



# Shanghai Forum 2018 Perspective Highlights

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## Global Green Governance: Environmental Challenges and Opportunities of B&R Initiative

Environmental Governance Session 01    Session One

8:30-10:45, May 27

**Chair:**

**Hu Tao: China Program Director, World Wildlife Fund (WWF)**

**Dan Guttman: Professor, New York University Shanghai (NYUSH)**

**Moderator: Hu Tao, Dan Guttman**

**Shamshad Akhtat  
Executive Secretary  
of United Nations  
Economic and Social  
Commission for Asia  
and the Pacific**

### Opening Remarks

1. The Belt and Road Initiative can promote cooperation among countries, increase people's connectivity and market interoperability. It is the goal of the B&R Initiative to maintain a sustainable low-carbon development. One of the key elements is the seamless interoperability between countries and the promotion of national integration. We also promote this development throughout the Asia-Pacific region. The B&R Initiative will also promote the development of renewable energy, which is also another direction for our efforts. In other areas, the promotion of trade and tariffs requires cooperation between national policies and policy frameworks, and we need further discussion.
2. Changes in the environment are also a key aspect considered by the Belt and Road Initiative. General Secretary Xi stressed the construction of an ecological civilization and the establishment of a green Silk Road. In 2017, China suggested that a green and overall development of the Belt and Road Initiative relies on concrete actions, policies, etc., including foreign investment, corporations' social responsibility, ensuring that stakeholders understand the environment. Further promotion in the development of social protection is also needed.
3. In addition, in order to build and develop the "Belt and Road", we need to follow the right way with appropriate methods. There must be a legal framework, and related policies. The support of green finance is also needed. China has invested more than 7 billion yuan boosting a considerable amount of production capacity. Associating finance with environment benefits, money with a good environment, these actions will also support the development of green bonds.

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**Shi Zhengfang**  
**Environmental**  
**Specialist,**  
**International Finance**  
**Corporation (IFC),**  
**World Bank Group**

## **IFC Performance Standards on Environmental and Social Sustainability**

1. In terms of the performance standard for environmental green investment in the Belt and Road in China, IFC investment is different from general banks in the following aspects. When IFC selects its investment target, it has 8 specific requirements for customers. At the same time, the bank has two requirements for itself: social sustainability policy and the principle of transparency in information disclosure. In addition, IFC will not invest in projects that have been specifically rejected by the international community, as well as controversial projects such as arms.

2. The eight requirements for customers are 1) enterprise environmental risk management capabilities 2) enterprise labor safety protection 3) pollution prevention 4) community safety issues 5) land voluntary use 6) biological diversity 7) indigenous people 8) cultural heritage.

3. At the operational level, operational objectives are 1) reduce ES risk trading 2) increase customer ES performance 3) involve new tools to solve complex problems 4) use some charts and models to prove that both clients and companies recognize IFC investment standards with high-level satisfaction; and some of the performance standards introduced by IFC have now been used by many other organizations.

**Roman Novozhilov**  
**Chief Executive**  
**Officer of New**  
**Development Bank**  
**(NDB)**

## **NDB'S Performance Standards on environmental and Social and Sustainability**

1. There are similarities and differences between IFC investment and NDB standards, related to environmental and social assessment.

2. The investment principle of NDB is to promote the application of national systems and enterprise systems, and to comply with applicable systems. NDB is also a BRICS bank, and BRICS involve five member countries. Through the application of national systems, the legal system of five countries can be further comprehended.

3. Both the private and public sectors use the principles of national systems and enterprise systems. NDB hopes to ensure the dominant role of the country, and hopes that the five member states can reach an agreement to avoid delays in projects. This national system can also reduce the cost of transactions between countries, encouraging cooperation between provinces.

4. However, attention must be paid to the relationship between the environment and the society in the countries and how to solve this difference. The inadequacies are the cooperation of the stakeholders. The state itself cannot fully mobilize all the resources. The national system + method is introduced for different countries. If the risk level is low, CS is used; if the investment risk is high, then CS+ is used. Throughout the

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project, the assessment of the company and the assessment of the society continue.

5.NDB will take the following measures in the future: strengthening the internal capabilities and contacts of BRICS countries; strengthening communication between experts and consultants of the headquarters.

