

Leeds University Business School – Research and Innovation Podcast

Episode: Just Transitions – a global exploration: China’s orderly transition approach

Speakers: Dr Clare Richardson-Barlow and Dr Jiachen Shi

[00:00:05] **Clare:** Hello and welcome to the “Just Transition, a global exploration” series on the Research and Innovation podcast. My name is Dr Clare Richardson-Barlow, and I'm here with Dr Jiachen Shi, a lecturer at Leeds University Business School, and a member of the Centre for Employment Relations, Innovation and Change.

And we're going to talk about the theme of the research that she's been doing on China as a part of this project. Jiachen - welcome.

[00:00:34] **Jiachen:** Thank you very much, Clare. It is a pleasure to be here and unpack how China conceptualizes and operationalizes what was often called just transition.

[00:00:43] **Clare:** Wonderful. I think to kick off that discussion, it'd be good to start from a place of a just transition. We hear the term “just transition” used a lot in international climate debates, but I think it'd be good to touch upon how the idea is understood in China. Is it used in the same way or does it mean something different in the Chinese policy context?

[00:01:06] **Jiachen:** That's a great starting point. So actually just transition as a term, the exact term has not been used that often or frequently. China does use it, but the concept beyond the just transition has been kind of like, you can see, you can see the concept and philosophy of just transition being embedded, literally in all the economic, environmental and social development plans and national strategies.

Absolutely we can see that environment and energy conservation has gone long debates in China's economic modernization. And before we get into how China frames its own approach about just transition, it's still important to note that China does share several fundamental principles with global understanding of just transition. So international frameworks such as ILO and UN global compact and such that that just transition should be a fair, inclusive, people-centred and designed to protect livelihood while economies, decarbonize, ensuring no one is left behind.

It also stresses the importance of employment support, skills development and social protection for vulnerable workers who will face the greatest disruption, as sector shifts away from fossil fuels, for example.

Although different countries face different operational challenges, but these values of these principles are shared in balancing environmental goals with social and economic justice from a common global baseline.

Well, the Chinese government, actually described this transition- This is something more significant, as China stands- So the Chinese government described this transition as an orderly transition. So this has been actually a concept mentioned by the President Xi Jinping and has been set in the, in the national green transition and energy transition plans, we'll be talking about a little bit later that how just transition has been embedded in kind of like multiple more

comprehensive, national development strategy. But as we can see that the energy transition and green transition, and sustainability, these are the terms that Chinese people are more familiar with.

And, so we want to take a closer look on the green transition and the transition and how that has been operationalized. So orderly transition, is actually emphasizing on a sequencing principle that shapes how decarbonization unfolds. It's a conceptual framework that the government used to describe how energy transition should and importantly, happen in a sequence order, a specific sequence order. So the sequence is that we often describe it as “making first or breaking later”, or “construct first and destruct later”. That means before you phase down the coal, or any heavy carbon heavy sectors, you must first build reliable alternative energy resources.

So the logic is clear. So if you shut down coal too early without replacement energy, you risk energy insecurity and economic instability. So the Chinese government emphasized that withdrawal of traditional energy mass raised on a security, dependable, a large scale alternative energy system. So this sequencing, basically from the government's perspective, it will ensure the energy, security and energy, and economic stability, which Chinese policy makers treat as fundamental preconditions of decarbonization. And as we can tell that this approach probably will require, strong coordination across regions and sectors.

So each region has different responsibilities, depends on their economic structure. But they would be following the same shared principles to push comprehensive and coordinated green growth. The principle of comprehensive and holistic planning with a stable and progressive approach. And now we are seeing these show up in debates about how China stimulates green innovation, green consumption, and renewable technologies, all positioned as new engines of economic growth domestically and also internationally. So this framing reflects China's broader governance priorities, which is: Stability, coordination and risk managements. In other words, China embrace a global growth of fairness and protection during decarbonization, and their way to, to persuade it is through, a more stabilized, staged and stability, growth oriented, approach.

[00:06:13] **Clare:** Wow, that's very complex and really emphasizes kind of how this is a state led process. With that in mind, I wonder how are climate and energy transition policies are actually designed and implemented within that state led system?

[00:06:32] **Jiachen:** Yeah, of course. So, we often hear that China's transition is highly statewide and the policymaking system is complex. So we often heard how this transition has been undated in five year plans. The state council taking a central, local, coordination lead and so basically China's climate governance emphasize strong top level design where state council sets strategy, and strategic direction targets and coordination mechanisms. So climate goals are embedded in national development planning, especially as we just mentioned, the five year plans. And in the past five years, which just finished the 14th five year plan, which lasted from 2021 to 2025, that were to set up the foundation for achieving carbon neutrality by carbon reduction in carbon emitting sectors, energy infrastructure, transport, and setting up, promoting and facilitating policies including technology driven, financial support, law regulation standardization, and carbon treat markets to build up the ecological carbon cycle. And specifically in the NDCs, the due carbon growth, which means peak emission before 2030 and achieve carbon neutrality by 2060 that was introduced at national level and operationalize through sector and regional plans.

