

# **The Ministry of Commerce and the Ministry of Ecology and Environment Jointly Issued the *Guidelines for Green Development in Foreign Investment and Cooperation***

To implement the new development concepts and promote green development, the Ministry of Commerce and the Ministry of Ecology and Environment jointly issued the Guidelines for *Green Development in Foreign Investment and Cooperation* on July 15, 2021. The full text is as follows:

## I. Significance

Green development provides the necessary groundwork for sustainable development. Greening technologies and industries are at the top of the agenda of many countries. Achieving carbon neutrality has become a global priority with the green rules in international trade and investment evolving at an accelerated pace. China is building a sound, green and low-carbon circular economic development system at home while contributing to global environmental governance and fulfilling its international obligations. In a new era, only by practicing the concept of green development can we rely on outbound investment and cooperation to reinforce domestic and international circulations, pursue open development and take the lead in international cooperation and competition.

## II. General Requirement

The greening of outbound investment and cooperation must be guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. In the process, we must implement the spirit of the 19th CPC National Congress and the 2nd, 3rd, 4th and 5th Plenary Sessions of the 19th CPC Central Committee, Xi Jinping Thought on Ecological Civilization and the decisions of the CPC Central Committee and the State Council. We must stay committed to the new development concept, striving for the strong awareness of green development, efficient use of resources, strict protection of the environment and effective control of carbon emissions. We should work to showcase China's leadership in global endeavor towards green transition and our commitment to building the world into a better and cleaner place and laying the groundwork for a new development paradigm.

## III. Major Areas of Work

(1) Adhere to the concept of green development-encourage Chinese businesses to apply green principles to each of their overseas investing and cooperative steps, including construction, production, operation and innovation etc.; support outbound investment in clean energy such as solar, wind, nuclear and biomass energy, facilitate the global revolution of energy production and consumption, and build a clean, low-carbon, secure and efficient energy mix; encourage cooperation in green development with companies and institutions from other countries; work for better alignment with the global green industry chain.

(2) Promote green production and operation- encourage companies to fulfil their environmental responsibilities, abide by the laws and regulations of the host country, and work to balance the economic, social and environmental benefits at the local level; encourage companies to conduct environmental assessments and due diligence for a proposed project in accordance with international practices to identify potential environmental risks; build green supply chains, and adopt the green procurement practices, prioritize the purchasing of environmentally friendly products and services; promote green design and apply green manufacturing processes to improve the recycling efficiency of raw materials and resources, reduce pollutant emissions, and increase the waste recycling rate and aim to green the entire product lifecycle.

(3) Build green infrastructure- encourage Chinese companies to adopt the high standards in planning and designing the proposed overseas projects to balance the benefits to project owners, communities and the environment, take effective environmental measures, promote green construction using eco-friendly technologies, equipment, materials and techniques and controlling the discharge of waste gas, water, noise and solid waste, enhance the integrated reuse of waste to minimize the environmental impact of construction activities; unlock the potential of the green infrastructure market and engage in construction activities applying high environmental standards to green the brand of "Built in China".

(4) Create a green overseas economic and trade cooperation zone- encourage companies in the zone to prepare well-informed green overseas development plans; raise the environmental threshold for new entrants (both companies and projects), work to green industries within the zone to make it green and low-carbon; encourage joint construction and benefit sharing of infrastructure and work towards intensive recycling of resources and energy,

advocate centralized and safe disposal of pollutants, reduce carbon emissions; encourage the zone to provide the admitted companies specialized, targeted and quality services, expand the shared services, enhance economies of scale, bring down operating costs and energy and material consumption for companies, and raise the level of green development in the zone.

(5) Promote green technology innovation- encourage companies to set up R&D centers, innovation centers, laboratories, incubators and other technology innovation platforms overseas, conduct high-level joint research and attract talent from abroad to accelerate green technology innovation, adopt various investing methods and approaches to set up third-party cooperation with international leading businesses and join the global green technology alliance and development system; work to align and incorporate the world-class green technologies and domestic industrial strengths; and foster new drivers for green economy.

(6) Facilitate green business transition-encourage companies to prepare green development strategies, strengthen green management, assessment and studies, increase green input in capital, technology and human resources, and practice green operation concepts; strengthen the green compliance system and set a standard for business practices overseas to fill in the regulatory gaps; grow Chinese companies into world front-runners in green economy and enhance the Chinese players' capability to integrate global resources, push them to stay competitive in the international market and become leading players in their industries.

(7) Preventing environmental risks- push for prevention of ecological risks in accordance with the provisions concerning environmental protection for overseas projects, and strengthen the environmental management of Chinese companies operating overseas; encourage companies to take rational and necessary measures to reduce or mitigate adverse ecological impacts from investment and cooperation activities in accordance with the laws and regulations of the host country; protect and restore the affected ecosystems in accordance with the law or international practice in case of adverse biodiversity impacts; rely on the networking platform for overseas companies and outbound investment to build a more robust system for early warning and contingency planning against environmental emergencies; encourage companies to adopt international or Chinese standards in investing activities where local laws and regulations are non-existent or too lenient.

(8) Follow international green rules- encourage companies to align their overseas investing activities with the targets under UNFCCC, CBD, SDGs and BRI GIPs; support Chinese companies' participation in programs of international organizations to establish a set of green investment rules and standards that are appealing, effective and authoritative.

(9) Optimize green regulatory services-strengthen strategic alignment and policy exchanges with countries involved, and create an enabling environment for companies; improve the filing system for outbound investment and cooperation, strengthen the monitoring and analysis of green business development, and enhance IT-based regulation; encourage industry organizations to further green outbound investment and cooperation through norms, consultancy and self-regulation, encourage overseas Chinese chamber of commerce or associations to study and develop guidelines for green investment and cooperation in host countries.

(10) Boost green credentials of Chinese businesses- encourage companies to strengthen communication with the governments, the media, the public and NGOs in host countries, fulfil their CSR in environmental protection, expand good press about the businesses, create a favorable atmosphere, promptly eliminate the impact of bad press and build a green image for the businesses, rely on the multi- and bilateral cooperation platforms to uphold the concept of "shared future of mankind" and present China's green ideas and positions; build a case repository of China's green investment and green infrastructure, compile a green development index of China's outbound investment, and release reports on greening outbound investment of Chinese companies.

#### IV. Scope of Application

The Guidelines applies to activities related to green development of Chinese businesses in outbound investment and cooperation, and is to be observed voluntarily. It also applies to local commercial and environmental departments who provide guidance and services to businesses investing overseas.

#### V. Organization and Implementation

The central SOEs and local commercial and environmental authorities concerned should fully recognize the importance of greening outbound investment and cooperation, build a robust system tailored to the reality, improve accountability, and strive for efficiency; any major situations or events should be timely reported to the Ministry of Commerce and the Ministry of Ecology.

(Source : Ministry of Commerce)