

Chinese Handcuffs: How China Exploits America's Climate Agenda

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KEY TAKEAWAYS

America is one of the world's three largest energy producers; China is the world's largest energy importer. Yet, current U.S. policy puts energy security at risk.

Over the past few decades, China has been executing a plan to reverse these roles by dominating the so-called green movement openly embraced by the political Left.

The Biden Administration rejoined the Paris Agreement, jeopardizing U.S. energy security, saddling the U.S. with high financial costs, and giving China a free ride.

Chinese Handcuffs

Energy is a human necessity. For millennia, humans relied primarily on fire for heat and light, but after Benjamin Franklin's legendary discovery of electricity in 1752, the development of ever more dense and powerful sources of energy has fueled a radical transformation of the human condition—at least for those with access to such energy. As humanity journeys through the 21st century, energy required for rapidly evolving technologies, from artificial intelligence and cryptocurrency to quantum computing and digital economies, will be staggering.

Securing requisite resources is, therefore, a critical economic and national security priority. This imperative is also an active component of geostrategic competition between the United States and its only near-peer rival, the People's Republic of China (PRC).

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The U.S. and the PRC approach this confrontation from radically different energy postures. America is an energy superpower, one of the world's three largest energy producers. Comparatively, China is net energy vulnerable, the world's largest energy importer.¹ Over the past five years, however, the PRC has been executing a plan to reverse these roles by dominating the so-called green movement openly embraced by many on the political Left.

To analyze this challenge, The Heritage Foundation's Davis Institute of National Security and Foreign Policy is launching a multiphase project titled *Chinese Handcuffs*. Chinese handcuffs refer to the traditional children's toy, which is a tube that is open on each end where one inserts an index finger into each side simultaneously, famously included in *The Addams Family* movie. Then, when attempting to pull them out, the trap tightens, immobilizing the fingers. The only method of relief is to push one's fingers more deeply into the trap.

These "handcuffs" serve as an analogy for the U.S. environmental agenda that dates to the 1970s but has dramatically intensified over the course of the Biden Administration. This agenda has harmed natural U.S. energy advantages—and U.S. energy consumers—in the name of combating climate change. The agenda proposes that humans, first and foremost Americans, voluntarily forsake energy sources of unprecedented density, such as fossil fuels, and even those that are carbon neutral, such as civil nuclear power, to reduce carbon emissions—regardless of the costs. Not coincidentally, under current circumstances, to achieve many climate goals, the U.S. would have to heavily increase its dependence on Chinese materials and products that support a green energy transition. This dependence, and the associated impact, would immobilize the U.S. in an increasingly inescapable trap of China's making.

The prioritization of the threats from the PRC and from climate change is emerging as a significant policy difference between conservatives and liberals, carrying significant implications for how both camps form their energy policies. Put simply, many liberals consider the PRC a significant problem but have defined climate change as the greater threat to the United States,² with President Joe Biden stating that climate change is America's "maximum threat."³ Conservatives, by contrast, have a range of views on climate change, but consistently view the PRC as the greater threat to the U.S.—even those with strong concerns about the environment.⁴

This discrepancy in priorities has provoked two radically different approaches to how America will fuel itself—and the rest of the world—in the coming decades. For the political Left, the imperative to mitigate any effects of climate change necessitates both cheap and subsidized Chinese-manufactured

infrastructure in the form of solar panels, wind turbines, grid storage, and electric vehicle (EV) batteries.⁵ It *should* also necessitate comprehensive agreements with the Chinese Communist Party (CCP) to curb China's own emissions, which it, egregiously, does not. For the political Right, however, the recognition of China's malign intentions, not only toward its own neighbors but also the West, makes dependence on the CCP for green energy needs an unacceptable endangerment of America's national security.⁶

The Chinese Handcuffs project will track two separate but related themes: the CCP's deliberate plan to dominate "green energy" sources and products and the consequences of the American Left's eagerness to collaborate with China in the name of combating climate change.

