

## Asian Financial Forum 2017

### Concurrent Workshop: Green Economy

#### Synopsis

*The Proposal of the CPC Central Committee on Formulating the Thirteenth Five-year Plan on National Economic and Social Development*, as passed at the Fifth Plenary Session of the 18<sup>th</sup> CPC Central Committee, has, for the first time, adopted 'green' as well as 'innovation, coordination, openness and sharing' as 'development concepts'. As such, these concepts will become China's five major principles, directions and focuses of development in the 13th Five-year Plan (13 FYP) period and beyond, penetrating all areas and all aspects of economic and social development. Inasmuch as the 13 FYP period is a crucial stage of transition from old to new growth drivers in China's economy, 'green development' could well have a new momentum in effecting sustained economic growth, transformation and upgradability.

Supply-side reforms will be the main theme where concepts of green development foster positive transformation in the economy, environment and society. The precise implementation of supply-side policies involving green consumption and green exports will impart a green momentum to China's economic development. As a new economic growth point, the green sector will not only lift China's economy out of the doldrums towards a mid- to high-end future, but also improve the quality of China's ecological environment.

Against such a backdrop, the Institute of Green Economy is hosting the Green Economic Development Workshop 2017 as a way to further promote the healthy development of green economic undertakings. The theme of the workshop is the Green Economy.

#### Sponsor

The Institute of Green Economy

#### Moderator

- **Ms Shen Xiaogen**  
Deputy Director, Data & Visualisation Lab, People's Daily Media Innovation

#### Speakers

- **Mr Liu Yanhua**  
Counsellor, The State Council of the People's Republic of China
- **Mr Cai Esheng**  
Former Vice-Chairman, China Banking Regulatory Commission
- **Mr Mao Jun**  
Chair of Investment Banking Committee, BOC International (China) Limited
- **Mr Yuan Chunshen**  
General Manager, Capital Operation Department, Zhuhai Yinlong Energy

Co, Ltd

As the world's largest developing country, a leading industrial power and a major trading nation, China represents an impressive achievement since its reform and opening-up 30 years ago. Nevertheless, this rapid growth has come at an environmental cost and China is now redressing the balance between economic and social growth with strategies to drive a green economy.

"Green is gold" said Mr Liu Yanhua, a Counsellor on the State Council of the People's Republic of China, referring to investment in China's green economy and echoing Chinese President Xi Jinping's oft-cited expression.

Before outlining some of China's main challenges, opportunities and achievements in building its green economy, Mr Liu said recent widespread local and international coverage of smog-engulfed cities in China had further raised both concern and determination to overcome China's environmental issues. "Can we afford to take 20 or 30 years, the same amount of time more established economies have taken, to make a difference to their environmental issues?" asked Mr Liu, adding it is not feasible in terms of health risks or financial cost to hesitate.

The good news, according to Mr Liu, is the commitment made by the Chinese Government to expand the country's green economy. "Market-based reforms are aligning the financial system with China's green objectives," Mr Liu said. "For example, the Fifth Plenary Session of the 18th CPC (Central Committee of the Communist Party of China) has for the first time adopted green as well as innovation, coordination, openness and sharing as development concepts. These concepts and targets encompass all aspects of economic and social development." Environmental targets include a 15 per cent reduction in energy consumption, a 23 per cent reduction in water consumption and a new five billion tonne cap on coal consumption. "China is committed to speeding up the implementation of policies, constructing green buildings, promoting green ethics, green trading and providing more incentives for green businesses," Mr Liu said.

He also explained that strategic emerging industries include energy-saving and environmental protection, renewable energy and low carbon transport. Together, these currently account for about 8 per cent of China's GDP, but this should rise to 15 per cent by 2020. In particular, China wants environmental protection to become one of its pillar industries. The sector is currently growing at an annual rate of about 4.5 per cent and was worth Rmb4.5 trillion at the end of 2015. By 2020 it is expected to be worth Rmb17 trillion. China has pledged to cut its emissions per unit of GDP by 60 to 65 per cent from its 2005 level by 2030, following the 2015 Paris Agreement. "The way the world's seven billion inhabitants are consuming energy at the moment, we will need seven planets to

accommodate us, which is obviously not feasible," Mr Liu said.

Mr Mao Jun, Chair of Investment Banking Committee, BOC International (China) Limited, said developing China's green economy is part of the larger economy: "The philosophies and market rules are the same. Development of companies compared with other industries is not a lot different and the margins for profit are similar." Mr Mao said BOC had provided about Rmb3 billion in funding to green businesses last year. "We also launched the first perpetual green bond for mainland companies listed on the Hong Kong Stock Exchange," he added. To move the green economy forward, Mr Mao said better communication is needed and understanding of why companies in the green economy can be a worthwhile investment. Nevertheless, Mr Mao warned that investors might need to be more patient about returns, because many new green companies' sustainable development is long-term.

Asked by Shen Xiaogen, the Deputy Director, Data & Visualisation Lab, and People's Daily Media, and the panel moderator, how the green economy can be incorporated into modern finance, Cai Esheng, former Vice-Chairman of the China Banking Regulatory Commission's environmental protection section, said the market has its own rules and the government plays a supportive role. "China can look at other countries' experiences and see if they can be incorporated into structural reforms," said Mr CAI. "We are in a period of development, but China's new guidelines already call for government ministries and financial institutions to collaborate on the development of a wide range of financial instruments."

Wei Yincang, the Chairman of the Zhuhai Yinlong Energy Co, Ltd, one of the 500 top new energy enterprises in the world, said his company is extending its range of battery energy storage systems. "We invest heavily in R&D and, from manufacturing, use and recycling, our technologies are showing they offer advantages," said Mr Wei. "Who would have thought 10 years ago that mobile phone technology would have had such an impact on the world?"

**Ends**