



10 year of the Belt
and Road Initiative

BRI IN PORTUGAL: ENERGY SECTOR

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Agenda

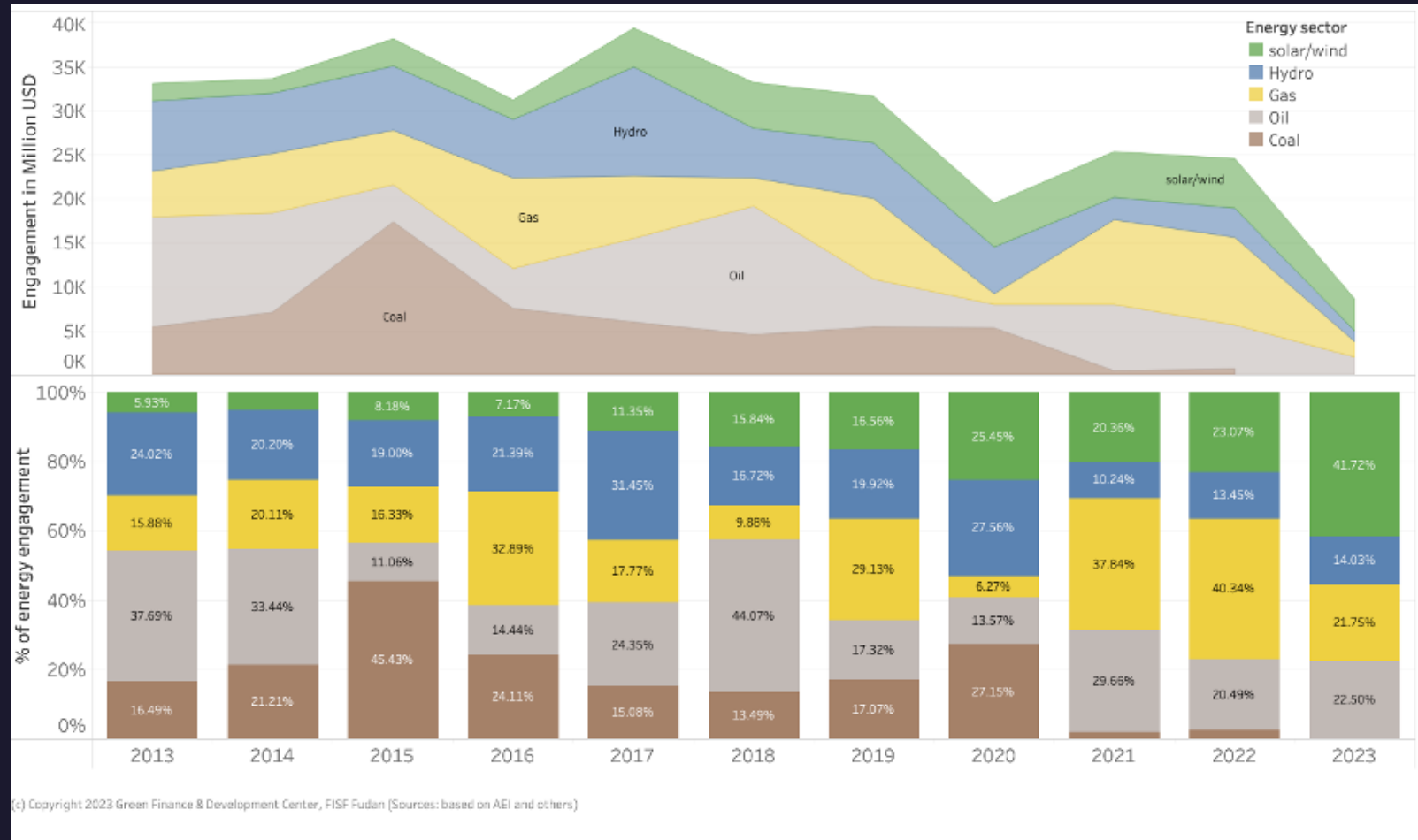
- Expectations and the past 10 years
- What the next 10 years might bring and how can it enhance energy cooperation between Portugal and China?
- Additional sources/ resources



Expectations and the past 10 years



- Energy has been central to the Belt and Road Initiative (BRI). In every year since 2013, when the global infrastructure initiative was first announced, to 2022, the energy sector accounted for the majority of investments and construction deals signed.
- Dozens of coal plants were built in countries like Indonesia, Pakistan and Vietnam, locking in carbon-intensive energy production for potentially decades.
- According to an analysis by Boston University, Chinese-financed power plants emit more than 245 million tons of CO₂ each year – roughly equivalent to Spain's annual carbon footprint.
- Since Xi's 2021 promise, however, no new coal plants have been developed and investment in renewables has taken off. In the first half of 2023, solar, wind and hydro took up about 55% of energy-related construction and investment facilitated by the Belt and Road, according to Beijing-based Green Finance and Development Centre.