The project will include four *Backgrounders*, along with supplemental materials, to illustrate the challenges that America faces in this context. This first *Backgrounder* represents an in-depth investigation of how China hijacked and now dictates the U.S. environmental agenda. The second *Backgrounder* will assess the defense and military implications of U.S. reliance on Chinese energy materials. The third will present a cautionary tale of what four more years of the Biden Administration's energy policies would mean for the U.S. Finally, the fourth will present an alternative, prescriptive strategy to ensure American energy security through the end of the 21st century.⁷

Historic Developments

In the past decade, the U.S. government has introduced a variety of policies to mandate the use of "green energy" and reduce carbon emissions. While supporting a clean environment is a noble cause, current efforts have not only compromised elements of U.S. national security but also generated new vulnerabilities that America's greatest adversary, the PRC, is exploiting.

With the PRC controlling a growing share of green energy sources, products, and materials, Beijing has successfully engaged in a decades-long effort to dominate energy and environmental agendas in the U.S. Understanding how China hijacked U.S. environmental agenda is necessary to assess the consequences of hyper-dependence on Chinese-dominated energy sources and the appropriate steps to protect U.S. national security interests.

Understanding the political history of the climate agenda provides an important lens through which to view the current dynamics between the United States and China in the context of energy and U.S. national security.

The United States. Americans have generally been supportive of measures to protect the environment. Presidents Theodore Roosevelt,⁸ John F. Kennedy,⁹ and Ronald Reagan¹⁰ shared a deep appreciation for the natural

world and supported actions to conserve and protect it. While several factors have influenced the ongoing debate on climate change—starting with global warming science in the 1950s¹¹—U.S. politicians and activists were the primary architects of what has become today’s “climate agenda.”

One of the first leaders of the global warming movement was Al Gore, who, in the late 1960s, became interested in the issue while studying at Harvard University.¹² As a Democratic member of the U.S. House of Representatives, he used his position to aggressively pursue a “green” agenda. Gore organized the first congressional hearing on man-made global warming in 1981.¹³ After being elected to the Senate, he continued to gain support for climate legislation in Congress.

In 1992, Gore chaired the Senate delegation to the United Nations “Earth Summit” in Rio de Janeiro, where the United Nations Framework Convention on Climate Change (UNFCCC) was established. The UNFCCC is a multilateral treaty adopted to stabilize greenhouse gas concentrations “at a level that would prevent dangerous anthropogenic (human-induced) interference with the climate system.”¹⁴ Each year since, there has been an international climate meeting for treaty signatories referred to as the Conference of the Parties (COP).¹⁵ The UNFCCC provided the basis for international climate negotiations, including the 1997 Kyoto Protocol,¹⁶ a document which Gore, as Bill Clinton’s Vice President, helped to broker, and the 2015 Paris Agreement, which superseded it.¹⁷

After leaving government, Gore starred in the 2006 Academy Award-winning documentary *An Inconvenient Truth*, which was credited with raising international awareness and energizing the green movement. The following year, Gore and the U.N. Intergovernmental Panel on Climate Change (IPCC) were awarded the Nobel Peace Prize for their work.¹⁸

John Kerry, President Biden’s first Special Presidential Envoy for Climate Change, has also been a high-profile proponent of the climate agenda. As a U.S. Senator, Kerry (D–MA) served as a member of the 1992 Senate delegation to Rio; later, as President Barack Obama’s Secretary of State, Kerry helped to negotiate the Paris Agreement and signed it on behalf of the United States in 2015.

