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AN EU–CHINA CLIMATE AGENDA: RECOMMENDATIONS FOR CLIMATE SAFETY AND GROWING THE CLEAN ECONOMY

The EU and China are pivotal to global climate progress as clean technology powers and agenda-setters in international climate governance. A series of EU–China bilateral meetings this July offers the opportunity to rebuild trust, and climate cooperation and leadership should take centre stage. These discussions can shape the outcome of COP30 and set the course for global climate action over the coming decade. Despite high expectations for renewed collaboration, the path forward is increasingly complex, strained by geopolitical tensions, trade imbalances and a deepening erosion of trust. In this briefing, we set out six steps towards a revitalised EU–China climate agenda, to deliver climate safety and grow the global clean economy.

The upcoming EU–China Summit is an opportunity to strengthen collaboration on climate and energy over the next decade. This is a critical moment for the EU and China to address longstanding obstacles, fill a widening leadership vacuum, and reinforce the climate, economic, and development benefits of the Paris Agreement.

As global leaders in the clean economy, the EU and China have the capacity to cooperate in accelerating the green transition. They also have a shared incentive to stabilise global markets and mitigate future shocks, in the face of the risks that both powers face from climate instability, economic fragmentation, and the weakening of multilateral frameworks. Only by working together can the EU and China safeguard the multilateral climate system and drive a global push for higher ambition and effective implementation. These efforts would build on



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previous instances in which the EU and China have collaborated on climate issues despite notable disagreements and trade tensions.

Six steps towards a successful EU–China climate agenda

We propose six pragmatic steps for EU–China cooperation to drive further progress in global climate action. These steps acknowledge the wider geopolitical context and current challenges while advancing common interests.

1. Send political signals, at the highest level, upholding multilateralism, the Paris Agreement and climate cooperation.
2. Set ambitious and aligned 2035 Nationally Determined Contributions (NDCs) to anchor climate action and build on the global clean technology transition.
3. Support implementation of climate-aligned finance market regulation.
4. Coordinate on scaling clean technology trade.
5. Scale clean investment through reform of financial markets, MDB and IMF and through country platforms.
6. Announce mutual solidarity for climate resilience, and a determination to support global adaptation at COP30.

Leveraging clean economy opportunities amid geopolitical and systemic risks

The 50th anniversary of EU–China relations comes at a moment of exceptional global uncertainty. The year 2025 also marks the 10th anniversary of the Paris Agreement, a critical test for global climate action and ambition. This is the moment when emissions must peak to keep the 1.5 °C target within reach and avert the most devastating impacts of climate change. No single power can tackle this alone: global clean investment must triple to \$7 trillion annually by 2030 to avoid irreversible climate and economic damage.¹

At this critical juncture, **strategic cooperation between the EU and China could help mitigate shared risks, including from climate instability, economic fragmentation and a global turn towards protectionism, and the weakening of multilateral frameworks.** Meanwhile, China's emissions remain too high, now

¹ BloombergNEF, 2025, **New Energy Outlook 2025**



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surpassing EU historic global warming,² and the country is off track on some of its 2030 climate commitments.³ Europe's exposure to climate risks, geopolitical tensions, and US trade actions threatens its climate transition, industrial base, and global competitiveness.

The importance of collaboration is not just a climate imperative, but a strategic one. **The EU and China jointly account for about 70% of the global clean economy and have leveraged this leadership to attract and mobilise investment in the transition.** For instance, in 2023 clean energy drove 30% of EU GDP growth⁴ and 40% of China's.⁵

Both the EU and China have an interest in advancing decarbonisation and the clean economy on a global scale, as well as ensuring scaled and affordable climate finance. Emerging markets and developing economies (EMDEs) have massive potential for European and Chinese clean technology exports and investment. Moreover, annual clean energy investment in EMDEs (excluding China) must rise sevenfold to \$1.4–1.9tn yearly by 2030 to meet Paris Agreement goals.⁶ Reform of multilateral development banks (MDBs), debt relief, and new financial instruments are critical to unlock this capital; both the EU and China have influence in these institutions.

