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Additional Considerations Including China's Belt and Road Initiative

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China's recent investment initiatives include expanded relations with many countries especially through its ambitious *Belt and Road Initiative* (BRI) and this could be a blessing or a curse; in fact, the future direction of the BRI has a great bearing on the future of the planet. Chapter 17 goes into detail on the significant investment infrastructure China has been building on infrastructure investment, Chap. 18 describes how China has been interacting with countries on the ground and some of the challenges and opportunities this presents and Chap. 19 focuses on China's rise as a leader on issuing Green Bonds.

China's BRI could prove problematic in a number of ways or it could be a mechanism for positive change. Criticisms have included wasteful spending and poor work quality (Guardian 2019), that it could be a form of "debt trap diplomacy" and either that promised local jobs haven't always manifested or that Chinese employment was a requirement of some contracts (Foreign Policy Research Institute 2019). But arguably most important is the impact BRI-related investments and lending could have on locking the world into a climate-changed future.

A recent Brookings Institute article by Simon Zadek (Brookings Institute 2019) argued that infrastructure may represent half the sources of new carbon emissions in the coming few decades alone and most of the world's infrastructure that will exist by 2050 has yet to be built so the opportunity and the imperative to build better is clear as is the risk of getting this wrong.

British economist Sir Nicholas Stern of the London School of Economics recently said: "The more than 70 countries that are signed up to the *Belt and Road Initiative* have an average GDP of around one third of that of China. If they adopt China's development model, which resulted in a doubling of

China's greenhouse gas emissions in the first decade of the previous century, it would make the emissions targets in the Paris Agreement impossible" (Yale Environment 360 2019).

A five-point green finance roadmap was announced as a result by the ClimateWorks Foundation (ClimateWorks Foundation 2019) in conjunction with Tsinghua University and Vivid Economics on the back of such concerns in September 2019 calling for the following steps:

1. **The Development of Belt and Road Country Capabilities:** We propose establishing an international platform, possibly hosted by the UN, to support the intensive development of green finance across B&R countries and to meet the rapidly growing demand from these countries.
2. **China Action on Outward Investments:** Extending China's green requirements to its investment in the Belt and Road Initiative. This should involve applying mandatory environmental assessment requirements for Chinese investments in B&R countries.
3. **International Green Investment:** Promoting the adoption of green investment principles by global investors, the process of which has already been initiated by China and the UK's Green Investment Principles (GIP) covering investment in B&R countries. GIP membership should be further expanded.
4. **Carbon Transparency:** Given that infrastructure investments in B&R countries will have a defining impact on global carbon emissions in the future, it is imperative to improve disclosure of the climate impact of these projects.
5. **International Climate Coalition:** We propose to build a coalition among various international, regional and bilateral collaborative schemes, with a view to more effectively advancing low carbon and climate-resilient investments in B&R countries.

In 2018, over 40% of BRI lending in the power sector was still involving coal (CSIS 2019) and estimated investment in the BRI is roughly \$1 trillion (Nicholas Institute 2019).

The BRI needs to be steered in a green direction, which we see as just one more argument for the necessary cooperation imperative and related success that can come from further collaboration.

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