China. While Al Gore was learning about global warming at Harvard, 7,000 miles away in China, Mao Zedong was launching the Cultural Revolution. Sixteen years after Mao’s death and the end of the Cultural Revolution, China would become more heavily involved in environmental policy. In the meantime, Deng Xiaoping expanded the opening to the West, initiated by Mao and President Richard Nixon, through economic reform and his open door policy aimed at attracting foreign investment into China. While

China has experienced extraordinary growth in the past decades, “equally extraordinary, however, is the enormous toll that this economic growth has had on China’s environment” as China’s emissions kept pace.¹⁹

Premier Li Peng led a large delegation to the 1992 Earth Summit in Rio and presented a series of proposals for managing the environment. During Li’s speech to the summit, he asserted that developed countries have a greater obligation to find solutions for developing countries (meaning China) *and* to transfer environmental technology to developing countries.²⁰ Li further emphasized that economic development should not be neglected in the pursuit of environmental protection and that international cooperation should not interfere with national sovereignty. China was categorized then as a developing country and remains so today,²¹ despite the country’s enormous economic rise.

China’s trade and investment reforms in the 1990s led to a major influx of foreign direct investment. These reforms prompted rapid industrialization and the development of a middle class, which led to a dramatic increase in energy needs. By the time General Secretary Hu Jintao assumed power in 2003, the demand for coal, oil, and gas had never been greater.²² By 2006, as China continued to rely heavily on the use of “dirty” coal,²³ it surpassed the U.S. to become the largest emitter of greenhouse gases in the world.²⁴

For a variety of reasons, China soon began to set its own climate agenda. Hu and other senior CCP members were concerned about social unrest among the population, as intense air pollution, water scarcity, and poisoned food crops due to soil pollution, as well as degrading environmental quality, had led to widespread health issues.²⁵ General Secretary of the CCP, Hu was foremost concerned with preserving regime stability and survival,²⁶ and addressing climate issues became part of this agenda.

Second, after decades of rapid gross domestic product (GDP) growth, Hu believed that China would face growing environmental challenges if it continued to modernize and urbanize at comparable rates.²⁷ China’s economy was fueled by a fossil-fuel-intensive strategy, based on heavy industry, exports, and investment.²⁸ The high energy demands of China’s industrial economy left it increasingly reliant on imported fossil-based energy, which left the country vulnerable to both supply and price fluctuations.²⁹ Hu sought to confront these challenges by setting in motion plans for China’s development of renewable energy. In 2005, for example, China passed the Renewable Energy Law, aimed at building energy security for the world’s most populous country.³⁰

Third, when it recognized that the U.S. was determined to bring China under the UNFCCC umbrella, CCP leadership sought to leverage the

situation by telling the U.N., the U.S., and other country delegations what they wanted to hear. The CCP knew that U.S. climate agenda advocates and activists wanted nothing more than for China to commit to a national target for reduction in carbon dioxide emissions and a timeline. Thus, in 2009 at the United Nations Climate Change Conference, also known as the Copenhagen Summit or COP 15, Hu declared that “[o]ut of a sense of responsibility to the world and its people,” China had begun to tackle climate change.³¹

The devil turned out to be in the details. Hu promised to eventually set a target for reducing the rate of emissions but failed to commit to a specific target or timeline.³² Hu then offered “aid to the poorest developing countries facing the impacts of climate change.”³³ Being the top global greenhouse gas-emitting country, Hu was sensitive to perceptions about China’s reputation on climate change in the developing world, thus emphasizing the poorest countries’ needs in his speech.³⁴ After COP 15, the Chinese government began to aggressively advance its own version of climate diplomacy around the globe, with the encouragement and support of the Obama Administration and the use of the United Nations as a global platform.

China Seizes the Moment

In November 2012, Xi Jinping replaced Hu as the General Secretary of the CCP. While his predecessor set the stage, Xi accelerated the pace and scale of the development of China’s renewable energy sector.³⁵ For example, in 2023, China was forecasted to “build as much new solar capacity this year as the total installed capacity in the U.S.,”³⁶ while, in 2022, it “generated 46 percent more wind power than all of Europe” combined.³⁷ Xi has leveraged China’s global dominance in renewables to drive his primary priorities, which include energy self-reliance and molding the global climate order to serve the interests of the CCP, such as justifying its “developing country” status, providing cover for expanding domestic coal production, and making Washington offer political or security concessions in exchange for China’s participation in climate discussions.³⁸

