



China Council for International Cooperation on Environment and Development

2018 Policy Recommendations to China's State Council

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Overcoming global shocks while creating green opportunities

The world faces a future likely to be ridden with shocks of many types. Many will involve environmental risks. Important nations seek to withdraw from environmental and other international agreements; trade wars can influence global climate change; biodiversity loss affects poverty reduction. Through innovation, cooperation, and strong political will, responsible nations and the international community must ensure a sustainable and prosperous future for all. That is the fundamental premise of the UN Sustainable Development 2030 Goals (SDGs 2030). Yet as noted in an October 2018 report by the Intergovernmental Panel on Climate Change, the window of greatest opportunity is closing fast for transformative change regarding matters such as climate change mitigation, stemming biodiversity loss, and securing sustainable consumption.

China already is a very significant player in green development, but global progress is also dependent on other nations. Therefore, the 2018 CCICED Policy Recommendations to the State Council focus on how China can share its environment and development experience, help to accelerate progress on living within planetary ecological and environmental boundaries, and take on greater leadership in bolstering global green governance.

In this 40th Anniversary year of *Opening Up*, and at the start of a *New Era*, China has put in place a range of important environment and development policy shifts that will have lasting positive impacts not only for China but also globally. CCICED Members welcome China's strong political commitment to building an ecological civilization by 2035, the significant progress in the War on Pollution, the shift towards an ecological emphasis in development, the import ban on some plastics and other waste materials, the building of a national park system, and institutional strengthening especially in the new functions assigned to the Ministry of Natural Resources and the Ministry of Ecology and Environment.

CCICED Members also welcome China's enhanced role in supporting and sometimes leading global environmental governance improvements, including its strong commitment to the Paris climate change agreement, participation in the UN 2030 Sustainable Development Goals and support concerning SDG2030 action plans of others, efforts to green its Belt and Road Initiative (BRI) and South-South Cooperation. CCICED Members also believe that it is timely for China to take a stronger role in global ocean sustainability including helping to reduce the plastic and pollution burden of the oceans; and to accelerate efforts under the Global Convention on Biological Diversity (CBD) and other global and regional agreements. Clearly the world needs a prominent torchbearer to successfully secure innovative paths towards a healthy planet.

The great challenge now for China is to sustain and deepen its domestic progress while at the same time linking it to international efforts. This is necessary to secure a *Beautiful China* and a Healthy

Planet for future generations. China can exert various kinds of international influence: leadership by example; leadership via resources such as knowledge and financial support; and leadership in coalitions and partnerships. Time is of the essence.

Ecological civilization is an inspiring vision that will govern policies of many types in China's New Era. However, it is a concept that is at an early stage of understanding in other countries and globally. Now is the time to introduce this important approach to the world with the aim of seeking synergies with global, regional and other national concepts and strategies of other countries in the interest of sustainable development. By securing full public participation regarding ecological civilization, the pathway to a Beautiful China can speak to our hearts as well as our minds.

Specific Policy Recommendations

1. Upgrade China's contribution to global climate governance through enhanced action on climate change mitigation within China

The recent IPCC Special Report on Global Warming of 1.5°C tells us that the gap between action taken since the Paris Agreement and needed global action to avert catastrophic climate change is larger than previously thought. Domestic efforts and international collaboration must therefore be intensified with urgency. Innovation will be needed at the systems level—not only technological innovation, but also institutional, policy, economic, business model, consumer and behavioral innovation.

Given China's impressive progress so far, it is now evident that China's greenhouse gas emissions can peak earlier and at a lower level than previously thought. Action on climate change can play a useful role in promoting financial stability, poverty alleviation and pollution control, as well as supply side structural reform.

