Big Additions, Little Exit

The same system that aligns well to build often fragments when the task is to exit.

	Building…	…Exit
Beijing	Plans, targets, white lists, etc — credible direction, private capital	No ministry can order closure — four failed attempts since 1953
Provinces	Race to attract industries: land, credit, tax breaks	Defend coal jobs, revenue, guaranteed hour contracts, heat needs, local protectionism
State Banks	¥44.8 tn in green loans — the world's largest	≈65% of global coal finance

Scale & speed
Deployment no one else matches

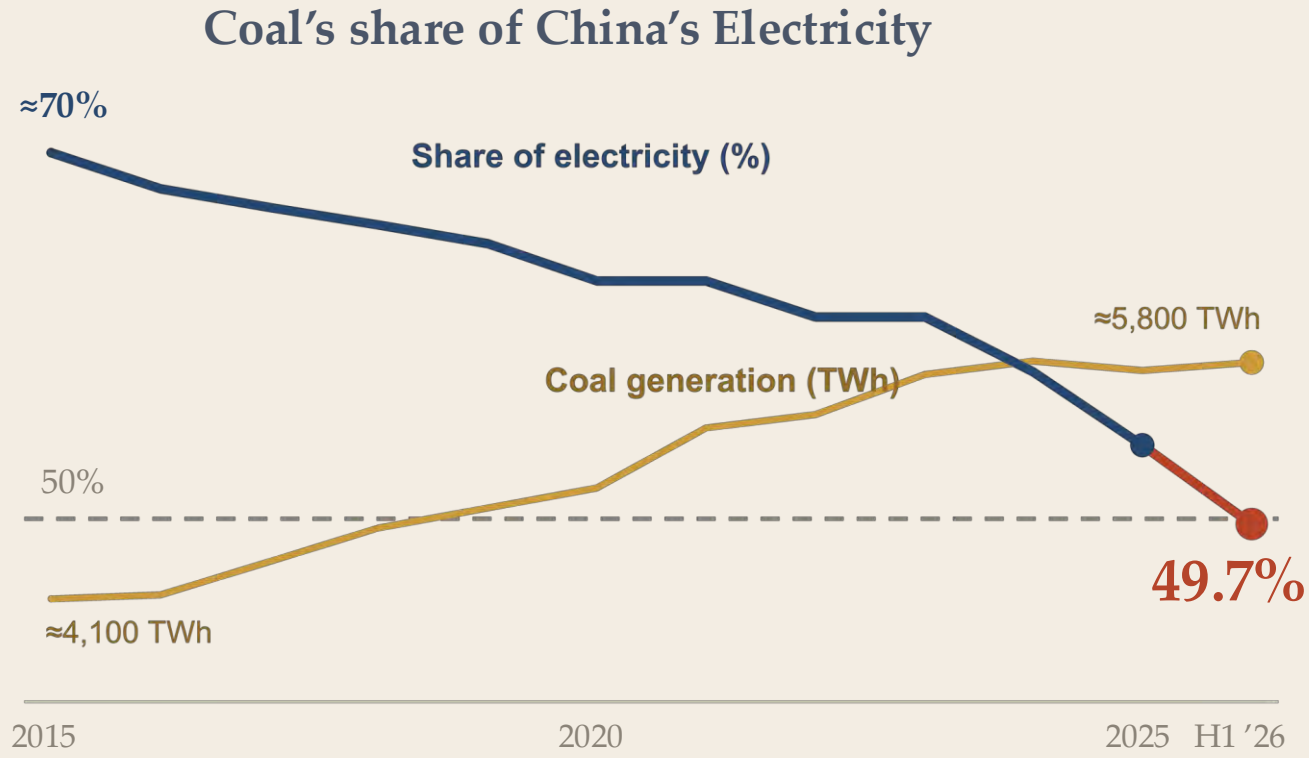
No exit
Coal % falls; assets stay & grow

Spillover
Overcapacity goes abroad

Edward Cunningham
HARVARD Kennedy School

Coal's Share Falls but the Assets Remain and Grow

Coal: below half of China's power in 2026, for the first time ever — while new coal keeps coming online.



+30 GW

new coal online in H1 2026 — the most since 2016

2.7 GW

retired — 11× more built than closed

Why?

Guaranteed hours & capacity payments

Provincial revenue & ~3 million jobs

No retirement finance anywhere in the system

Coal-fired Power Fleet = 880GW 2015 → ~1,290GW 2026

Ember; NEA via Xinhua · CREA/GEM H1-2026 · Cunningham, "Addition Without Exit" (2026)

Overcapacity Spills Outward

Few exits at home means the surplus goes abroad.



No exit at home

Price wars push margins below cost

"Involution"



Export Surge

Panels, batteries, EVs, Coal-fired Gensets, etc

A gift to decarbonization, a shock to competing industries, still fossil-heavy



Outside Reaction

U.S. tariffs, EU CBAM, OECD derisking

Global South wants the factories, fears the flood

The finance model travels too: **≈65% of global coal finance is Chinese -** from the world's largest green lenders.

So Where Does this Leave Cooperation?

Challenges

- Finance for retirement, not just addition
- Absolute caps in the ETS
- Project-level coal disclosure, independently assured
- Pay for flexibility, not guaranteed hours
- A just transition for ~3 million workers

What the World Can Offer

- Germany: 10 GW retired at ≈€2.4/t — and €40 bn for its coal regions
- UK: coal from 39% to zero in twelve years
- Standards channels in use: NGFS, ISSB
- ETM & JETPs: imperfect, but retirement-finance laboratories

Exit, not Addition: the next frontier & the clearest space for policy/finance cooperation?