Xi was keenly aware of the climate policies that Obama had spearheaded, creating a lengthy permitting and regulatory regime designed to phase out fossil fuel production while making heavy investments in renewables.³⁹ He was aware of U.S. efforts to organize a global climate treaty during COP 21 in 2015 and Obama’s strong desire for a deal with China in order to secure his own legacy on climate change.⁴⁰

In early 2014, while in Beijing, Kerry floated the idea of a climate deal that would commit the U.S. to “cut emissions twice as fast as President Obama’s earlier target” if Xi would set a target for peak Chinese emissions by 2030.⁴¹ In September, “Obama pressed the issue again during a meeting with China’s vice premier on the sidelines of a U.N. climate summit.”⁴² At the end of November, Obama got his wish, and dual announcement was made during the President’s trip to Beijing.⁴³ Xi understood that the urgency of such a transition would lead America from a position of strength in the energy sector to a position of vulnerability. The die was cast when the Paris Agreement was adopted in 2015 at COP 21.⁴⁴

In June 2017, President Donald Trump announced that the U.S. government would cease participation in the 2015 agreement.⁴⁵ Over the next four years, the Trump Administration worked to upend the Obama Administration’s radical climate policies by unleashing American energy producers through a forceful campaign of deregulation and permitting for drilling and infrastructure. This led to an increase in oil and gas exports across the globe. By 2020, the United States had established energy dominance.⁴⁶

General Secretary Xi sought to use the Trump Administration’s withdrawal from the Paris Agreement to position China as the global leader on climate change to offset the reputation damage caused by COVID-19. In a September 2020 virtual address to the United Nations, Xi claimed: “Human-kind can no longer afford to ignore the repeated warnings of nature and go down the beaten path of extracting resources without investing in conservation, pursuing development at the expense of protection, and exploiting resources without restoration.”⁴⁷ As one activist from Greenpeace noted, “Xi Jinping’s climate pledge is a bold diplomatic move that demonstrates clear political will and the maximum desire to contrast China’s climate stance with the U.S.”⁴⁸

The U.S. political pendulum swung back to the left following the 2020 presidential election. During the campaign, Joe Biden promised a 100 percent clean grid by the year 2035, which became a core element of his climate agenda.⁴⁹ After his inauguration, President Biden named John Kerry the Presidential Envoy for Climate, and the U.S. rejoined the Paris Agreement.⁵⁰ President Biden also claimed that “climate change is an existential threat to humanity” and “the number one national security threat to the United States.”⁵¹ A week after taking office, President Biden issued an executive order that would underpin his Administration’s priorities, addressing what the President and his Administration perceived as a crisis.

In 2021, President Biden hosted 40 heads of state for a virtual Leaders Summit on Climate at the White House.⁵² Xi took the opportunity

to showcase China's commitment "to move from carbon peak to carbon neutrality in a much shorter timespan than what many developed countries might take."⁵³ These bold words were mere platitudes, as plans were underway in Beijing to more than double coal-power capacity through a roll-out of new coal-fired plants across the country.⁵⁴

China has a history of using environmental causes to extract concessions from the U.S. and other Western countries, dangling the prospect of vague, intangible cooperation on climate issues in exchange for the U.S. and others acceding to its geopolitical demands.⁵⁵ For example, China has "pledged" to reduce emissions while it constructs new coal plants "to fuel its ongoing industrial expansion and military modernization."⁵⁶ As Chinese Foreign Minister Wang Yi indicated to Presidential Envoy Kerry, "cooperation on reducing emissions cannot be separated from the broader relationship."⁵⁷