China's ability to be a torchbearer internationally on climate change and provide a model of Ecological Civilization for the world will depend upon the government's ability to ensure policy coherence across multiple domains: environment, energy, industry, transport, urbanization, agriculture, land use and natural resources, as well as consistency in applying the principle of "green and low carbon development" in international cooperation, particularly in the Belt and Road Initiative. To capture the opportunity of recent Chinese institutional reforms, the government should:

- 1) Institutionalize an effective coordination mechanism, led by the National Leading Group for Climate Change and Energy Conservation and Emission Reduction, for harmonizing action on climate change with multiple strategic goals, based on increasingly ambitious plans in the short term via the 14th Five Year Plan, in the medium term via a revised Nationally Determined Contribution for 2030 and Beautiful China 2035, and in the longer term via a 2050 Strategy. This will require well-defined targets and timelines as well as pathways for policy reform including the reform of State-Owned Enterprises including the State Grid, and building a well-functioning national emissions trading system.
- 2) Provide a strong institutional basis for co-management of climate change and air pollution and synergy with other environmental issues across the dimensions of regulation, data transparency, monitoring, enforcement, supervision and accountability. Climate change targets should be incorporated into the existing environmental protection supervision system led by the Central Committee of the Communist Party of China Environmental Protection Supervision Committee. Local capacity building will be essential.
- 3) Tighten coal control policies and the promotion of renewable energy and energy efficiency. Specifically, China should end coal quotas and long-term contracts, control industrial coal use and help coal-dependent provinces to transition to other sources of prosperity. In a context of reducing renewable energy subsidies, a new renewable energy policy framework is needed to overcome non-financial barriers to renewables, deploy energy storage and smart grid solutions as well as distributed renewable energy. Renewable energy subsidies which had already been agreed upon

should be fully paid. In terms of efficiency, China is well positioned to lead in the implementation of the Kigali Amendment to the Montreal Protocol by introducing world-leading standards for domestic and exported air-conditioning and demonstrate centralized cooling at scale. Also focus on nature-based solutions (see ‘synergies’ below), emissions from agriculture, as well as emissions of methane, black carbon and HFCs whose mitigation can achieve significantly reduced rates of warming in the near term, which would affect the rate and degree of adaptation.

2. Play a strong leadership role in developing effective post-2020 global biodiversity goals under the Convention on Biological Diversity (CBD)

The Global Convention on Biological Diversity has failed to meet conservation targets set in 2002 and 2010. As in the case of climate change, the window of opportunity to stem major biodiversity and ecological service losses is rapidly closing. The 15th Conference of the Parties (COP15) will be hosted by China in 2020. By joining efforts with like-minded countries and players, China can help to set new goals covering the period to 2030 and beyond. This event is a major opportunity to set a new course in global green governance, and a platform to demonstrate China's commitments and achievements towards becoming an ecological civilization and actively participate in biodiversity and ecosystem global governance. By joining efforts with like-minded countries and players, the desired outcome would be to dramatically reduce biodiversity losses in all parts of the world. COP 15 is a major opportunity to accomplish four objectives noted below.

- 1) Make all efforts and demonstrate leadership in the development of an ambitious, robust, and internationally agreed post-2020 global biodiversity framework, with measurable targets. Carefully assess the factors which have led to failure of past frameworks. Hold consultations with stakeholders, including those not traditionally involved with conservation, including business leaders and others involved in the development and implementation of ecological services and biodiversity conservation. Stakeholders from the south and megadiversity countries should be deeply and widely involved in the consultation process. China should take the lead on these consultations in collaboration with the CBD Secretariat.
- 2) Establish an effective mechanism to ensure that the CBD strategic goals can be achieved on schedule. The active participation of business, civil society and all actors in society is critical. Build up creative implementation mechanisms, periodic review and ratcheting instruments, to continuously increase ambitions of Nationally Determined Contributions (NDCs), as well as contributions by other stakeholders. Actively communicate and align with other international agendas including climate change and ocean governance, and capture synergies with them.
- 3) Showcase China's experience in biodiversity conservation for reference of the international community and engaged Parties. Actors such as IUCN, WWF, TNC, INBAR, ClientEarth, and others can help in effectively communicating these success stories. Focus on China's domestic and global initiatives into the dialogue and engagement with other governments, including but not limited to ecological civilization, redlining, green finance, natural resource assets accounting and auditing, strengthened ecological law enforcement, national park-centered natural conservation systems and mainstreaming biodiversity concerns into other sectors. Remember that space outside of protected areas will also need to be managed in a sustainable way. Spatial planning for infrastructure or renewable energy should be done in a way trying to avoid, minimize or offset adverse impacts.
- 4) COP15 will cast a spotlight on the overseas impacts of China's investment and trade. China should be ready by taking immediate steps to green the Belt and Road Initiative (see section 4 below), and to reduce climate and biodiversity impacts from imports of commodities such as timber, palm oil, soy beans, and fish. For example, it could adopt supply chain standards for its public procurement that avoid deforestation by integrating ‘deforestation-free’ criteria into the Green Public Procurement program. Chinese state-owned enterprises could make similar commitments. Another important step would be to adopt standards for all timber products that China imports.
- 5) Build successful and on-going engagement involving heads of state. There is a need for proactive outreach linked to a proposed Heads of State Summit at the UNGA in 2020, and to build a