Accelerating the energy transition in EMDEs is made difficult, however, by policy uncertainty, weak grid infrastructure, and high investor risk perceptions. Although Chinese and EU companies are competitors in Africa, Latin America, and Southeast Asia, both sides would benefit from targeted engagement to promote more stable and predictable investment environments. Strategic cooperation in this space could help accelerate the clean transition in emerging economies while reducing market volatility and supply chain disruptions that affect both powers.

But beyond clean energy, broader areas of shared interest are emerging. Both actors are also facing growing climate-related impacts at home, from floods to heatwaves. Supporting global adaptation and resilience, particularly in vulnerable countries, will be critical not only to meet Paris goals but also to

² Carbon Brief, 19 November 2024, Analysis: **China's emissions have now caused more global warming than EU**

³ Lauri Myllyvirta, 24 April 2025, **Will China fulfil its key climate pledge?**

⁴ IEA, 18 April 2024, **Clean energy is boosting economic growth**

⁵ Carbon Brief, 5 January 2024, **Clean energy was top driver of China's economic growth in 2023**

⁶ IEA, June 2023, **Scaling Up Private Finance for Clean Energy in Emerging and Developing Economies**



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stabilise regions of strategic importance, including the Pacific, Southeast Asia, and Africa. Joint attention to adaptation through policy, finance, and partnerships can be a foundation for rebuilding trust and shared leadership.

Any call for closer EU–China climate collaboration must acknowledge the significant differences that divide the two, including:

- > Geopolitically and around major conflicts in Ukraine, the Middle East, and beyond.
- > Economically, where frictions stem from European concerns about industrial overcapacity in China fuelling unfair competition in clean technologies and electric vehicles, and from growing dependency on China for rare earths and other critical supply chains.
- > More broadly on governance, norms and values, including around divergent approaches to AI governance, human rights, and beyond.

The urgency of the climate crisis, coupled with mounting pressures on the credibility of the Paris Agreement, makes the cost of inaction unacceptably high. With other major powers making slow progress at best, only decisive action from the EU and China can shore up the multilateral climate framework, accelerate the global energy transition, and drive forward more inclusive progress on climate finance, trade reform, and climate resilience. Together, they can help unlock investment in vulnerable economies, promote a more inclusive and secure global climate architecture, and ensure that collective ambition is matched by real-world impact.

Six steps to build confidence in climate action and green growth

1. Ensure the EU and China jointly send political signals, at the highest level, upholding multilateralism, the Paris Agreement and climate cooperation

Over the past two decades, the EU and China have collaborated on climate despite their differences. For instance, following the US first withdrawal from the Paris Agreement they issued the EU–China Leaders’ Statement on Climate Change and Clean Energy in 2018⁷ and the EU–China Summit joint statement a year later.⁸ The time has come for Europe and China to demonstrate once again

⁷ **EU–China Leader’s Statement on Climate Change and Clean Energy** (PDF), 16 July 2018

⁸ **EU–China Summit joint statement** (PDF), 9 April 2019



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that bilateral climate cooperation can continue despite geopolitical tensions and serve as a foundation for global stability and progress.

This could be formally solidified through:

- > **A joint statement**, building off the 2018 and 2019 EU–China statements as well as, more recently, the joint statement⁹ by France and China on the 10th anniversary of the Paris Agreement.
- > **Coherent and consistent messaging** between the EU and China regarding their commitment to ensuring the success of COP30 and the vision as laid out by Brazil, including in the COP30 Leaders’ segment, as well as at the G20 Heads of State Summit. A joint statement or declaration could also be accompanied by a trilateral statement on climate together with the Brazilian COP30 Presidency.