The Biden Administration subsequently doubled down on its climate agenda. In August 2022, President Biden signed the Inflation Reduction Act (IRA) into law, which was designed not to confront rampant inflation but rather to supercharge the transition to clean energy.⁵⁸ The IRA's purpose is to structurally alter America's comparative advantage of abundant fossil-fuels resources as the primary source of domestic energy.⁵⁹ In December 2023, "the world's first deal to ditch fossil fuels was forged in Dubai at COP28," which involved government ministers from nearly 200 countries approving a deal that calls to move away from using fossil fuels. Kerry, the chief negotiator for the new deal, and Xie Zhenhua, his CCP counterpart, celebrated the victory.⁶⁰ Prior to the conference, however, Xie said that "completely eliminating fossil energy is not realistic," suggesting that the photo-op in Dubai was just that.⁶¹

U.S. National Security Vulnerabilities Intensified by the Climate Agenda

What began as a discussion of the science of global warming in the late 1960s has evolved into a global climate agenda with energy at its core.

Over the past decade, China's leadership has prioritized growth of the new green energy sector, which includes solar panels, lithium-ion batteries, and new energy vehicles (NEVs).⁶² These three categories are known as the "new three" sectors that represent a shift away from China's "old three" engines of economic growth: home appliances, clothing, and furniture.⁶³ China has bet heavily on the new three, with funding, technology, and talent all flowing into these industries. Clean energy investment rose 40 percent year-on-year to \$890 billion in 2023, with the majority channeled

into manufacturing and research and development.⁶⁴ Including the value of production, new energy sectors contributed \$1.6 trillion to the Chinese economy in 2023, up 30 percent year-on-year.⁶⁵

The CCP's laser focus on the new three has led China to dominate clean energy globally. In the 1990s, China was licensing technologies from foreign firms, or, in the case of battery technology, it was given by,⁶⁶ or acquired from, the U.S.⁶⁷ By the turn of the century, the CCP's goal was to lead the clean energy sector and position China as the global supplier on which other countries would rely.⁶⁸

China began making strategic sectoral investments in renewable technologies in the mid-2000s.⁶⁹ In 2010, the State Council codified the importance of seven "strategic emerging industries" in a policy document titled the "Decision on Accelerating the Development of National Strategic Emerging Industries."⁷⁰ The following year, the CCP started to put an emphasis on clean technology in its 12th Five-Year Plan (FYP), for 2011 to 2015.⁷¹ Xi then made a global splash with his roll-out of "Made in China 2025," an industrial policy focused on innovation and technological upgrading. It revealed the economic and industrial vision for the future and indicated the ambitions of China's leader to not only become a manufacturing powerhouse but also to dominate in 10 priority sectors.⁷²

With the 13th FYP (for 2016 to 2020) in 2016, the United States began to witness the impact of Beijing's design. As part of the FYP, China's energy policy was to continue to increase energy efficiency (measured by energy intensity and energy consumed per unit GDP) and to increase the use of non-fossil energy. But real gains in energy efficiency and greenhouse gas and pollution reduction come from cutting overcapacity and not operating unnecessary plants.⁷³ In this case, China's public claims versus its actions have proven the opposite. China's industrial overcapacity and non-market investments in industries such as steel and aluminum produced with higher carbon emissions has been the norm. China has continued flooding the market with below-market-cost products for years, and this policy is likely to continue as domestic economic conditions decline.⁷⁴

The CCP's 14th FYP (for 2021 to 2025) "gave science, technology, and innovation near absolute priority," noting that "becoming a science technology powerhouse is an issue of national security."⁷⁵ This plan has had the most significant influence on China's energy position today, due to its strong support for the new three clean energy strategic industries.

And the plan has worked. China is now the largest producer and exporter of solar panels in the world and controls 80 percent of the solar supply

chain.⁷⁶ Meanwhile, the phenomenal pace of NEVs has accelerated China's overall automotive exports, and it is now in the top spot having surpassed Germany and Japan.⁷⁷

In the European Union, 95 percent of solar panels come from China, with the dependence raising concerns “about EU economic security and geopolitical vulnerabilities, especially in light of recent global disruption.”⁷⁸ China's global share of NEVs reached 35 percent in 2023, compared with 4.2 percent in 2018.⁷⁹ Chinese automaker BYD “accounted for 18 percent of global EV sales in 2022, topping Tesla and [Volkswagen].”⁸⁰ China's dominance in the NEV industry at all stages of the production chain stands out as an example of China achieving its objective of self-reliance.