groundswell of support for the significance of the COP15 event similar to what occurred in the Paris Climate Change COP held in 2015. Steps could involve the following elements:

- a) Engage with the CBD Secretariat to provide a positive signal and to begin the preparations of the Summit at UNGA 2020.
- b) Respond or proactively reach out to various heads of state of countries that could potentially form a “Coalition of Champions for Nature” together with China, through various diplomatic tracks, and informal processes.
- c) Prepare a series of nature, environment and biodiversity related events in China and at the global stage in and leading up to 2020 to set up springboards and milestones leading up to the COP15.
- d) Pay special attention to the links between the CBD and the SDGs, especially those related to social development and various aspects of gender mainstreaming.
- e) Recognize that leadership actions abroad will come from many different players, including international bodies, non-government actors such as business, financial institutions, and the general public. Support a multi-stakeholder nature action agenda that mobilizes leadership from such actors to complement the official COP15 process. Support new narratives and communication strategies that are more effective at mobilizing such actors; for example replacing the word ‘biodiversity’ with ‘nature’ where appropriate.
- f) Establish international cooperation on wildlife and ecosystem protection with neighbouring countries and investment and trade partners.
- g) Appoint a Special Envoy for Nature for preparations of COP 15 and beyond.

3. Develop an ecological civilization approach for China in national and global ocean governance

Marine ecosystems are threatened in many parts of the world’s oceans amid worries of unsustainable levels of fishing and marine aquaculture, coastal and offshore habitat destruction, mounting levels of pollution, climate change impacts, and limited efforts on creating marine protected areas and biodiversity conservation. The complex multi-institutional global governance system is fragmented and not well-suited to address modern issues such as plastics pollution, coral reef die-off and ocean acidification. China faces an emerging crisis in its coastal and marine ecosystems wrought by factors such as those mentioned above. Furthermore, through its distant water fleets and seafood imports, China has great influence on marine ecosystems in many parts of the world.

By taking an ecological civilization approach and further building a circular economy, China can pursue a path of harmony between people and the ocean, promote conservation and green ocean development, and enhance ocean-based prosperity. This approach will require a comprehensive, ecosystem based, integrated ocean and coastal management approach as a means to ensure the necessary balance between ocean ecology and economy for China’s own marine and coastal future.

Recommendations related to biological resources:

- 1) Strengthen legal protections for coastal and marine ecosystems, while promoting sustainable production. China should enact a new aquaculture law that emphasizes best practices, and places clear limits and strict enforcement on waste discharge. The law should set out science-based carrying capacity limits that can be incorporated into China’s National Marine Functional Zoning. The law should mandate stock reporting by all facilities, authorize routine onsite inspections, and include other provisions that mitigate impacts including those arising from use of antibiotics or other chemicals.
- 2) Implement a high-tech monitoring system for marine science assessments to combat corrupt and illegal activities and that will highlight responsible fisheries, habitat and environmental protection. Such a system will enable China to expand monitoring to nearly all of its domestic fishing vessels, landing sites, aquaculture facilities and coastal and marine protected areas.
- 3) Develop a national plan of action to restore lost marine ecosystem functions and services. Protection and remediation of coastal wetlands and their ecological functions should be secured including water purification, carbon sequestration and nursery areas for marine life. The plan should include actions governed by the Ministries of Agriculture and Rural Affairs, Ecology and Environment, and Natural Resources, as well as coastal provincial and local agencies.