2. Set ambitious and aligned 2035 NDCs to anchor climate action and ensure the global clean technology transition

The Paris Agreement requires signatory countries to submit updated Nationally Determined Contributions (NDCs) in 2025, setting enhanced greenhouse gas emissions reduction targets for 2035. Most countries, however, missed the official February deadline. The European Union and China – two of the largest global emitters – had yet to submit their NDCs as of July, just months before the extended September deadline.

Ambitious, credible and net-zero aligned NDCs from the EU and China would represent a significant step, given their status as leading clean technology powers and agenda-setters in international climate governance. It would encourage other countries to follow suit. Both sides should frame their NDCs not merely as technical exercises but as development pathways that provide a blueprint for businesses and clear policy direction for investors.

To that end, they should:

- > **Declare a joint commitment at the 2025 Summit to submit and implement high-ambition 2035 NDCs**, sending a strong international signal to other major economies, in particular the G20, to raise their own contributions in line with the 1.5–2 °C temperature goal.

⁹ **Joint statement between the people’s Republic of China and the French Republic on climate change on the occasion of the tenth anniversary of the Paris Agreement**, 27 March 2025



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- > **Elevate existing technical cooperation** to agree to high-level cooperation dialogues on critical domestic and global delivery bottlenecks – such as power market reform, renewable grid integration, digitalisation, and scaling grid equipment supply chains – while inviting other countries to participate in targeted delivery partnerships.
 - > **Include clear signals on fossil fuel transitions in their NDCs**, including commitments to phase out coal use and peak oil demand and gas consumption, and express willingness to support other countries seeking to reduce fossil fuel dependency and import exposure.
 - > **Shape global market rules in the wake of the Global Stocktake (GST)** by advancing methane monitoring standards, increasing supply chain transparency for fossil fuels, and engaging key suppliers (e.g. in Central Asia and North Africa) to align long-term expectations with transition goals. This includes building on momentum from the 2024 Baku Methane Summit by hosting a Global Methane Summit at COP30.

3. Support implementation of climate-aligned finance market regulation

To scale clean investment, **global capital markets must align with climate goals.** **The EU and China have taken a leading role in advancing market reforms** such as climate risk disclosure, green bonds, taxonomies, transition planning, and prudential measures. Their joint development of the Common Ground Taxonomy,¹⁰ now shared with Singapore and potentially other countries, lays the groundwork for wider international uptake. Sustaining and expanding these reforms is essential for delivering a cost-effective path to net zero, especially amid tightening public finance.

The EU and China are now co-leading this agenda in the G20. To maintain momentum, they should:

- > **Issue a joint statement and workplan**, in partnership with major financial centres (UK, Singapore, Japan, UAE, and Brazil) to advance international financial market regulation beyond current G20 efforts.
- > **Build on shared priorities**, including the rollout of “double materiality” in sustainability disclosures and the leadership of the European Central Bank (ECB) and People’s Bank of China in using monetary and prudential tools to manage climate risks.

¹⁰ **Common Ground Taxonomy Instruction Report** (PDF), 3 June 2022



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- > **Support international coordination**, by enhancing collaboration through the Coalition of Finance Ministers for Climate Action and strengthening links with the COP30 Presidency's finance agenda.

4. Coordinate on scaling clean technology trade

Amid widespread tariff hikes and uncertain US negotiations, **the EU and China share a common interest in ensuring stability and predictability of the global economy, particularly cleantech supply chains.** Positive signals on this front have included the ramp-up in negotiations to resolve countervailing duties on Chinese EVs. However, persistent trade imbalances and concerns over US response to a closer EU–China trading relationship complicate short-term progress on clean technology trade.

A pragmatic area for enhanced cooperation lies in carbon accounting and product standards:

- > **Establish interoperable frameworks** for carbon accounting and product standards to harmonise green industrial supply chains and facilitate cross-border trade. The EU and China are each in the process of developing emissions measurement methodologies and benchmarks for defining what qualifies as a low-carbon or near-zero emissions industrial product. Both have started with steel and there is strong potential for alignment between the methodologies and benchmarks being set.
- > **Create a dedicated dialogue on interoperable methodologies and near-zero emissions industrial product standards**, building on pre-existing and successful technical collaborations on carbon pricing and the EU's CBAM. This could later be expanded to encompass broader lead markets policies such as public procurement, currently under active exploration in both jurisdictions.

