



Shanghai Forum 2018 Perspective Highlights

Deepen the Innovation of Green Finance, Serve the Economy for

High-Quality Development

ROUNDTABLE 10

13:30-17:00, May 26

Chair: Chen Shiyi: Party Secretary/Professor, School of Economics/ Fanhai International School of Finance, Fudan University

Moderator: Chen Shiyi: Party Secretary/Professor, School of Economics/ Fanhai International School of Finance, Fudan University

**Ma Jun
Director, Center for
Finance and
Development,
Tsinghua University**

Latest Development of Green Finance at Domestic and Abroad

1. The milestone of the domestic green finance research is the 2016 PBOC's green finance guidance, which proposed a series of incentive measures to support and encourage green investment and financing, including refinancing, specialized guarantee mechanism, financial discounts for green credit, and so forth.
2. Green finance has been a matter of serious concern internationally as an important topic of G20 summit for 3 consecutive years (2016-2018). This year three major concerns are green and sustainable asset securitization, PE/VC's green and sustainable development, and the application of Fintech in green finance.
3. New developments in the international arena have three directions, the establishment of a green network between the central bank and the regulatory agencies, the study of the impact of climate change on the macro economy, and the research of the methods of promoting the development of green financial markets.

Shanghai Forum 2018 Perspective Highlights

Wu Shunze
Director, Policy
Research Center for
Environment and
Economy, Ministry of
Ecology and
Environment,
P.R.China

Build a Green Finance Policy System that Lay Equal Stress on Reward and Punishment

1. The ministry of ecological environment has made some achievements in green finance in the past few years, including taking a leading role on the legislation of compulsory insurance for environmental pollution, coordinating with the CSRC for revelation of environmental information, establishing information exchanging and sharing mechanisms by coordinating with financial institutions.
2. There are many issues in the development of green finance, including the large gap in investment demand for ecological environment, the lack of market financial instruments, the difficulty of the introduction of the market mechanism and social governance; the externality of enterprise pollution has not been internalized, and the internal motivation of market subjects to increase environmental investment and to control environmental risks is insufficient. Also there is no unified standard for the "green" determination of green finance and no unified environmental performance evaluation method.
3. Suggestion: a green financial system with equal emphasis on rewards and punishments should be established, including the clarification of the responsibility of the polluter, the substantial increase of the cost of environmental violation, and the enhancement of environmental information disclosure.

Qi Shaozhou
Director, Center for
Climate Change and
Energy Environment,
Wuhan University

The Development and Trends of Carbon Finance

1. The market of Carbon Finance is increasingly expanding in China and many financial methods have been implemented to broaden the enterprise financing channel and lift the financing efficiency. If relevant carbon financial trading tools can be further introduced, the transaction scale can reach 100 billion to 120 billion yuan in the conservative scenario after 2020.
2. Carbon Finance facilitates the innovation of renewable energy technologies, especially solar photovoltaic. Carbon Finance plays an important role of decreasing the cost of explorations and exploitation, efficiently solving the dilemma where the innovation depends mainly on capital investment.
3. Policy suggestion: Insist on market orientation, establish incentive mechanism, improve the function of Carbon Finance, expand renewable energy technologies and enrich market entities at the same time to increase market liquidity.

Shanghai Forum 2018 Perspective Highlights

Ye Yanfei
Counsel, Policy
Research Bureau,
China Banking and
Insurance Regulatory
Commission

The Innovation and Development of Green Finance

1. Green finance is developing rapidly in the world. At present, 14 countries have issued green finance guidelines, forming a global development trend. Human production and consumption activities rely heavily on the natural ecological environment. Maintaining ecological environment needs the joint effort of the whole society, including the government's accountability, the participation of the public, the revelation of the media, academia research as well as legal mechanism limit, etc.
2. Sustainable development can be considered from the perspectives of green production, green investment, green circulation, green consumption, green distribution, green financial subsidies and other economic activities. With the support of the bank, China's new energy vehicles industry has become a global industry ranking first at present. In the future, green transportation, green agricultural products circulation, green industrial product circulation can also be included in the scope of green credit.
3. China needs to develop scientific and standardized environmental and standards of social performance, industry, product techniques and engineering design.