In lithium-ion batteries, the third of the “new three” sectors, China also commands the supply chain. For example, “Chinese companies supply 80 percent of the world's battery cells and account for nearly 60 percent of the EV battery market.”⁸¹ The CCP has promulgated more than 10 important policies that involve the support of the power battery industry.⁸² Clearly, the CCP's climate agenda has been aggressively and successfully executed, putting China in a prime position to leverage its strategic advantages against the U.S. and its allies.

Furthermore, China's “dominance in the market for clean energy technologies has involved control over supply chains of critical raw materials through their domestic and overseas investments.”⁸³ China has become the “largest producer and processor of rare earth elements (REEs) worldwide,” which are used in defense and clean energy technologies.⁸⁴ If it was inclined to do so, “China could effectively cut off 40–50 percent of global [REE] supply, which would affect manufacturers and suppliers of advanced components used in [Department of Defense] systems and platforms.”⁸⁵

This Chinese dominance puts the national security of the U.S. and its allies at risk. For example, “In the event of a war or sudden need to supply an ally or strategic partner with military aid, the United States could face severe shortages of key defense products required in equipment such as drones, F-35 fighter jets, surface-to-air missiles, and even radios.”⁸⁶ Historical precedent exists: The “Allied powers' control of most of the world's minerals before World War II proved instrumental in their eventual victory over the Axis powers.”⁸⁷

In December 2017, President Trump issued Executive Order 13817, titled “A Federal Strategy to Ensure Secure and Reliable Supplies of Critical Minerals,” to address threats posed by America's reliance on foreign adversaries for critical minerals used in U.S. supply chains.⁸⁸ As a result, 35 minerals were identified as “essential to the economic and national security of the

United States”; as being reliant on supply chains that are “vulnerable to disruption”; and as serving “an essential function in the manufacturing of a product, the absence of which would have significant consequences for our economy or our national security.”⁸⁹ This critical minerals list is maintained by the Departments of the Interior and Energy.⁹⁰

U.S. allies are also at risk. The “NATO 2022 Strategic Concept,” the Alliance’s 10-year security and military strategy, mentioned China for the first time.⁹¹ The document notes that China’s “stated ambitions and coercive policies challenge our [NATO members’] interests, security, and values.”⁹² More specifically, the document warns that China “seeks to control key technological and industrial sectors, critical infrastructure, and strategic materials and supply chains and [that] it uses its economic leverage to create strategic dependencies and enhance its influence.”⁹³

Yet, following President Biden’s claim that climate change is the number one national security threat to America, Secretary of Defense Lloyd Austin has made it a national security priority for the Pentagon.⁹⁴ Both the Biden Administration and the European Union have consequently put their climate agenda ahead of economic and national security. For example, five years after President Trump issued his call to action with Executive Order 13817, the U.S. Army issued its 2022 climate change strategy, which featured plans to field an entirely electric non-tactical light-duty vehicle fleet by 2027.⁹⁵

Months later, CIA Director William Bruns correctly articulated that “China is the only country with both the intent to reshape the international order and increasingly the economic, diplomatic, military, and technological power to do so,” adding that “in today’s world, no country wants to find itself at the mercy of a ‘cartel of one’ for critical minerals and technologies.”⁹⁶ In December 2023, just days after the COP 28 deal was announced, the warning from the CIA came to fruition when China banned the export of technology to make rare earth magnets, adding it to a ban already in place on technology to extract and separate the critical materials.⁹⁷ Yet the Biden Administration’s commitment to its climate change priority remains unchanged.