- 4) Establish a national “marine ecological report card” on the health of China’s coastal and marine ecosystems. The report should assess the integrity of key ecosystem functions and services and the cumulative effects of the intense uses of China’s living marine resources by fisheries and mariculture, and the impacts of pollution, development, tourism industries and climate change. The report should be made publicly available and regularly updated.

Recommendations related to marine pollution and coastal habitat issues:

- 1) Establish an effective mechanism of river to sea coordination for marine pollution prevention and control. There are several matters to be addressed. The need for: (i) improved real-time monitoring of primary rivers and outlets discharging into the sea; (ii) improving the connection of water quality standards between surface fresh water and seawater; and (iii) an integrated governance mechanism between the Lake and River Chief System and the Bay Chiefs.
- 2) Construct an integrated coordination mechanism for marine debris prevention and control across sectors, regions and river basins. Formulate a national action plan for marine debris pollution prevention and control. Strengthen lifecycle management for plastics and encourage extended producer responsibility. Significantly reduce unnecessary use of single-use plastics. Ban production and sale of personal care products containing plastic micro-beads. Speed up the research and application of innovative approaches for substitution of plastic products and for waste treatment. Recognize the need to mobilize partnerships for action on plastic pollution and invite such a platform to take shape in China. The recently signed accord between China and Canada on reducing plastics affecting the ocean is an excellent example.
- 3) Establish one or more regional blue partnerships to jointly address marine pollution issues relevant to Asia and the Pacific, and make the best use of relevant existing efforts in the region.
- 4) Strengthen Chinese research on emerging marine environmental issues of global concern. Priority topics include ocean acidification, ocean plastics and microplastics, oxygen deficiency in hotspot areas, and other emerging marine environment issues of global concern, particularly in the high seas and Polar Regions.

4. Carry out the greening of the Belt and Road Initiative (BRI)

China has impressed many in the world with the Belt and Road Initiative, which aims at strengthening the economic and social conditions across much of the developing world. With its strong emphasis on infrastructure, the BRI requires careful consideration of climate impacts and long-term ecological changes. Environmental impact assessments with public participation should be at its core. While the scale of existing and planned BRI activities is very substantial, publicly available information is inadequate. To help in the selection and design of projects, there should be alignment of BRI initiatives with the Paris Agreement, global biodiversity targets, and the 2030 Agenda for Sustainable Development. China should apply internationally agreed environmental and social safeguards, transparency rules and public participation at an early stage of planning, to reduce environmental and social risks. Several policy recommendations are proposed:

- 1) Strengthen and link long-term mechanisms for greening the BRI, including:
 - a) Boosting existing international platforms such as the Green BRI coalition and the China-ASEAN Environmental Center.
 - b) Make sure global commitments to climate change, biodiversity conservation, and sustainable ocean use are respected throughout projects in the BRI.
 - c) Start from project level on greening the BRI (bankability, social acceptance and impact, environmental impact) and learn good and bad lessons from the completed projects.
 - d) Commission independent feasibility studies and economic, social and environmental impact evaluations as well as solicit the views of local public. Recruit independent review and verification experts and secure information transparency.
 - e) Launch a ‘Greening cities along the Belt and Road’ initiative, which can seek low hanging fruits and quick wins considering the amount and diversity of expertise available from the greening of Chinese cities.
 - f) Create a network of partnerships among countries along the Maritime Silk Road to promote sustainable marine governance and achieve the SDGs. Key topics could include managing marine resources sustainably, promoting ocean-based economic development including green