5. Scale clean investment through reform of financial markets, MDB and IMF, and through country platforms

MDBs and the International Monetary Fund (IMF) are central to mobilising climate finance and advancing policy reform in EMDEs. They offer a practical and strategic channel for EU–China cooperation. Recent reforms – led by developing countries, EU Member States, and the US – have significantly expanded MDB financial capacity. Further progress is possible, particularly by scaling innovative tools such as refinancing mechanisms, sustainability-linked bonds, hybrid capital, and the use of Special Drawing Rights (SDRs). IMF reform is also essential to address debt sustainability issues and unlock fiscal space for low-carbon development.



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To advance this agenda, the EU and China should:

- > **Launch a joint dialogue among European and Chinese finance ministers** to coordinate a common agenda for MDB and IMF reform and defence, working closely with the Brazilian COP30 Presidency and building on China's demonstrated willingness to contribute to the global goal on climate finance
- > **Strengthen collaboration between European MDBs** (e.g. EBRD, EIB) **and Chinese-led institutions** such as the AIIB, which has European shareholders and a mandate to grow climate finance and align its portfolio with the Paris Agreement. This could help scale up green finance and harmonise climate strategies.
- > **Encourage China's active engagement in MDB and IMF reforms.** With the US' turn on international development policy, EU goals will require China's active engagement. China has political and economic incentives to advance increased MDB investment.

Many developing countries, including major emerging economies such as South Africa, Brazil and Colombia, are advancing a new model based around national "country platforms" to channel international finance more effectively into domestic climate transitions, often coordinated through national development banks. These platforms provide a structured way to align finance with national policy priorities and accelerate implementation of NDCs.

To support these efforts, the EU and China could:

- > **Align public and private investment more consistently around country platforms**, supporting national policy reforms that scale markets, improve impact and reduce risks related to geopolitical competition or corruption. Collaboration is particularly important given the wider scarcity in international public finance due to recent aid cuts.
- > **Jointly prioritise support for country platforms as a policy tool**, coordinating bilateral funding at the Ministerial on Climate Action or through the Brazil COP Presidency Baku to Belém Roadmap process. This could include direct investments, guarantees, and better aligned capacity building efforts.



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6. Announce mutual solidarity for climate resilience, and a determination to support global adaptation at COP30

The EU and China are both increasingly exposed to climate shocks and already in dialogue on building economic resilience. Elevating this agenda would **demonstrate mutual solidarity and shared responsibility**, while signalling a **joint commitment to strengthen global adaptation efforts**.

Key actions could include:

- > **Integrating climate change and risks** into public and private sector plans and investment expectations.
- > **Positioning climate resilience as a core pillar of energy security** and embedding it across ongoing EU–China dialogues.
- > **Jointly supporting strong adaptation outcomes at COP30**, laying the groundwork for impact-driven partnerships with the most climate-vulnerable countries.

Strong diplomatic signals, backed by a clear leaders' communiqué at the Summit, would boost confidence and set the tone for COP30 in Belém. This momentum would accelerate delivery, spotlight effective partnerships, and push bold solutions to close the ambition gap. It would signal that EU–China climate cooperation can make a meaningful difference, and that multilateralism and the Paris Agreement remain essential tools in navigating the global transition, setting the stage for the next phase of vital leadership and commitment by China and the EU in driving forward climate action and delivery.



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About E3G

E3G is an independent think tank working to deliver a safe climate for all.

We drive systemic action on climate by identifying barriers and constructing coalitions to advance the solutions needed. We create spaces for honest dialogue, and help guide governments, businesses and the public on how to deliver change at the pace the planet demands.

More information is available at www.e3g.org

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