

How ESG Benefits China

- **China benefits most from ESG efforts.** China is the [world's largest manufacturer of ESG-aligned energy technology](#), including solar panels, batteries, electric vehicles, and wind turbines. In fact, China is heavily involved in the production of [nearly half the minerals required for making solar photovoltaic plants and wind-power generation](#), and China produces ["as much as 70 percent of the components that make up turbines used in the West."](#) More than 60% of the world's rare earth elements come from China. China also controls [more than 80% of "all key manufacturing stages of solar panels,"](#) and it owns ["97% of global manufacturing capacity of solar wafers."](#)
- **China uses forced labor to produce solar panels.** China is the [world's largest producer of polysilicon](#), which is an essential ingredient in 95% of solar panels worldwide. Most of China's polysilicon production comes from Xinjiang, ["where polysilicon is produced by Uyghurs and other Muslim minorities under conditions of forced labor."](#) For this reason, Congress recently passed a law (with overwhelming bipartisan support) establishing a rebuttable presumption that [any product manufactured in whole or in part in Xinjiang was produced by forced labor.](#)
- **China uses ESG to weaken other countries' energy infrastructure and make them more dependent on renewable energy products produced by China.** China has repeatedly pledged to advance the ESG agenda through political and financial initiatives. [China has called on "\[a\]ll countries" to implement the Paris Agreement "in full" and to "build a fair and rational global climate governance system,"](#) has [stopped building coal-fired power plants abroad](#), and has [promised to facilitate "green and low-carbon energy" in other countries.](#) These actions force other countries to lean more and more heavily on China's renewable energy products, rather than their own resources. By contrast, China's director of National Energy Administration says ["\[a\]lways regard the protection of national energy security as the most important mission."](#)
- **China's own ESG pledges allow for plenty of wiggle room.** Although [the United States' emissions peaked in 2007](#), China has only [pledged that its emissions will peak by 2030, and it has been dramatically ramping up domestic coal use, which will put China's "peak" far higher than expected](#) and allow China to reduce emissions simply by shutting down some of the many coal plants it has been rapidly building.
- **China continues to be the world's biggest polluter by far.** Despite its climate activism, [China's emissions more than double any other country's emissions](#), and it [emits more than the United States, Europe, and Japan combined.](#) China also ["uses more coal than the rest of the world combined."](#) Even U.S. Climate Envoy John Kerry admitted in 2021 that [China's continuing increase in coal usage is a "huge obstacle" that could "undo" ESG efforts.](#) Since then, [China has only increased its reliance on coal power](#), approving an average of two new coal power plants every week. In 2022 alone, [China approved enough new coal plants to equal over 40% of the U.S.'s total coal capacity.](#) [Yet ESG activists continue to praise China.](#) For example, the UN PRI recently claimed that China's "transition to carbon neutrality" and "strategy for sustainable development" are beginning to "cement a role for China as a global leader, economically and politically, in the worldwide transition to net zero emissions."