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China's Emissions Fall as Renewable Energy Surges

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China's carbon emissions may have reached their peak, according to new research that could have major implications for global climate targets and Australia's coal exports.

A report by the Center for Research on Energy and Clean Air (CREA) found China's carbon dioxide emissions dropped by 1.6 per cent in the 12 months to May 2025. The trend has reportedly continued in the following months, marking a significant shift in the world's largest emitter, which currently accounts for around 30 per cent of global emissions.

Belinda Schäpe, a China policy expert at CREA, described the decline as “historic”, noting that previous drops in China’s emissions occurred only during major economic slowdowns, such as during the COVID-19 pandemic.

“This time, the drop is not due to reduced economic activity but rather a rapid rise in renewable energy deployment,” Ms Schäpe said in an interview with the ABC. “That’s a really unique and important result.”

The report highlights that China is now leading the global shift to clean energy. In 2024, the country installed more solar and wind power capacity than the rest of the world combined. In May 2025 alone, China built 90 gigawatts of solar capacity, a figure that translates to roughly 100 solar panels installed every second.

According to CREA’s findings, China’s installed capacity of wind and solar energy now exceeds its combined thermal power capacity, including coal, gas, and oil. As renewables take a larger share of electricity generation, the need for coal-fired power has begun to decline.

While this shift is viewed as a positive development for global carbon reduction efforts, it also poses challenges for countries like Australia, which exports significant volumes of coal to China.

Analysts are watching closely to see whether the emissions decline becomes permanent. If China’s reliance on coal continues to fall, Australia’s resource sector may need to reassess its long-term export strategies, especially in thermal coal markets.

The CREA report suggests that structural change, rather than temporary factors, is driving this transformation. If true, it may mark the beginning of a global energy realignment with far-reaching trade and policy consequences.