The current worsening threat environment should mean that the U.S. no longer relies on any foreign adversary, especially China, for critical energy resources or supply chains. While Russia’s invasion of Ukraine has largely remained confined to Ukraine, the possibility of spillover or a miscalculation affecting NATO states forces the U.S. to maintain a high level of readiness in Europe. Hamas’s barbaric October 7, 2023, attack on Israel has contributed to heightened tensions in the Middle East while Iran

and its proxy groups,⁹⁸ including Yemen’s Houthis, conduct increasingly destabilizing actions and put U.S. assets at risk.⁹⁹ China’s constantly growing military capabilities and its increasing harassment of Filipino naval vessels in the South China Sea,¹⁰⁰ along with North Korea’s incessant saber rattling against South Korea and Japan,¹⁰¹ requires the U.S. to prioritize military readiness in the Indo–Pacific.

Put simply, the world is an increasingly dangerous place, and the U.S. needs energy, not only to fuel its economy and military, but also to secure its interests abroad. As the Pentagon’s “2016 Operational Energy Strategy” accurately notes,

Energy is a fundamental enabler of military capability, and the ability of the United States to project and sustain the power necessary for defense depends on the assured delivery of this energy. It must be available at home and abroad, over great distances, through adverse weather, and across air, land, and sea, often against determined adversaries.¹⁰²

Rather than sufficiently producing resources at home, however, current efforts to force a green energy transition could restrict available energy resources that the U.S. Armed Forces would need to carry out their responsibilities around the world—a grave vulnerability that the United States cannot accept.

Potential Challenges to China’s Total Dominance in the New Energy Sector

While China has made substantial progress in its quest to dominate new green technologies, it also confronts several headwinds, so this dominance is not inevitable.

First, China is looking to rebalance its economy away from the infrastructure and property sectors and toward its prize industries in the new green energy sectors, which reportedly contributed \$1.6 trillion to the Chinese economy in 2023.¹⁰³ In March 2024, the National People’s Congress set an “explicit focus on industrial policy favoring high-technology industries, and very little fiscal policy support for household consumption.”¹⁰⁴ Concerningly, “This policy mix will only compound the trade impacts of China’s growing state-supported industrial capacity and could set China on a course of trade confrontation” with the EU and the U.S. in 2024.¹⁰⁵

Second, China’s significant recent structural economic decline has put pressure on the CCP. Most of the factors that contributed to rapid growth

over the past two decades, such as “an expanding labor force, unprecedented credit and investment, a booming property sector, a one-time buildout of infrastructure, and a constructive external environment...cannot be repeated in the next decade.”¹⁰⁶ China’s economy is stagnating, plagued by a real-estate crisis, debt, and dwindling confidence among investors.¹⁰⁷ Goldman Sachs’s view “that one should not invest in China” is partly based on a projected decline in the economy over the next decade.¹⁰⁸ All this is underpinned by a “continued hardening in Xi’s ideological approach towards a more-Leninist party and a more-Marxist approach to the Chinese economy.”¹⁰⁹

Third, China’s dominance in the new energy sectors will be challenged by industrial policies and tariffs across the globe.¹¹⁰ Supply-chain issues in China will be exacerbated by regulatory developments in the United States.¹¹¹ Another challenge to China’s dominance in NEVs is the shortage of semiconductors, a result of the Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act,¹¹² which has significantly affected the global automotive industry.¹¹³ As China Briefing’s Yi Wu notes, “Tight control over semiconductor chips have resulted in insufficient production and a structural imbalance in China, thereby driving up the production costs for vehicles.”¹¹⁴

A fourth, significant challenge for China is its use of forced labor in the solar supply chain. The province of Xinjiang is responsible for more than 54 percent of the polysilicon production in China.¹¹⁵ Several major solar companies operating in Xinjiang have been implicated for forced labor.¹¹⁶ The United Nations reports that many Uyghur-Muslim workers in Xinjiang are subjected to conditions tantamount to forced labor and enslavement, unable to refuse work without the threat of re-education and internment.¹¹⁷ The U.S. Congress passed the Uyghur Forced Labor Prevention Act that went into effect in 2022,¹¹⁸ which has “brought the flow of solar imports [from China] into the U.S. to a near standstill, and ground large-scale projects to a halt.”¹¹⁹