So you can see that China's rapid green transition- there are a lot of things have been achieved in the energy transition. It actually support this logic. So for example, during the 14th, five year plans, China expanded renewable capacity, very dramatic, Building up the world's largest and fastest growing renewable energy system with renewable installs capacity raising from 40% in 2020 to around 60% by 2050. A renewable, accounted for one third of national electricity consumption by 2025. And, and wind solar capacity increased from, 530 million kilowatts in 2020 to 1.68 billion kilowatts by July 2025, with an annual growth rate of 28%.

So during this period, China achieved major, we could say some major benchmarks. Including how energy consumption per unit of GDP decreased by 11.4%, between 2021 to 2024 and cutting emission by 1.1 billion tonnes. So these are the historic changes integrated into broader economic governance. And in the newly released NDC, there are also updates, around how carbon neutrality plan and how they can intersect with the system. So, it's a newly released NDC, one of the key figures suggests that, in China's 2035 NDC, the commits to reducing net GHG emission by 7 to 10% from the emission peak by 2035.

It also strengthens the non-fossil fuel energy targets and reinforces momentum from rapid renewable expansion. So renewable already accounts for nearly 40% of China's total power generation.

And also there are some research is, has already been debating around wider China has already achieved carbon peak, earlier and faster than what they have promised. Well, for example, from the infrastructure we can see that China has already exceeds its 2030 targets for wind and solar. So basically we could see that China's emphasized on the orderly framing is, is not rhetorical. It's actually tightly connected to ensuring that new energy infrastructure are in place before facing down old capacities. So you could see that some of these coal minings, that sometimes you see in international debates, that the coal consumption has not been reduced or there are still substantial coal consumptions or new plant new coal plants has been built in China. But this is- kind of all part of this framing, in terms of like ensuring energy, security, economic growth by having the alternative in, renewable energy infrastructure structure in place before phasing down the coals. And then establishing the foundation of the alternative renewable energies in place, will make it predictably faster for the coal phasing down or, the further reduction of carbon emission faster and quicker in the next phase.

[00:12:07] **Clare:** There really is a link here between that kind of holistic approach and the state-driven process, but then also the kind of timeliness and orderliness of how any of these solutions are put in place. It's very interesting.

In many just transition debates, we see workers, trade unions, playing a major role in shaping policy. So I'm wondering, within the Chinese system and what you've described, what does worker participation look like? Where do they fall into this holistic approach?

[00:12:41] **Jiachen:** Workers' participation does exist. Of course, without workers' participation, this whole system won't be operationalized actually. but we could see that it operates within the China's hierarchical governance structure. So we know that in most of our other episodes, and in our research projects, there is a focus on the role of labour union and trade union. Well, in the Chinese context, the All-China Federation of Trade Union is the only legal union that functions primarily as,, more of a supporter and implementer of the statewide policies. So when we see about this hierarchical governance structure, the basic how it works is that the All

China Federation of Trade Union, they will set up rules and initiatives for unions at all levels to organize, ecological civilization, construction activities with large scale coverage around the strategy of “building a beautiful China” and sustainable development.

In practice, this means unions mobilize workers run scale training programs and support resettlement. They participate in some local consultation during industrial restructuring, especially in coal heavy provinces where economic challenges are largest, industrial restructuring, especially in coal heavy provinces. So these regions face stronger social economic challenges including labour displacement and economic restructuring. So employment resettlement, skills training, and economic diversification are, are largely demanded.

So we can see in some of the earlier five year plan cycles, there was some significant transition took place, including the coal and steel cutting over capacity initiatives. So during the time of 2016 to 2021, there were over 1.8 million workers were resettled, between this time period. And workers were offered options such as internal retirement, redeployment, market base replacements, and small business support, for example, to help workers to build up their own small business with some, financial funding support. Well, the resettlement related issue has been discussed at national level where Trade Union have a seat where they are among one of the actors jointly, working with Minister of Human Resource and Security, and National Development and Reform Commission and all other six states ministries and ruling bodies. So they make statement to embed it in the plan of the state, and then they deliver the information to subordinates and then the workers at grassroots levels and organization who are affected. So where workers who are provided with resettlement options to choose from. From the list of options we've just mentioned, for example, the internal retirement or deployment market placement, self-employment and finance to ensure basic lively standards, Workers may have less voice. It's macro level of decisions.