**Sun Youhai**  
**Dean, Law School of**  
**Tianjin University**

## **The Issue of Environmental Standards in Chinese Outward Investment**

1. Different countries have different environmental standards. How should China grasp the law when investing in the Belt and Road? If failed, there would be cases where the transnational corporations ignore the host country's environmental law, resulting in the adverse impact of the destruction of the host ecosystem.
2. In order to ensure that foreign investment is lawful, there are two principles: 1) firmly defending the idea of the mankind as a community of a shared future. The mankind and animals should be associated with the nature. The starting point must be adhered to this. 2) Respect to the host countries' legal standards concerning the environment.
3. Different host countries have different environmental standards. If the host country has strict environmental standards, an important principle for China is to abide by the host country's environmental standards. For instance, to invest in aquaculture in Russia, the Russian water quality standards should be strictly observed. If the host country has a lower level of standards, such as most Southeast Asian countries whose leaders use low environmental costs to attract foreign investment, China should not subsequently deplete environmental benefits, in terms of the benefit of mankind and long-term own development. If the host country does not have environmental standards, Chinese companies should also invest with a high environmental standard, which is also beneficial for companies themselves in the long run.
4. China is now advancing the establishment of an overseas investment law with the aim of strengthening procedural safeguards and strengthening domestic supervision. In terms of the international circumstances, China tends to sign arbitration agreements and establish mediation methods to resolve investment disputes.

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**Bao Cunkuan**  
professor, Department  
of Environmental  
Science and  
Engineering, Fudan  
University

## **Comparing China's EIA System to the Developed Countries and its implications for the development of The Belt and Road**

1. At the beginning of 2015, the EIA departments were largely dereliction of duty. There was a large number of red-top agencies and money-paying applications. However, they are now delinked from the EIA.
2. The framework for the analysis of the effectiveness of China's environmental assessment system. China has relatively complete design and construction of the environmental assessment system, but the effectiveness of the management model is insufficient, the system's convergence, interaction, feedback and other aspects of the performance are weak.
3. Comparison of Chinese and foreign environmental assessment systems. The introduction of China's environmental assessment is late. There is a lack of requirements for alternative programs, and a lack of initiative and awareness. The relationship between supply and demand in the EIA is distorted. Public participation is often a formality.
4. Promote the nature of EIA return to its nature, provide assessment for decision makers, give EIA market players more authority, give play to the role of public supervision, strengthen alternative programs, and promote joint efforts among systems to improve the effectiveness of China's EIA system.
4. EIA is a policy tool for the green development of the Belt and Road Initiative. It can be combined with environmental and social risk assessments to conduct pre-evaluation and collaborative top-level design.

**Elizabeth Losos**  
Professor, Duke  
University

## **Constructing a Sustainable Belt and Road: Identifying and Mitigating the Negative Environmental Impacts of BRI**

1. Attention must be paid during the development of infrastructure along the Belt and Road to the large historic infrastructure projects that have caused serious historic impacts such as reduced biodiversity, reduced forests, GHG emissions and pollution, and deteriorating marine degradation.
2. Whether or not the infrastructure along the way can really avoid environmental risks, such as forest conversion. Use geographical systems to simulate the environmental impact of the One Belt One Road infrastructure. If there is any impact, the risk of adverse consequences is high.
3. To unify the differences in international laws and policies, to make prior assessments of policies of different countries in the world, to conduct an overall policy analysis around the One Belt One Road, so as to minimize possible environmental risks in the One Belt One Road project.

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**Kshitij Bansal**  
**Assistant Director,**  
**The Office of**  
**International Affairs**  
**and Global Initiatives,**  
**O P Jindal Global**  
**University**

## **The issue of Environmental Standards in International Investment and Trade**

1. In the course of the “One Belt and One Road” initiative, whether there is a road map or not. In the “one belt and one road” background, China has a lot of development banks in the surrounding area. It is not necessary to adjust the old rules, but to establish a new parallel mechanism. The first element is our source. The second element is whether the mechanism for clarifying China is project-oriented or country-oriented.
2. One problem in the One Belt One Road process is that the background is fragmented. Because the backgrounds of different countries are different, the angle and scope of the proposed Belt and Road Initiative are not clear. The overall foreign policy of China is in line with the One Belt One Road Initiative; it is hoped that although the background is fragmented, we need to integrate to achieve a complete roadmap.
3. The roadmap will also include the issue of another factor. The Belt and Road is mainly focused on trade. The existing WTO has not served our purpose well. China itself may be dissatisfied with the WTO, and every UNFCCC member countries does not participate in the Belt and Road.
4. If Chinese companies want to invest in foreign countries and there are bilateral investment agreements, they also involve the problem of fragmented backgrounds. How does China face the foreign environment? How does China's internal environmental assessment system play its role in the international community? We have all, now there are many private enterprise departments. The Development Bank has issued a standard on the Belt and Road. Can China learn from the opinions of these departments?
5. We need to come up with a normative structure outside the discussion and establish a concept of the One Belt One Road macroeconomic. We should shift the focus to solving problems. We must also pay attention to the issue of a terminal country. I cannot fully trust beneficiary countries and invest in them. The investing party cannot be used as a terminal solution mechanism. This terminal problem also needs attention.