Fifth, China faces fundamental contradictions in its energy policies, simultaneously championing itself as a guardian of the environment while aggressively pursuing fossil fuel production. In his 2022 speech to the 20th Party Congress, Xi stated that China will not stop using fossil fuels until it is confident that clean energy can reliably replace them, emphasizing energy security.¹²⁰ While rolling out a massive coal-fired plant expansion in some of China’s wealthiest provinces, Xi actively urges other countries to commit to “cooperation” on climate issues.¹²¹

It is abundantly clear that Xi is not a partner in the quest to reach the Paris Agreement’s 2050 goal of net zero carbon emissions. Rather, Xi has his own agenda, which he has clearly stated to CCP members.¹²² The CCP’s

climate policy is part of this overall agenda to hasten the rise of China and the decline of the United States. If America loses the ability to harness the natural resources it has, following the trajectory of the Gore–Kerry–Obama–Biden climate agenda, then America—and everyday Americans—seriously risks becoming dependent on China for energy while the CCP continues to abuse the environment.

Recommendations for the United States

In response to¹²³ China’s long-term plan to take advantage of America’s already harmful climate agenda, the U.S. should:

- **Prioritize U.S. energy independence and dominance.** Under the Trump Administration, U.S. energy production and exports were extremely strong, making America a safer and more prosperous nation. The U.S. Congress and executive branch need to unshackle the production of domestic energy resources and upend the stifling regulatory regime once again. These actions will allow the U.S. to maintain its global energy leadership, promoting energy security for its allies and reducing reliance on China.
- **Withdraw from the Paris Agreement on Climate Change.** The Biden Administration rejoined the global agreement in 2021, which jeopardizes U.S. energy security by subjugating America to a global governance framework that is not in the long-term interests of the American people. It saddles the U.S. with financial commitments to the globalist Green Climate Fund and imposes restrictions that impede America’s ability to compete.¹²⁴ In the interim, the U.S. Congress and the Administration should encourage allies to demand that the Green Climate Fund end the preferential treatment on climate issues afforded to Beijing as a developing economy. More broadly, the U.S. should consider halting ongoing cooperation on environmental agreements with China until it is clear that America’s energy security, safety, and interests will be protected.
- **Adopt a framework that recognizes China’s supposed cooperation in environmental agreements as a means to achieving competitive advantages over the U.S.** With China’s intention of employing all means of national power against the United States,¹²⁵ as well as its proven inability or unwillingness to meet its own climate

commitments, America should not trust Chinese promises. Doing so risks restricting U.S. policy flexibility while granting leverage to China.

- **Investigate revenue streams of prominent environmental advocacy groups within the U.S.** Congress and state governments should investigate how much Chinese money may be currently flowing to these nongovernmental and advocacy organizations, especially those that disrupt public proceedings and locations in the name of climate advocacy. These groups should be exposed to the public and law enforcement, with legal action taking place where necessary.
- **Increase the level of investigations of Chinese companies investing in the United States** to ensure that the investments do not jeopardize U.S. national security or give the Chinese government greater access to U.S. technology and influence over the economy. The Administration should ensure that any subsidies awarded to green industries are not funneled to any CCP-affiliated entities.

Conclusion

Since the 1970s, China has been waging an effective long-term strategy to transform its energy resource vulnerabilities into a net advantage. China's growing control of and influence over global energy supply chains is providing it with new sources of leverage. Worse still, the U.S. is actively contributing to China's dominance over the green energy domain while failing to exploit the challenges China has in this sector. With the current energy policy trajectory under the Biden Administration, China is positioned to dominate future energy markets for decades to come. This dominance is not inevitable—but the U.S. must act now to prevent it, and to free itself from its self-imposed Chinese handcuffs.

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