of GHG emissions and air pollutants, the interlinkage between transport and other sectors (including urban development, energy, and information sectors), as well as carbon market pricing, fuel, and emission standards, internal combustion engine (ICE) vehicle phase-out roadmaps, data collection, measurement, reporting and verification (MRV) frameworks, green financing and innovation promotion.

The strategy should focus on the Avoid-Shift-Improve approach, aiming to:

1. Avoid trips, e. g. through efficient land use planning,
2. Shift trips to climate-friendly means such as public transport, cycling, and walking, and
3. Improve system efficiency and further develop low carbon technology.

The strategy should include pathways to a “just transition”. This is to ensure that the potentials of the transport transition for positive economic growth, innovation, and new jobs are fully explored and used and that no one is left behind - to build the needed transition on a broad fundament of social acceptance.

### **Aligned transport and energy transition**

To decarbonise transport, the transformation of the energy sector towards zero emissions is crucial. The clean transition of the energy sector should be fully aligned with the transport sector transition. Electro-mobility must be zero-emission mobility from well-to-wheel by using clean

energy only. Wherever a direct electrification of transport is possible, it should be applied. Green hydrogen and green synthetic e-fuels (Power-to-X) should only be applied where direct electrification is not technically or economically viable in the near-term future (e. g. aviation and maritime transport). The energy, transport, and information sectors should be fully integrated (“energy internet”) to tap the potentials of vehicles as energy storage units (vehicle-to-grid V2G) and respective new business models (e. g. battery-as-a-service BaaS).

### ***Four Nows!***



The *Four Nows!*, which are proposed by the authors, are considered as fields of high priority when it comes to the decarbonisation of the transport sector. The *Four Nows!* are crucial to reach the 2030 CO<sub>2</sub> peaking and 2060 carbon neutrality targets. Immediate, holistic, and coordinated ambitions and measures are needed to steer the development of the transport sector onto a zero-emission pathway, particularly against the background of

long investment cycles related to e. g. research and development, propulsion technology adoption, and infrastructure construction.

### **1. Green freight now!**

China should play a leading role in the decarbonisation of freight transport. Freight transport accounts for about 65% of the total transport emissions in China, of which road freight transport accounts for the biggest share. Thus, the freight sector, including long-distance, inter-city, and inner-city freight transport, needs to be decarbonised as soon as possible. A focus should be laid on the accelerated promotion of intermodal transport aiming at shifting freight transport volumes from road to rail (incl. high-speed freight trains) and inland waterways. Vehicle electrification plays a key role in decarbonising road freight, focusing on battery-electric propulsion and innovative solutions such as catenary trucks for long-haul transport. Further advancement of battery technology, standardisation, and the development of charging and battery swapping infrastructure is needed. Fiscal and non-fiscal support measures, including vehicle

purchase subsidies and preferential right-of-way for NEVs should be adopted. Smart logistics solutions, digital freight and logistics platforms and autonomous driving can lead to higher efficiency and lower emissions. Green delivery solutions (e. g. cargo bikes on the last mile, integrated passenger and goods delivery transport solutions, such as cargo trams or subways) should be promoted.

## **2. Green aviation now!**

China should play a leading role in the decarbonisation of air travel. As described above, in the 14<sup>th</sup> FYP period alone, more than 30 new airports will be built. With still low per capita aviation-related CO<sub>2</sub> emissions (0.09 tons compared to 0.57 tons in the US and 0.86 tons in the UK), there is significant potential for China's aviation sector emissions to quadruple by 2050<sup>26</sup>. Therefore, a focus should be laid on the long-term deep decarbonisation of the (domestic and international) aviation sector. This includes cross-border solutions, the further advancement and development of aircraft and engine technology, the

use of Sustainable Aviation Fuels, efficiency in air traffic management, green on-ground operations, and the promotion of green airports and related infrastructures. This further includes the promotion of HSR use over flights wherever possible and the general raise of awareness for the environmental and climate impact of the aviation sector.