(Editor: Anshu Du, Yiting Wang)



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## Global Green Governance: Environmental Challenges and Opportunities of B&R Initiative

Environmental Governance Session 01      Session two

11:00-12:30, May 27

**Chair:**

**Tao Hu: China Program Director, World Wildlife Fund (WWF)**

**Dan Guttman: Professor, New York University Shanghai (NYUSH)**

**Moderator: Hu Tao, Dan Guttman**

**Liu Hongpeng  
Director, Energy  
Division,  
Environment and  
Development  
Division,  
UNESCAP**

### **Sustainable energy development towards achieving 2030 Agenda along BRI**

1. ESCAP involves in the field of sustainable development, BRI involves a number of fields including economic and ecological, and today it is mainly about the energy field of the Belt and Road Initiative. How to do it can achieve energy goals and achieve sustainable development goals.
2. To achieve sustainable development goals, policy interoperability and coordination should be implemented to ensure energy security and demand, and to achieve low-carbon development. In addition to the interconnection of large-scale infrastructure projects, there are interconnections between power grids, transportation, and energy. The distribution of resources and regions is inconsistent. For example, the hydropower resources in Laos are very abundant, but the country itself does not have a high demand. How to realize the rational use of this energy is very crucial. The interconnection of the ASEAN grid is a major improvement in the application of clean energy. Successful examples
3. Investment is one of the key issues. For example, in the China-Pakistan Economic Corridor, the BRI party uses its existing resources, but also uses the investments of its neighboring banks and attracts investment from private companies. The thermal power technology used in the Belt and Road Initiative is higher. Technical standards to implement and introduce advanced technologies to neighboring countries
4. BRI provides a platform for sustainable development, increases opportunities for the interconnection of infrastructure, and integrates this interconnection into the internal economic development of related countries.

**Mia Mikic  
Director, Trade,  
Investment and**

### **Evaluating Environmental Impact of Trade Policies and Green Trade Policies**

1. Much of the current trade involves intermediate products. The process of

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**Innovation  
Division, United  
Nations Economic  
and Social  
Commission for  
Asia and the  
Pacific (ESCAP)**

trade can deal with environmental challenges, such as the use of the international recycling service (BIR) regulations to achieve sustainable production and consumption.

2. Generally speaking, trade will bring certain environmental pollution. But there are ways to maximize production and efficiency through environmentally friendly products. Therefore, we need policies to ensure that the products of global environmental protection trade at a fair price.

3. Measures to be taken include trade and non-trade measures, border and non-border measures, tariff and non-tariff measures.

4. The best thing about BIR is to promote the capacity building of Asian countries. Chinese output is beneficial to the environment of the project in The Belt and Road, but also conducive to the long-term development of the enterprise Chinese.

**Sun Xiaopu  
Senior China  
Counse, Institute  
for Governance  
and Sustainable  
Development**

## **The Critical Role of Cooling Equipment in Greening the Belt & Road**

1. The National Energy Agency pointed out that the use of global cooling energy will triple by 2030, and the consumption of air-conditioning is a blind spot in the discussion. China's air conditioning industry needs to achieve quality and technology made in China and realize its own energy conservation and emission reduction.

2. The benefits of energy saving and emission reduction to China are enormous. The Belt and Road Chinese countries household electrical appliances exports reached 20% of total exports. The energy efficiency of air conditioners imported from African markets is low, and the technology to be eliminated is used. BIR will bring new opportunities to China. On the one hand, it is the international promotion effect brought about by the Kigali amendment. On the one hand, it is the transformation of its own industry.

3. China can consider tax incentives and government subsidies and other policies to help China's air conditioning industry achieve green transformation.

**Mao Xianqiang  
Director, Center  
for Global  
Environmental  
Policy, Beijing  
Normal University**

## **Evaluating Environmental Impact of Trade Policies and Green Trade Policies**

1. The large demand for imports of agricultural products may bring adverse environmental impacts. China has been heavily importing food. China's environmental standards for importing food may help improve the global environment.

2. It is necessary for China to incorporate green agricultural products into government procurement and improve the environmental standards for

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imported agricultural products.

3. Green purchase list pays more attention to products that directly affect the environment, and less attention is paid to indirect effects such as agricultural products. As a big importer of agricultural products, China should bring green agricultural products into the scope of Chinese government procurement, and transform the international standard of green agricultural products into the system of China's environmental standards and certification system, and play an active environmental impact.

**Li Li**  
**Associate**  
**professor, University of International**  
**Business and**  
**Economics (UIBE)**

## **Green Trade under the Belt and Road Initiative - Based on the view of Technical Barriers to Trade**

1. The Belt and Road trade should be placed in the global scope to consider the need to consider: green products trade, trade and environmental issues (green rules of technical regulations related to the environment).
2. Review the development background of green trade, including: sustainable development has become an important part of global governance, a new round of restructuring of international trade rules, a closer integration of trade and investment by the global value chain, and the promotion of green BIR by the four ministries and commissions.
3. The problems that green trade should pay attention to: pay attention to supply chain management, carry out green procurement, cooperate with suppliers, attach importance to consumer education, carry out green marketing, cooperate with customers, and attach importance to the formulation of green standards and laws and regulations.

(Editor: Anshu Du, Yiting Wang)