

## News Release

20 February 2018

### China Green Bond Market 2017

#### **Climate Bonds Initiative and CCDC jointly publish the second annual China Green Bond Market report, supported by HSBC - China has cemented its position as a leading green bond market with US\$37.1bn issued in 2017**

Climate Bonds Initiative and China Central Depository & Clearing Co. Ltd (CCDC) launched with the support of HSBC, the China Green Bond Market 2017 [report](#), which summarises the key developments that have taken place during the year, focusing on green bond issuance, policy development and wider market growth.

Total green bond issuance from China reached US\$37.1bn (RMB248.6bn) in 2017, a 4.5 per cent increase on the previous record-breaking year, seeing the country secure its place as the second largest green bond market in the world.

The continuing focus on environmental challenges by the Chinese government has been reflected by development in the green bond market, regulatory reforms, momentum at the local level and a diversification of issuer types and use of proceeds.

#### **2017 highlights:**

- 118 green bonds were issued during 2017 (113 onshore, 5 offshore).
- US\$37.1bn (RMB248.6bn) green bonds were issued, of which 62%, US\$22.9bn (RMB 154.3bn) aligned with international definitions.
- US\$6.01bn (RMB40.2bn) of issuance was Climate Bonds Certified, including the US\$2.15bn debut green bond from Industrial & Commercial Bank of China (ICBC) the worlds' biggest bank.
- The largest cumulative issuer in the year was China Development Bank (CDB) which included a Climate Bonds Certified offshore bond of US\$1.67bn (RMB 11.1bn).

#### **Catalysts for scaling up China's green bond market**

To play their part in reaching the global US\$1tn by 2020 milestone, the Chinese market needs to achieve a tenfold growth in green bond issuance in the next three years.

The [report](#) outlines five catalysts for growth, including:

- A greener 'Belt and Road Initiative'
- Increasing green sovereign and sub-sovereign issuance

- Inter-country capital flows supporting green bond market growth
- A growing role for Hong Kong
- A 'Green Bond Connect' to help international investors invest in China's domestic market

## **Regulatory developments, green finance developments and harmonisation**

Policy support and momentum continued with several new developments in 2017, including:

- China Securities Regulatory Commission (CSRC) issued green bond guidelines for Chinese listed companies;
- Green Finance was included into the 2017 Government Work Report;
- The Fifth National Financial Work Conference encouraged development of green finance
- New guidelines for verifiers were released by PBoC and CSRC in December;
- The State Council set up pilot zones in Guangdong, Guizhou, Jiangxi, Zhejiang and Xinjiang to promote green finance;
- Four Ministries jointly issued 'Guidance on Promoting Green Belt and Road', signalling a boost for green infrastructure.

China is also working to harmonize local green bond guidelines with those of international markets. A joint initiative between PBoC and the European Investment Bank produced a White Paper in November comparing green bond standards and working towards new frameworks for green finance.

### **Sean Kidney, CEO of Climate Bonds Initiative:**

"China's green bond issuer base is expanding and diversifying, while green bond regulatory frameworks are strengthening, driven by strong policy signals from the government."

"Already one of the world's largest green bond markets, increasing inter country capital flows will be one of the catalysts to bring green finance in China to new heights. Acceleration of existing investment levels is pivotal to the country's low carbon growth path to 2030 and beyond and its impact on international climate targets."

"Global finance, investors and regulators all have a role in steering green investment towards the USD1tn by 2020 milestone, then higher again. A significant amount of this capital will need to flow to environmental and climate projects in China. With continued efforts around harmonisation and standards the foundations are there for boosting investment."

### **Zongjun, Director of Research and Development Department, CCDC:**

"In 2017, China issued a series of policies that clearly defined the overarching top-level design of green finance and repeatedly emphasized its ambition to forge ahead the development of green bonds. Green bonds have become an important part of China's green finance system

and received great attention from parties across different sectors. The China green bond market has grown steadily with issuance making up 22% of the world's total in 2017. "

"As the core financial infrastructure of China's bond market and a council member of China Green Finance Committee, CCDC has undertaken a lot of groundbreaking and pioneering works in the green bond market, which include the explorative study on green bond identification and classification standard, the release of China's first green bond index and the introduction of the concept of green bond identification and classification. CCDC has played an active role in enhancing the transparency of China's green bond market, as well as conveying the positive image of green bond issuers and promoting the development of a green economy."

"CCDC will continue to embrace the concept of green development, support the development of China's green bond market with a more comprehensive and well-established financial infrastructure services, and contribute in promoting the green development in China and the world."

**Helen Wong, Chief Executive, Greater China, HSBC:**

"Climate change is an urgent threat to the planet and unprecedented investment is required to finance less carbon-intensive technologies and infrastructure. Green bonds, first launched a decade ago, are now critical to financing a more climate-resilient economy. Green bonds allow an issuer to demonstrate they are proactively preparing for the long-term challenges of global warming. Over the long term, this could well create an advantage in terms of valuation and business prospects, attracting investors with growing demand for assets that align with environmental, social and governance (ESG) principles."

"A sustainable economy is clearly a policy priority for the Chinese government and an opportunity for businesses and investors. HSBC is committed to bringing together the companies who want to raise capital for sustainable projects with institutions that want to invest in accordance with ESG principles. As an international financial centre and the largest offshore renminbi (RMB) centre, Hong Kong is well-positioned to be the hub for green bonds."

Download the English version of the report [here](#).

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**Notes for Journalists**

**About Climate Bonds Initiative:** The Climate Bonds Initiative is an investor-focused not-for-profit, promoting large-scale investment in the low-carbon economy. It undertakes advocacy and outreach to inform and stimulate green bond markets, provides policy models and government advice, international development programs, market data and analysis and administers the Standards & Certification Scheme. For more information, please visit [www.climatebonds.net](http://www.climatebonds.net).

**About CCDC:** China Central Depository & Clearing Co. Ltd. (CCDC) is the first central securities depository (CSD) approved by the State Council in China. It is a state-owned financial institution, which bears the national wills and represents market demands. CCDC is part of China's financial market infrastructure and is characterised by neutrality, independence and public interest.

**The Hongkong and Shanghai Banking Corporation Limited**

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