- harbors, improving food security for vulnerable peoples, combatting illegal fishing and building the capacity of women in fishing communities and supply chains.
- g) Implement gender mainstreaming as part of best practices in BRI projects; and share gender mainstreaming approaches and lessons learned with BRI partner countries.
 - h) Provide support to national environmental agencies along BRI on human, technical and scientific capacity building and launch support for communities and civil society engagement into BRI initiative in the participating countries.
 - i) Create a Network of Environmental Innovation Hubs with a physical presence in BRI recipient countries. Such a network could provide knowledge transfer, capacity-building sites supporting national development plans, and as local contributors to a BRI-wide database of social and environmental information about projects.
- 2) Give priority to green project financing. The development of green finance not only needs the support and facilitation of government, but also necessitates the positive contribution from financial institutions, including enhancing investment in low-carbon industries, improving the transparency and environmental information disclosure of businesses, and providing green financial products for consumers.
 - a) Establish a ‘BRI Ecology and Environment Big Data Platform’ which is publicly accessible, for broad information disclosure and to serve as a basis for better assessment of the environmental risks of BRI projects.
 - b) Set mandatory requirements for responsible investment overseas to enhance social responsibility in Chinese corporations (replacing the current voluntary guidelines for responsible overseas investment).
 - c) Develop a political risk insurance vehicle that can work with both Chinese and foreign banks to help mobilise sufficient capital.
 - d) Facilitate the application of Public Private Partnerships (PPP), giving priority to programs with notable ecological and environmental benefits.
 - e) Support the development of platforms for sharing knowledge and experience in green investment such as the Global Green Finance Leadership Program and the Sustainable Banking Network.
 - f) Launch a ‘Greening the BRI’ fund to test and demonstrate the business case for selected sustainable Belt and Road infrastructure investments.
 - 3) Design and implement a green arbitration mechanism for Belt and Road projects.

5. Strengthen performance of green development in the Yangtze River Economic Belt (YREB)

The YREB idea is distinctive and represents a significant new way of approaching river basin management for China and indeed possibly the rest of the world. The YREB is a prime candidate to become China’s leading experiment for construction of an ecological civilization.

- 1) Adopt a Whole-of-Ecosystem Approach (from ‘Mountain to Ocean’) in environmental protection planning across the Yangtze River Economic Belt. The following areas are important elements to facilitate and support this approach in the YREB.
 - a) Strategically focus remediation and restoration efforts on problems that have disproportionately large impact on the overall river basin health. Two areas that require special attention are solid waste management in rural areas and plastic pollution. Positive outcomes can be achieved by the following actions: (i) continue efforts to reduce the volume of solid waste pollution, especially hazardous wastes, micro-plastics and rural waste, which cause serious water pollution from upstream and downstream areas through to the oceans; (ii) develop economic incentives for collecting and disposing solid wastes through innovative technology and raising awareness through community engagement; (iii) promote the recycling of waste materials and reduce the incineration rate, especially for rural agricultural and domestic waste; (iv) improve livestock and poultry farming pollution control measures to reduce the pollution load to water bodies; (v) improve the performance of wastewater treatment plants and treatment of sludge; (vi) pay more attention to social concerns through

- public awareness campaigns on solid waste treatment and recycling activities to avoid ‘not in my backyard’ conflicts.
- 2) Adopt a multiple stakeholder engagement approach to carefully identify and address any negative impacts on communities and livelihoods. Integrate gender via a multiple stakeholder engagement approach to good governance. Gender inequalities can limit agricultural productivity and efficiency and in so doing, undermine development agendas and the potential to achieve an ecological civilization.
 - 3) Design institutional frameworks to incentivize long-term financial sustainability for ecological compensation and environmental protection programs in the YREB. Current transfer payment schemes are not financially sustainable in the long term.
 - a) Development of both compulsory and voluntary instruments will best ensure robust business-sector participation in conservation finance. Development offsets is the most successful example of compulsory approaches internationally. This approach is well suited for China, which has already laid the groundwork via its key ecological function zoning system. In terms of voluntary approaches, “pay-for-performance” contracts hold significant promise, since these only require a contract between two parties. The government should play a key role in establishing the scientific basis for such contracts.
 - b) The government should continue to focus on improvements in monitoring of watershed ecosystem services and should make this monitoring data available to the public.
 - c) Existing government programs (e.g. eco-compensation) should be expanded to include pathways for business sector investments.
 - 4) Establish appropriate legal and institutional mechanisms. The Yangtze River Protection Law (YRPL) should clarify rights and responsibilities over all river basin management work. It should also clarify frameworks for cross-provincial and cross-sector coordination and cooperation.

