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China accounted for 19% of global GDP in 2023 and its annual economic growth rate of 5.2% narrowly exceeded the government's annual target. Despite initial signs that the recovery would be swift, China's economy continues to face some challenges, notably with a troubled property market. Yields on Chinese sovereign bonds have been declining steadily since 2021 and reached a record low in March 2024. The People's Bank of China, as well as other state-owned commercial banks, have continued to lower their interest rates, in contrast to the upward trend in most other major economies.

The year 2023 saw robust growth for the so-called "new three" (xin-sanyang) industries - solar cells, lithium batteries and electric vehicles (EV) - which saw a 30% jump in exports in 2023 from a year earlier, making them a major factor in Chinese trade. These trends are expected to continue into 2024, with the largest portion of China's investments heading towards low-emission power.

Ample domestic manufacturing capacity and continued government support for clean technologies provides a foundation for strong clean energy investment within China. However, pressures are increasing on China's ability to export these technologies to other large international markets, including Europe and the United States.

Another issue that requires close attention is China's continued investment in fossil fuels, especially coal with nearly all the new global coal fired capacity. In tandem with its growing renewable capacity, coal still remains the most prominent fuel source in China's energy mix, with coal production reaching a record high in 2023. While China aims to ensure that coal and coal-fired power will play a supporting role in its energy system, these developments reflect a strong emphasis on energy security in China's energy strategy.

Overall energy investment levels in China are comparable to the amounts required to meet national energy and climate goals, although full alignment with the targets implies a rebalancing away from investments in fossil fuel supply, towards grids and the end-use sectors.

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Clean energy contributed a record 11.4tn yuan (\$1.6tn) to China's economy in 2023, accounting for all of the growth in investment and a larger share of economic growth than any other sector.

The new sector-by-sector analysis for Carbon Brief, based on official figures, industry data and analyst reports, illustrates the huge surge in investment in Chinese clean energy last year- in particular, the so-called

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"new three" industries of solar power, electric vehicles (EVs) and batteries.

Solar power, along with manufacturing capacity for solar panels, EVs and batteries, were the main focus of China's clean-energy investments in 2023, the analysis shows.

(For this analysis, we used a broad definition of "clean energy" sectors, including renewables, nuclear power, electricity grids, energy storage, EVs and railways. These are technologies and infrastructure needed to decarbonise China's production and use of energy.)

The surge in clean-energy investment comes as China's real-estate sector shrank for the second year in a row. This shift positions the clean-energy industry as a key part not only of China's energy and climate efforts, but also of its broader economic and industrial policy.

However, the spectre of overcapacity means China's clean-energy investment growth -and its investment-driven economic model, in general - cannot continue indefinitely.

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