Zhou Yinggang
Vice Dean, Wang
Yanan Institute for
Studies in Economics,
Xiamen University/
Professor,
Department of
Finance, School of
Economics, Xiamen
University

China's Crude Gambit: A Preliminary Analysis

1. In 2017, China surpassed the United States to become the world's largest crude oil importer for the first time, with a crude oil dependency of more than 68 percent. Crude oil features denominated and settled in Renminbi will push the formation of the oil Renminbi, and it will become another milestone in the internationalization of the Renminbi after its accession to the SDR.
2. At present, China faces the dual game of the pricing power of international crude oil and leading power of international monetary system in the international crude oil futures market, and meanwhile it faces regulatory challenges due to speculative trading.
3. The discovery function between crude oil futures prices gradually appear, and there exists bidirectional volatility spillover effect between China's crude oil futures and WTI and Brent crude oil futures, and the information transfer between various markets works well.

Shanghai Forum 2018 Perspective Highlights

Wang Yao
Dean/Professor,
International Institute
of Green Finance,
Central University of
Finance and
Economics (CUFE)

The Relationship between Corporate ESG Performance and Financial Performance

1. ESG investment, which integrates three dimensions of environment, society, and governance, takes higher risk-adjusted financial returns as the main goal. The International Institute of Green Finance, Central University of Finance and Economics (CUFE) has built the CSI 300 Green Leading Stock Index under the ESG evaluation system, which performs outstandingly in 2017.
2. In the study of ESG, the return from the CSI 300 Green Leading Stock Index is higher than the Shanghai-Shenzhen 300 Index. With the top 100 stocks of ESG as a portfolio, the return on investment is positively correlated with ESG, Environment, Society, and Governance.
3. In the financial industry, the green performance of listed companies is positively correlated with the price to book ratio and price to earnings ratio of companies, and negatively correlated with the systematic risk coefficient.

(Editor: Liu Shuang, Wu Yan)



Shanghai Forum 2018 Perspective Highlights

Deepen the Innovation of Green Finance, Serve the Economy for

High-Quality Development

ROUNDTABLE 10

08:30-11:50, May 27

Chair:

Chen Shiyi: Professor, School of Economics, Fudan University

Moderator:

Chen Shiyi: Professor, School of Economics, Fudan University

Li Zhiqing: Vice Director, Research Center for Green Finance, Fudan University

**Xue Jinjun
Professor, Nagoya
University**

China's Responsibility in Leading Global Governance

- A Perspective of Green Belt & Road Initiative

1. China will play a leading role in the future development of world economic globalization, and BRI can promote the development of globalization. Among them, China has played a very large role in deducting global trade and GDP growth, and actively led global climate change and environmental governance.
2. Considering the needs of countries along the BRI, China can make some contributions to the development of carbon fund and green investment, drive along the national common prosperity to share benefit together. At the same time, technology transfer can be carried out to promote BRI through technology.
3. There are a lot of risks in the construction of the BRI, such as investment risk, debt risk, the risk of infrastructure, currency risk, etc. At the same time, China also needs to solve the problem of area pollution to the environment along the way.

**Lin Hui
CEO, Shanghai
Environment and
Energy Exchange**

**Research on Green Finance Development from
Carbon Finance Perspective**

1. The development of green finance faces both opportunities and problems. Therefore, the development of green finance should not only focus on slogans and policies, but also put it into practice.
2. In the development of BRI system, China can learn from the development experience of carbon finance and carbon trading, making green finance the development model advocated by policies. However, how to draw lessons from experience in the development of green finance is a problem to be addressed.

Shanghai Forum 2018 Perspective Highlights

Lan Hong
Group Leader,
Leading Group of
Gui'an New Area
Green Finance Pilot
Site
Vice Director,
Management
Committee of Green
Finance Harbor

Green Finance Innovation Demonstration Zone's Development Path: Gui'an Mode

1. The problem existing in green finance is the rupture between the supply side and the demand side, and only by designing a model that can attract green finance can the problem of green finance be broken.
2. The green finance of Gui'an should realize the goal of sustainable economic development while developing the ecological environment. The way to achieve this is to improve green infrastructure, build a green finance comprehensive service platform and build a green financial trading center.
3. The completed missions include: building green financial policy support system, the introduction of green construction of financial institutions, facing the whole country green project, the design of typical green financial cases.

Zhang Junjie
Director,
Environmental
Research Center,
Duke Kunshan
University

Green Investment Rulers along the " Belt and Road"

1. In the process of BRI construction, government needs to consider the reduction of investment risk in China and the establishment of China's national image, so the project needs to be defined. The judgement of green project in the process of green investment requires the definition, evaluation and rating of green investment.
2. Due to the focus of different countries in the process of green investment is different, the definition of green investment only defines a green benchmark. Different countries consider their countries actual conditions to define the different standard of green.
3. The evaluation of green investment needs to be carried out from the financial benefit dimension, environmental benefit dimension and implementation cost dimension of the project. Among them, the environmental benefit dimension needs to convert the emission reduction of the national green project into monetary amount, while the cost dimension refers to the additional cost of the project to achieve the environmental target.
4. At the same time, the green project needs to be downgraded to give financial institutions a clear comprehensive indicator.