6. Lead green urbanization through technology, planning and policy innovation

It is estimated that there is still over 20% increase potential for urbanization in China by 2050, i.e., an additional 300 million urban population, roughly equivalent to the current population of US. How this urbanization is realized and how the existing urbanization achieves its green transformation will have significant impacts on China’s future, and important implications for global development. With the emergence of a digital and green era, substantial changes of modality and pathway for future urbanization are envisaged, including content of development, spatial layout, infrastructure, transport and logistic system, business and organization approach, institutions and policies. Innovations and explorations are especially needed to promote green urbanization. Besides technical aspects, such innovations also involve mindset, theory, development content and approach, organization and business model, institutional mechanism and policy. Therefore, breakthrough and innovation in the following key areas are recommended:

- 1) Fully recognize the impact of digital age and green development on urbanization mode and avoid using old mindsets for green urbanization planning. Green urbanization does not simply mean buildings, plans and green technologies, but is rather supported by deep transformation of development content and approach. Both market and society should play key roles in determining urban layout and planning.
- 2) Integrated urban and rural planning. Fully incorporate green standards into urban-rural planning through free flow of urban-rural elements and urban planning. Integrated urban and rural development must be considered in the development of green urbanization plan and relevant policies, with comprehensive consideration of impacts on rural economy, ecology, society and culture. Meanwhile, encourage flow of urban talents into countryside. Gradually open the right of renting and use of rural housing land to urban residents with proper conditionalities.
- 3) Promote some green technologies that are economically and technically feasible and have major impacts to unleash their potential in energy saving, emission reduction and industrial upgrading. For instance, energy saving technology for indoor air conditioner could be a possible breakthrough. In 2017, the annual Chinese production of indoor air conditioners accounted for 70% of global production, with capacity equivalent to the total solar energy capacity increase in that year. Chinese air-conditioning companies have the technical and economic ability to produce air

conditioners with energy efficiency 200-300% higher than the global average. However, such potential is hard to realize due to lack of energy efficiency standards in China.

- 4) Because of the different economic development and natural endowments in different places, the green urbanization process in each place will be different. Therefore, China should give full play to the local spirit of innovation with respect to infrastructure construction, transportation and logistics systems, institutions and policies related to green urbanization. Nature-based solutions to such challenges as intensive storm-water flooding, sea-level rise/storm surges, enhanced urban heat should be evaluated, considered and adopted, as appropriate, to complement traditional energy-intensive built infrastructure in China's cities. Green construction using bamboo is another example. As it is now doing with the Sponge City Program, China has a chance to create innovative models for the coming urban century and taking them to scale to address the needs of an increasingly urbanized society.

7. Find and address synergies among issues

Most of the issues mentioned above are strongly interlinked. Some actions can be taken which contribute to two or more areas of importance. Fully recognising such synergies is particularly important because they lead to double or triple wins. For example, 'Nature and Climate Solutions' can achieve both climate and biodiversity goals. Globally, such solutions can achieve up to a third of the Paris commitments. Quality reforestation, investments in mangroves and coastal wetlands, and investments to protect watersheds can all be designed to enhance carbon sequestration and optimize biodiversity outcomes, while providing additional ecosystem benefits such as flood protection and soil retention. Many actions will help both oceans and biodiversity. For example, reducing overfishing, improving aquaculture management, and restoring coastal and marine habitats can improve the value of seafood production, restore critical ecosystem functions, and protect and restore biodiversity.

Another example is that making rapid efforts to reduce the climate, biodiversity and ocean impacts of the Belt and Road Initiative will strengthen China's position ahead of its hosting of the CBD COP15 in 2020. And making efforts to reduce the environmental impacts of trade and investment (such as destruction of overseas rainforests for palm oil or soybean production) will have important biodiversity and climate benefits. The 2020 COP provides an opportunity for China to drive synergies between climate, ocean and biodiversity targets. In doing so, China can and will inspire other countries to take similar initiatives.

Broadly speaking, early spatial planning and structured public participation can often produce results which avoid, minimize and offset adverse social, ecological and climate-related impacts. Such efforts are beneficial to government and business in that they can produce regulatory certainty, minimize project-related risks, and ultimately reduce costs. Synergies that result in new, green livelihoods should be encouraged.