## **3. Green shipping now!**

China should play a leading role in promoting the 4<sup>th</sup> energy revolution in shipping (from rowing to sailing to oil to clean fuels). With shipping being a capital-intensive industry with large long-life assets, thin margins, and high dependency on the global supply of energy-dense fuels, immediate action is needed to decarbonise maritime and inland waterways transport. More resources should be channeled into research on the role of alternative fuels such as green ammonia and their scalable and cost-competitive development and use in the (domestic and international) maritime and inland waterways transport sector. Short-term solutions including clean onshore

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<sup>26</sup> [https://theicct.org/sites/default/files/ICCT\\_Global-Aviation-CO2-Inventory-2018.xlsx](https://theicct.org/sites/default/files/ICCT_Global-Aviation-CO2-Inventory-2018.xlsx),

<https://www.carbonbrief.org/emissions-from-chinese-aviation-could-quadruple-by-2050>

power supply and clean port measures should be adopted, and innovations such as wind propulsion solutions (e. g. inflatable cargo ship sail systems, sea wings) should be explored.

#### 4. Green cities now!

To decarbonise urban transport, holistic approaches are needed, including the effective alignment of urban and transport planning (e. g. by promoting sustainable urban mobility planning SUMP) with climate targets (based on the Avoid-Shift-Improve approach) as well as the promotion of people-centered, compact, space-saving, mixed-use, barrier-free and public transport-oriented cities (e. g. “15-minute city”, transit-oriented development ToD). This also includes pricing of road and parking space use, the accelerated promotion of public transport as urban mobility backbone (both in terms of network expansion and service improvement) and its integration with new mobility services (e. g. ride-hailing or smart bike-sharing) into carbon credit-based Mobility-

as-a-Service platforms <sup>27</sup> , the prioritisation of cycling, walking and other forms of micro-mobility, and the promotion of low speed electric vehicles (LSEVs).

#### International cooperation

No country can fight climate change alone. Five years after the Paris Agreement, more and more countries are committing themselves to climate neutrality targets. Strengthening national climate targets will lead to increased ambitions in the transport sector. Practical international exchange and intensified dialogues between governments, research institutions, and industries can foster the needed alignment of climate protection strategies and roadmaps, best practice sharing, and learning, and can support the international community in exploring opportunities and synergies in decarbonising transport at the global level.

Examples of international cooperation in the field of transport decarbonisation are the projects [NDC Transport Initiative for Asia](#) (NDC-TIA) and [Sino-German Cooperation on Low Carbon](#)

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<sup>27</sup> Mobility-as-a-Service (MaaS) is a concept which aims at promoting ecosystems, facilitating the integration of all transport services into a single mobility platform.

[Transport](#) (CLCT). The projects are commissioned by the *German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety* (BMU) and implemented by GIZ. The projects seek to support the *Ministry of Ecology and Environment of the People's Republic of China* (MEE) and *Ministry of Transport of the People's Republic of China* (MoT) on the low carbon development of the Chinese transport sector and to foster related knowledge exchange between stakeholders in China and other Asian countries.

If you want to know more about what we are doing to promote low carbon transport in China, please contact Mr. Sebastian Ibold ([sebastian.ibold@giz.de](mailto:sebastian.ibold@giz.de)), Project Director in the Sustainable Mobility Team of GIZ China and Ms. Xia Yun ([yun.xia@giz.de](mailto:yun.xia@giz.de)), Technical Advisor in the China Component of the NDC Transport Initiative for Asia at GIZ China.



Deutsche Gesellschaft für  
Internationale Zusammenarbeit (GIZ) GmbH

Sitz der Gesellschaft  
Bonn und Eschborn

Friedrich-Ebert-Allee 32 + 36  
53113 Bonn, Deutschland  
T +49 228 44 60-0  
F +49 228 44 60-17 66

Dag-Hammarskjöld-Weg 1-5  
65760 Eschborn, Deutschland  
T +49 61 96 79-0  
F +49 61 96 79-11 15

E [info@giz.de](mailto:info@giz.de)  
I [www.giz.de](http://www.giz.de)