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China-ASEAN Environmental Cooperation Center

生态环境部对外合作与交流中心
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Expert Views at ASEAN-China Roundtable Dialogue on Climate Investment and Finance: Climate Resilience & Green and Low-carbon Development (I)

From October 25 to 26, 2021, “ASEAN-China Roundtable Dialogue on Climate Investment and Finance: Climate Resilience & Green and Low-carbon Development” was held in Nanning City, Guangxi, as one of the parallel sub-forums of ASEAN-China High-level Forum on Green and Sustainable Development & ASEAN-China Environmental Cooperation Forum 2021. The dialogue was hosted by China-ASEAN Environmental Cooperation Center / Foreign Environmental Cooperation Center, and Department of Ecology and Environment of Guangxi Zhuang Autonomous Region, under the guidance of Ministry of Ecology and Environment of the PRC, ASEAN Secretariat, and the People’s Government of Guangxi Zhuang Autonomous Region. Chen Liang, head of Department of Ecology and Environment of Guangxi Zhuang Autonomous Region, Li Yonghong, Deputy Director General of China-ASEAN Environmental Cooperation Center / Foreign Environmental Cooperation Center, MEE, and Zhou Jun, Director of the Department of International Cooperation of MEE attended the event and delivered remarks. The following is an excerpt from the presentations made by experts at dialogue.

CHEN Liang Head of Department of Ecology and Environment of Guangxi Zhuang Autonomous Region



Sitting at a unique and critical geographical position, the Guangxi Zhuang Autonomous Region is located in the center of the ASEAN Free Trade Area (AFTA). It is a trans-national passage that China opens to ASEAN, and a vital hub and gateway connecting the 21st Century Maritime Silk Road and the Silk Road Economic Belt. In 2018, with the approval of the State Council, Guangxi started its program to build the gateway of financial opening-up targeting ASEAN, which was elevated to a national strategy, the only one for ASEAN. The past three years witnessed Guangxi’s continuous opening-up of its financial service industry both home and abroad, improvement of cross-border financial infrastructure, and strengthened ASEAN-oriented financial market cooperation, achieving remarkable results in creating an open financial gateway for ASEAN.

Expecting to construct new land and marine routes for western regions, Guangxi would take measures for further opening up the financial sector, intensifying financial exchanges and cooperation with ASEAN countries, and playing a leading role in climate investment and finance, to enable more social funds to be injected in green and low-carbon industries and projects. In pressing for a green and low-carbon transformation, the autonomous region would strive to form the energy mix, industrial structure, production pattern and lifestyle that mitigate and adapt to climate change.

LI Yonghong
Deputy Director General
China-ASEAN Environmental Cooperation Center /
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Ministry of Ecology and Environment
The People's Republic of China



The year of 2021 marks the 30th anniversary of the establishment of ASEAN-China Dialogue Relations, and the 10th anniversary of the founding of the China-ASEAN Environmental Cooperation Center. This year is also designated as the ASEAN-China Year of Sustainable Development Cooperation. At present, the ecological environment and economic growth in the world are increasingly affected by climate change, and it has become an international consensus to promote green and low-carbon development.

Climate change has always been a key area of ASEAN-China cooperation. Committed to maintaining common but differentiated responsibilities, equity and respective capabilities, the two sides, safeguarding the legitimate rights and interests of the vast number of developing countries, advocated coordination and cooperation in the bilateral and multilateral processes of tackling climate change. China and ASEAN countries have effectively promoted regional climate change cooperation through policy dialogues, capacity building, and pilot demonstrations. Under the guidance of the *Framework of ASEAN-China Environmental Cooperation Strategy and Action Plan 2021–2025*, CAEC will share sound green and low-carbon concepts and practices of China, ASEAN and other countries, relying on the Knowledge Hub for South-South Cooperation on Climate Change, to accelerate the collaborative governance of climate change, biodiversity protection, and air quality improvement, to jointly implement the United Nations 2030 SDGs in the region and promote region development towards a green recovery.



