Auto Industry Move to Green Mobility

--Speech on the 15th GIAC

Distinguished Mr. Yohannes Nangoi, Mr. Agus Gumiwang Kartasasmita, Ms. Sri Mulyani, dear colleagues, ladies and gentlemen,

Good morning! I am very glad to be invited by The Association of Indonesia Automotive Industry (GAIKINDO) to share relevant information at this conference. The theme of the speech given to me is “Automotive Industries’ Wheels to Move Toward better Environment”, which is a topic with close attention. China is a big auto country, and its development in all aspects has been concerned by everyone. Here I would like to focus on China’s development in three aspects: the decarbonization situation in China, the carbon reduction in China’s transportation sector, and the transformation of China’s automotive industry.

First, I would like to brief you on China's decarbonization transition. China is a signatory to the United Nations Convention on Climate Change. China has committed to peak carbon dioxide emissions by 2030 and achieve neutralization by 2060. This is China's solemn commitment to building a community with a shared future for mankind. At present, China’s economic development is highly

dependent on fossil energy. And its electricity is mainly thermal power. China undertakes the world’s largest manufacturing business and supplies most of the world’s crude steel. China is still at the primary stage of economic development. We need to ensure the livelihood of 1.4 billion people and continuously improve their quality of life. And we need to build infrastructure based on social security. China began regulating energy consumption in 2005. In 2015, China fully implemented the policy of controlling both energy intensity and total energy consumption. To reach peaking target, the carbon dioxide emissions per unit of GDP will be cut by more than 65% from the 2005 level by 2030. In 2060, to achieve carbon neutrality, the proportion of non-fossil energy consumption should reach over 80%. Energy transition is a prerequisite for decarbonization. China is no exception. To achieve carbon neutrality, China will strictly control the consumption of fossil energy, actively develop non-fossil energy, implement the substitution of renewable energy, strive to develop wind energy, solar energy, biomass energy, marine energy, and geothermal energy, and vigorously promote the development of the whole chain of hydrogen energy in production, storage, transportation, and usage. At present, China's installed power generation capacity from non-fossil energy sources has reached 980 million kw, accounting for 44.7% of the total installed capacity. China's

decarbonization transformation starts with the energy transition, but it is not limited to the energy transition. It is not only the comprehensive green transformation of economic development, but also the comprehensive green transformation of social development, and the comprehensive transformation of ecological civilization. China is creating a new realm of harmonious coexistence between man and nature.

Next, I will introduce the carbon reduction in the transportation sector. China's vehicle emissions currently account for about a tenth of total carbon dioxide emissions, mainly from the nearly 300 million vehicles in use. 300-million-vehicles is already the largest number in the world, and the number will exceed half a billion in the future, which makes it more difficult to reduce emissions in the transport sector. While the sector will be decarbonized with the energy transition, getting 500 million vehicles to zero emissions will be no easy task anyway. In addition to the low-carbon development of the new car itself, we will guide and manage in the usage link. The construction of a green transport system is very meaningful, which can effectively improve the carbon emissions of transport from the following aspects:

By increasing railway and water transport for bulk materials and

medium-and-long distance transport to reduce the proportion of road transport, integrate cargo resources, and improve transport efficiency will effectively reduce the use of trucks and directly reduce carbon dioxide emissions. The electrification of urban buses, taxis and online ride-hailing will effectively reduce carbon dioxide emissions from public transport. And if people choose to ride or walk, it's zero emissions. To ensure that this sector becomes carbon neutral, we will also tighten requirements on energy consumption and carbon dioxide emissions of new vehicles; and set phased targets to encourage enterprises to produce more electric vehicles and low-emission vehicles. We will also set milestones for the share of new energy in new cars.

Finally, I will share with you the practice of decarbonization transformation of China's automotive industry that you may concern most. China is the world's largest producer and consumer of automobiles. The decarbonization transformation of China’s automobiles not only affects the life of the industry employees, but also affects the life of every car user. As early as 2012, China formulated the Development Plan for New Energy Vehicles, which promoted its development in China, with the annual sales ranked first in the world for six consecutive years. This year, it has entered a high

speed of development. The annual sales will exceed 3 million, with a growth rate of more than 100%. From batteries to motors, China has a comprehensive industrial layout in the electrification of automobiles, laying a solid industrial foundation for the development of decarbonization of automobiles. In terms of hydrogen energy utilization, FCV demonstration projects on commercial vehicles have been carried out in many cities, driving the development of related industries. Intelligent and connected autonomous vehicles are being tested in different parks. In terms of urban infrastructure, we have the largest number of public charging points in the world, and in many cities, electric cars can be easily recharged. In the field of public transportation, more than 66.2% of buses are purely electric. For decarbonization transition of commercial vehicles, more diverse energy sources are available. In addition to electric public transport, truck options are more diverse. In the short and medium distance, pure electric is the main driving force. In the long and medium distance, a variety of attempts are being made, including electric replacement heavy truck, hydrogen engine, hydrogen fuel cell, biomass fuel and various mixed fuels.

Government policy support is indispensable in the early stage of electrification. The decarbonization transformation of the automotive

industry cannot be realized only by the industry itself. The government plays a very important role in the new energy transformation, whether subsidies or tax regulation. The energy storage function of pure electric vehicles cannot be separated from the support of smart grid and policies on power purchase, consumption, and network access.

Fossil fuels made the car and gave us more than 100 years of automotive civilization. As the theme of the conference "Automotive Industries, the Wheels to Move", the decarbonization transformation also gives new life to the car. It's not just a car anymore, it's a living space, a data carrier, and an energy carrier. The cars will have a better future.

Thanks!

Fu Bingfeng

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