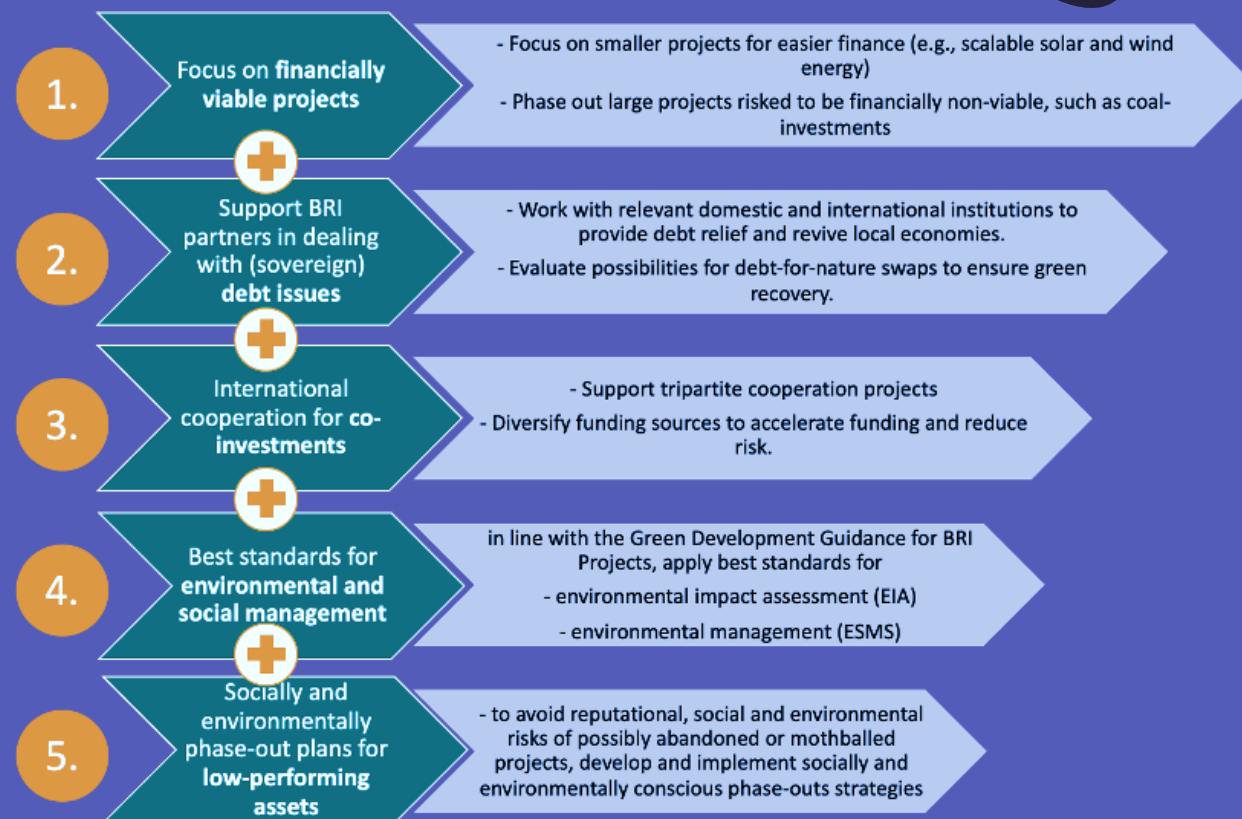




What the next 10
years might bring and
how can it enhance
energy cooperation
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- China's Belt and Road gets 'green' reboot and spending boost. China has raised clean energy among the priorities of its flagship international investment programme, while promising an extra \$100 billion in development funding.
- President Xi Jinping said China will “further deepen cooperation” in green infrastructure and energy projects with developing countries as part of a reboot of the Belt and Road Initiative (BRI). Beijing wants to make the Belt and Road smaller and greener, shifting the focus away from colossal and polluting projects and into high-tech and clean energy. The green pivot is not an overnight move and comes two years after President Xi UNGA announcement when he pledged China would stop building coal power plants overseas
- Analysis by the Centre for Research on Energy and Clean Air (CREA) indicates that 36 coal power plants, representing nearly 36 gigawatts (GW) of capacity, have been cancelled since September 2021. Some projects have still moved to construction even after Xi's announcement, particularly “captive” coal power plants designed to serve industrial facilities. CREA argues that a further 19.2 GW worth of coal power currently in the pipeline should be cancelled as the projects have still yet to receive permits or finance and that a further 10 plants, for which permitting or financing deals have already been signed but have not yet entered construction, “should be converted to renewables”.
- The expansion of wind and solar energy along the Belt and Road may be easier said than done because high levels of debt and rising interest rates on loans have increased project risk and affected investor sentiment. Chinese institutions tend to be relatively inflexible and slow to respond to the changing overseas investment environment.
- Early retirements of coal power plants could also lower the risk of Chinese-backed plants becoming “stranded assets” as countries move towards lower-emission power generation as part of their climate pledges and energy security goals.
- Role of institutions like AIIB (Portugal is a shareholder) in financing projects across BRI

CLEAN ENERGY IS A PRIORITY



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Thank You

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