ZHOU Jun
Director
Department of International Cooperation
Ministry of Ecology and Environment
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The Chinese government attaches great importance to ecological and environmental protection, with efforts in promoting green, low-carbon and sustainable development, and implementing three major action plans for the prevention and control of air, water, and soil pollution, which has achieved remarkable results. China has also incorporated carbon peak and neutrality into the overall layout of its ecological civilization construction. ASEAN countries and China are good neighbors and partners that are connected by mountains and rivers. The two sides have been in environmental cooperation for the past 15 years, supported by the environmental departments of ASEAN countries, the ASEAN Secretariat, the China-ASEAN Environmental Cooperation Center and many other partners, delivering fruitful results in jointly responding to global and regional environmental challenges and low-carbon and sustainable development cooperation.

Following the principles of mutual respect and consensus, and adhering to low-carbon and sustainable development goals, both sides carried out practical cooperation in the field of climate change and green development, vigorously promoting regional and global sustainable development. As one of the key events of the ASEAN-China Year of Sustainable Development Cooperation, this session focuses on climate resilience and green and low-carbon development. It aims to share successful experiences and good practices in climate governance, contributing to improving the ability to respond to climate change and tap the potential for low-carbon development for countries in the region.



TU Ruihe Head of UNEP China Office

Climate change, ecosystem degradation and pollution and waste and chemicals, are three major crises confronting the world. The UNEP calls on countries and all sectors of society to take immediate action to take effective measures to alleviate these three crises and jointly step up the post-pandemic green recovery. As President Xi Jinping announced China's goal of carbon peak and neutrality in September 2020, China started its green and low-carbon development in an all-round way. It's been one year since the solemn commitment being made, which indicates China's resolution to support the development of green and low-carbon energy in developing countries. China, a developing country with a heavy energy structure and still in the process of urbanization, faces more complex and arduous challenges than any other country to achieve the ambitious goal of carbon peak and neutrality.

China's announcement of the dual-carbon goal in the new era, is a strategic choice made against the backdrop of the "dual circulation", whereby: (1) low-carbon technology and products are needed, as new engines for driving economic growth, to transform the economic development mode, adjust the economic structure and optimize the energy mix; (2) in China's new development stage at a higher level, the construction of ecological civilization is put at a prominent position of state governance to advance high-quality development, which conforms to the inner requirements of people's voices and the urgent need to improve environmental quality; (3) as climate governance concerns the process of global sustainable development, China is required to engage in the construction of the world's climate governance system and play a more proactive role in responding to climate change and reducing greenhouse gas emissions, which is necessary for China to deliver an international image as a responsible major power and build a community with a shared future for mankind, and it's a good opportunity to making China's voice heard in global climate governance, contributing China's solutions and wisdom.



Devanand Ramiah UNDP Deputy Resident Representative in China

At the 15th Meeting of the Conference of the Parties to the Convention on Biological Diversity (COP15) held in Kunming, the Administrator of the United Nations Development Program (UNDP) pointed out that humanity and the earth are on the track of a unsustainable at the moment with a "triple crisis" in nature, climate and pollution keeping cropping up. It is now time for all countries to redesign their paths and increase our green investment in the future to promote the realization of SDGs and climate goals.

Developing countries are now facing an annual financing gap of approximately USD 4.2 trillion. To this end, we need to adjust and redesign the existing financial system and its operating methods. In this process, five important issues need special attention: (1) Biodiversity financing. Climate instability and biodiversity loss are closely intertwined, which must be resolved in concert; (2) Consistence. The government's fiscal framework and budget system must be consistent with the goals of climate and environmental development; (3) Transparency. Climate and environmental elements shall be included in financial decision-making, information of which must be disclosed; (4) Unified and stable financial standards. These standards could encourage and promote cross-border green investment and green finance; (5) Private capital engagement. Efforts are needed to guide the private sector to invest in climate change response and green and low-carbon development.

LI Xia
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China is the largest developing country, and ASEAN is a major developing region in the world. The two sides, both in “the South”, are connected by mountains and rivers, facing the common issue of the trade-off between development and the environment. The nature of the climate issue, in essence, is to cope with balanced development and inclusive growth, which faces large uncertainties. On the one hand, as global natural disasters have increased sharply since the 1980s, the concept of climate resilience emerged. Investment into fields concerned, especially in resilient infrastructure, became more important; on the other, regional green and low-carbon development requires energy stability. In witnessing huge fluctuations in the energy market, the development of clean energy is also critical for tackling climate change. In the future, how to promote the construction of climate-resilient cities with a focus on resilient infrastructure and how to ensure a stable and clean energy system, are challenges encountered by China and ASEAN countries in achieving green recovery.

