



Confederation of Danish Industry

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Renewable Energy in
China



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China as the climate melting pot

- A variety of interests and needs seems to come together in China, which makes the country a melting pot for climate issues
- Renewable energy is one of the ways to combat climate change (hydro, wind, solar, biomass and biofuel)
- My argument:

A number of specific conditions will work to make China's sector for renewable energy one of the most dynamic places for developing renewable energy solutions
- Remember the background: China is still occupied with massive industrialization, urbanization, shift to knowledge society, etc.

Condition 1: Sustainable development

- Renewable energy was introduced within a sustainable development framework
- Sustainable development is a comprehensive concept
- Sustainable development becomes a new development track
- Strengthened and empowered by the vision of a "Harmonious society"
- Renewable energy is a part of a wider shift in China - not just climate issues





Condition 2: Environmental crisis

- Massive environmental degradation necessitates action
- Renewable energy targets some of the environmental problems, which are often more visible than climate issues



Condition 3: Political commitment and financial control

- Strong political commitment to renewable energy
- The Party-state mobilizes the financial actors (banks, investment funds, SOE's with investment portfolio)
- The Party-state is able to influence the financial underpinnings of the sector through politically motivated lending policies



Condition 4: Market development and political ambitions

- The sector for renewable energy is a subsidized market
- Strong Party-state focus on the long term and new opportunities
- The sector is expected to produce:
 - "National Champions" - strong multinationals based in China
 - "Independent Innovations" - innovations owned and controlled by Chinese companies



Condition 5: Market dynamics and reduction of production costs

- The general conditions of the Chinese industrial sector also applies to the renewable energy sector:
Fierce competition and cheap land and labor
- China's renewable energy sector will be able to drive down production costs and commercialize products/solutions
- Renewable energy will be made available and affordable to a much wider audience



Conclusion

- These 5 conditions puts China in a unique position
- The Chinese government is doing what it is best at: pushing industrial development
- Taken together these conditions will make China's renewable energy sector one of the most interesting places for developing and commercializing renewable energy solutions
- Companies with global ambitions *have* to be in the sector because of the market size and future growth
- Companies with global ambitions *need* to be in the sector in order to stay competitive in the longer run
- But what about technology and discrimination of foreign companies?



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Thank You!

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