So for example, whether the site will be shut or relocated. So, we could see more participation and impacts from workers are driven by a more technocratic approach. As we said, it's presented by structured, but we can see a lot of this varies from the workers about growing transition comes from the demands of the, for example, shifts of skills and where the opportunity goes. Then, then in a lot of carbon heavy sectors, like, for example, in steel sectors, they've got long debates, not only in recent years, but historically it's, it is part of, their, basically their, they're engineering and frontline workers job or tasks to decarbonize. And because they, their believed that that makes things works more efficiently.

So the awareness about brain transition for many workers and in their ideologies or in their awareness are very technology driven. But we can see like from our reflection on the participation of workers and trade unions and also, for example, demands of, of economic restructuring to some extent at some regions or, for some sectors. There were documents published for fully leveraged the role of trade unions to guide and mobilize a vast number of workers to contribute to energy conservation and carbon reduction. Although rather than, any public pleasure and this was mainly driven by the state emphasizing on comprehensive and coordinating nature of growing transition, as well as the broader context, uh, of the state driving trade union to take their responsibility and bargaining role to ensure or enhance workers' rights protection.

So exactly we could still see at the moment is very technocratic form of participation consist with the governance model where engineers and strong line workers focusing more on skills building and green energy technological shifts.

So trade unions have been engaging worker related issues at broader scale and more multi, scholar scope in more sectors to take growth, well, at the moment is mainly focused on campaign competition at sector level trainings for green skills and, monitoring and supervision at enterprise level. And from our research workers, awareness of trade unions engagements, uh, sometimes appear to be quite vague.

[00:19:20] **Clare:** So with these roles in mind and underneath this system, I think it's important to wrap up with - what can realistically be expected for a just transition in this context?

[00:19:33] **Jiachen:** Yeah. So basically we can see that China frames justice, in all the policy makings they did, emphasize on people-centred, and we can see this from the point of view of overall how they accelerate the transition. And in this process frame justice as people centered, by prioritizing stability development and welfare improvements and people's livelihood need to be, the standards need to be guaranteed. That follows quite in materialist ideology, uh, when it is emphasized on the advance of wellbeing of people in climate governance.

And what can actually be achieved is that we do see large scale against in terms of like, for example, in the 14th five year plan, which just finished to focus the coverage of expenditure of China's land area and ecological improvement. And China has become basically global renewable leader accounting for over 40% of world's new energy patterns during this period. And it's basically established the largest world's largest carbon markets and the largest clean power generation system.

So this has what we said about what the, the technological shifts, uh, has brought in. So there are actually massive structural shifts that reduces, future, social and environmental harm. However, we can see challenges remains, as we said in this orderly transition. While the renewable energy and, alternative renewable infrastructure has been putting in place, we could see that even the coal shares, has been declining annually, but the absolute car consumption can still remain substantial for some time. And we can see a lot of this labour impacts remain at technological and skills building level. And if we took, take a look at the ownership, we can see that labour impacts can still cluster in non-state owned enterprises where, the state has been recognizing and documented where the challenges are appeared at layoffs and, income, insecurities, as well.

So overall we see that the model delivers all release coordination and speed, very quick policy rollouts, for less about public contestation. So there is also growing pressure, as we can tell, and, and as we have reflected for unions to navigate more complex issues between the growth-led energy transition priorities, and workers needs to accelerate just transition and through orderly transition to strike the balance between multiple goals, including environmental protection, economic growth, job creation, and poverty elevation.

[00:23:06] **Clare:** Thank you, Jiachen That was really insightful. I think what comes through clearly is that China's approach to a just transition is quite distinct. It's less about contestation

or negotiation between different actors, and it's more about coordination, sequencing, and maintaining stability during large scale economic change.

And that really offers a valuable contrast to other cases we've explored in this series, particularly Malaysia, where the challenge is less about coordination and it's more about ensuring that labour voices are meaningfully included in the Transition process.

Together, these cases highlight that there's not really a single model of a just transition. Instead, what we see are different approaches shaped by national institutions. Political systems and development priorities. So thank you so much for helping to illustrate this.

[00:24:04] **Jiachen:** Oh, thank you very much Clare. It's been a pleasure.

[00:24:07] **Clare:** If you'd like to learn more about the project, you can visit our webpage and you can also listen to other episodes in this series where we explore just transitions in different country contexts. All the links are available in the episode show notes. Thank you so much for listening and goodbye.

[00:24:24] **Jiachen:** Bye for now.