In this context, especially under the framework of South-South Cooperation on climate change, China and ASEAN countries such as Indonesia, Malaysia and Thailand have a lot of experience and progresses. In the latest *Framework of ASEAN-China Environmental Cooperation Strategy and Action Plan 2021-2025*, we will focus more on climate change mitigation and adaptation. We will promote China and ASEAN countries to participate in the global response to climate change and global governance through knowledge sharing, with a focus on cooperation in clean energy technologies, green and low-carbon demonstration projects, and climate resilience infrastructure, etc.



Yossi Zahar
SEI Asia Affiliate

In the context of a global response to climate change, the scale of investment in climate and sustainable development is still limited compared with other areas. In the Asia-Pacific region, especially in Southeast Asia, however, investments in climate change and sustainability are indeed increasing, playing a positive role in improving regional sustainable development capabilities and the green and low-carbon transition. In the process, more and more institutions are driving the disadvantaged to achieve a post-pandemic green recovery. From the perspective of the overall market size, taking green bonds as an example, the global green bond issuance scale in 2020 was approximately USD 269.5 billion, which was not that large compared to other financial markets. Among them, the scale of green bonds of ASEAN countries was USD 12.1 billion, setting a new high and marking a huge growth potential in this region.

Meanwhile, how can green investments be guided to promote the development of disadvantaged groups and the green transformation at the community level, and how to lead funds into biodiversity conservation, these are the key issues that need continuous attention in the future. On the one hand, we need to encourage regional financial institutions to further support the sale of relevant green bond products, and establish relevant guarantees to promote the participation and investment of international institutions; on the other, in product design, we need to pay more attention to concessional financial products, making existing products more inclined to and beneficial for the low-income vulnerable groups and communities. Third, we need to establish a policy mechanism system, jointly formulated by the government, financial institutions, agents, and investors, to provide systematic support to the development of preferential green financial products for the disadvantaged and SMEs.

CUI Yanmei
Deputy General Manager
the Client and Credit Management Department
Export-Import Bank of China



The Export-Import Bank of China (EXIM Bank) is committed to supporting international economic, trade and investment cooperation, attaching great importance to the development of green finance and sustainable development. As of the end of June this year, the Bank's green credit balance has exceeded 320 billion yuan, of which more than one-third is used to support green energy infrastructure. Stressing on green development, the EXIM Bank integrated low-carbon, environmental protection, and recycling concepts into its medium and long-term development plans, institutional processes, product services and other aspects, to be specific: (1) to lead in strategic level and consolidate organizational mechanism; (2) to practice green concepts and strengthen all-round institutional guarantee; (3) to integrate international green development demands into the financial product system; and (4) to engage in green international cooperation, strengthening project ties with international organizations and overseas peers referring to international standards.

Through green bonds, the Bank supported ASEAN countries in promoting green projects. In utilizing the ASEAN+3 Credit Guarantee and Investment Facility, we support the Philippines issuance of about 12 billion pesos notes for the transformation of power generation projects. This project marks as the Philippines' first green bond, as well as the first climate bond issued by an emerging market. Moreover, the EXIM Bank initiated the China-ASEAN Investment Cooperation Fund (CAF), to support green projects that promote sustainable development in the ASEAN region through green funds. For instance, in Thailand, we invested in biomass power generation projects, like agricultural waste, bark and dark leaves, to improve the development and utilization of local renewable energy.



ZHANG Huifeng
Head of Corporate Sustainability
HSBC Asia Pacific

In October 2020, HSBC announced a climate change response strategy for the next 30 years to match the goals set in the Paris Agreement, which includes to achieve net zero emissions in its own operations and supply chains by 2030, and to assist its customers to fulfill net zero by 2050. To this end, HSBC will provide USD 750 billion to USD 1 trillion for sustainable development financing and investment support in the next 10 years, to help its clients deliver a sustainable future.