Shanghai Forum 2018 Perspective Highlights

Lan Chunfeng

**Vice Director, China
Banking Regulatory
Commission (CBRC)
Huzhou Office**

Practice of Green Bank Supervision in Huzhou

1. In the process of implementing the concept of green finance, Huzhou has three main labels: to be a pathfinder for reform and innovation, a waiter for development, and a protector for financial ecology. Huzhou bank has developed a series of statistical systems of green finance, established a list of green financial products, and optimized the ecological environment for the development of green finance.
2. Huzhou built green bank supervision organization management system, green evaluation system, green finance characteristics support service system, green finance supporting system as the four cornerstone of banking supervision.

Ben Caldecott

**Director, University
of Oxford Smith
School of Enterprise
and Environment**

The State of Sustainable Investment and an Action Framework for Asset Owners

1. Sustainable investment has four main objectives: increasing the availability of capital for sustainable living activities; reducing the availability of capital detrimental to sustainable development projects; establishing better standards for environmental and social sustainability; reducing the risk of environmental change.
2. There are seven dimensions to assessing sustainable investment, and the most important one is to identify, measure, and assess the risks and opportunities of sustainable investment.
3. Management assessment of environmental risk opportunities and impacts requires a chain process: asset data assessment; measurement of present and future environmental risks, opportunities and impacts; assess the surrounding impact of the local community and society; judging the risk of asset management model and management result by economic and financial model.

Shanghai Forum 2018 Perspective Highlights

Tai Leung Chong
Director/Professor,
Institute of Global
Economics and
Finance, Chinese
University of Hong
Kong (CUHK)

Financing a Low-carbon Future - Green Finance in Hong Kong and Mainland China

1. In green finance, green bonds refer to those that spend all their income on the implementation of green projects on the basis of traditional bonds. In the context of the Paris agreement, the green bond market in mainland China has grown rapidly and there is a growing need to address domestic environmental problems.
2. Green finance, especially green bonds, is often seen as the primary vehicle for making the investments needed. So, green bonds has a great potential for growth, and its growth is the major obstacle in the absence of a common definition of green bonds, mainland China's domestic rules did not completely consistent with global standards. This, together with restrictions on international capital flows, could deter foreign investors from investing in the mainland's green bond market
3. Hong Kong's green bond market is small but strong. The main measures for the development of green bonds in Hong Kong are: green bond issuance, green bond donation subsidy and special funding for the development of green finance.

Fang Fengjie
Vice President,
Huzhou Bank

Practice of Small Bank Green Finance Construction

1. The development background of Huzhou bank's green finance is mainly the guidance of national strategy, the promotion of local party and government, the expectation of real enterprises and the development needs of the bank.
2. The development and construction of green finance should be carried out from five aspects: strategic planning, mechanism system, evaluation criteria, business innovation and team building. The organizational structure construction of strategic planning needs to clarify responsibilities, strengthen leadership, set up branches, and set up departments. The construction of the system and mechanism should be green credit flow and set resource inclination. Corporate customer credit is classified and graded in the evaluation criteria. Business innovation should be carried out from product innovation and model innovation. In team building, professional teams should be introduced, professional cooperation strengthened and professional training accelerated.
3. The development of green finance of Huzhou bank has also achieved certain results: the proportion of green finance has been continuously improved, multiple jobs have been leading the industry, the industry system has been highly recognized, and comprehensive benefits have gradually emerged.

Shanghai Forum 2018 Perspective Highlights

Zhang Ning
Professor, Jinan
University

China's Green Finance: The Integration between Carbon Emission Trading and Energy Quota Trading

1. China's EQTS market is set against China's emissions commitments at the Paris summit. Meanwhile, in the 13th five-year energy development plan, the Chinese government has set a "dual control target" for energy intensity and total energy consumption. In order to reduce the total energy consumption, China has launched and implemented the EQTS.
2. China's energy trading market faces many challenges, including unequal energy use in different industries and enterprises limiting the development of underdeveloped areas. Quota allocation will affect the price of products, resulting in low efficiency. There are overlaps and conflicts between the carbon trading market and the energy trading market.
3. The main solutions to these problems include: promoting industrial trans-regional transfer and upgrading energy structure; balancing efficiency and equality in quota allocation; combining energy trading with carbon trading.

DISCUSSION

How green finance can promote the sustainable development of national economy is an important issue. Experts from various fields, industries and regions should work and discuss together.

(Editor: Qing Zhang, Xiaoman Zhang)