Financial institutions mainly contribute to low-carbon economy in investment and financing. In the bond market, loans, and supply chain financing, HSBC continues to develop green bonds and sustainable bonds and has become the largest underwriter of the two types in the Asia-Pacific Region. HSBC also made constant innovations in loans by embedding customers' KPIs in carbon reduction and environmental protection into traditional credit products, and developing ESG-linked loans, sustainability loans, and sustainable supply chain finance products.



LEI Xiaomeng Director of China Electricity Council

Power cooperation between China and ASEAN countries is becoming closer. In 2020, China's overseas power investment reached USD 7.85 billion, including USD 1.9 billion invested in ASEAN countries, a total of 15 projects, which stood for a significant increase. China's contracted power projects overseas amounted to USD 27.2 billion, of which USD 6.57 billion was invested in ASEAN countries, for a total of 64 projects, an increase of 35.4%.

China and ASEAN countries are mainly engaged in power cooperation under the mechanisms of ASEAN-China Cooperation, Greater Mekong Subregion (GMS) Cooperation, and Lancang-Mekong Cooperation. Under the current situation of power interconnection, the Mekong River basin countries are relatively more active, with 14 cross-border lines of 220 kV and above. However, among them, only Cambodia and Vietnam achieved national-level interconnection, and the others are basically connected to the power grids of neighbors. Since the other five ASEAN countries are mainly island countries, long-distance submarine cables still require high costs, thus there remains a large room for improvement in the connectivity of regional power grids.



MA Jixian Deputy Director Business Cooperation and Public Affairs China Datang Corporation Ltd.

China Datang (CDT) is actively carrying out cooperation with ASEAN countries, with currently 6 projects in production in Southeast Asia, a total installed capacity of 10.5 billion kilowatts. Among them, Thailand's PDG biomass power plant contracted by CDT is the largest one in southern Thailand. After the completion of the project, surrounding areas have effectively use crop waste such as palm leaves and brought good economic and social benefits to local.

CDT has long regarded ASEAN countries as key investment areas, focusing on the development of renewable energy such as wind power and photovoltaics, including four major directions: (1) To accelerate the adjustment of the energy structure, step up the proportion of new energy installed capacity, actively develop new technologies and new business forms such as energy storage and hydrogen energy, and fully promote the development of green transformation. (2) To strengthen the ecological and environmental protection management of the whole life cycle of the project, improve the risk inspection system to prevent problems, and build a green and environmentally friendly home. (3) To strengthen cooperation with ASEAN countries, participate in the construction of energy, power, environmental protection, logistics and other infrastructure, build up comprehensive strategic cooperation with domestic and international upstream and downstream enterprises, to aggregate industrial resources both inside and outside, home and abroad. (4) To promote environmental protection technology cooperation with ASEAN countries, actively respond to climate change, and achieve energy conservation and emission reduction.

LU Lu
Research Analyst
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In 2020, the World Resources Institute (WRI) launched a research on China's climate resilience infrastructure, focusing on water-saving irrigation facilities in Ningxia, sponge city construction in Wuhan, and green-grey sea dikes construction in Shenzhen. The report analyzed the differences in benefits between traditional infrastructure and climate resilience under the background of climate change, hoping to promote climate resilience infrastructure construction through the quantitative research results.

From the case of the green-grey sea dikes at the Dapeng Peninsula, Shenzhen, it can be seen that such a nature-based climate resilient infrastructure will not only create higher-standard coastal scenerairies with more tourism values, but also accelerate the economic recovery after typhoons. Compared to grey infrastructure, the green-grey sea dikes are in a better position to capture carbon and release oxide, reduce the cost of managing air and water, and help protect coastal biodiversity by restoring costal ecosystem. With all these values, it is estimated that by 2050, the net present value of Shenzhen's green-grey sea dikes is 7.7 billion yuan, with a benefit-cost ratio of 2.1, which has significant advantages. But on the whole, the promotion of climate resilient infrastructure still faces three major challenges. One is the lack of awareness of the potential climate risks faced by different regions and types of infrastructure; the second is the lack of recognition of the value of climate resilient infrastructure; and the third is the scarce financing opportunities for projects.

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China-ASEAN Environmental Cooperation Center is committed to implementing China-ASEAN Environmental Cooperation Strategy and promoting China-ASEAN exchange and cooperation in the field of environment. It is an important platform of foreign environmental cooperation.