



Enhancing New Consensus on Green Development: The pathway to China's high-quality development during the 14th Five-Year Plan period

Policy recommendations from the 2019 AGM of China Council for International Cooperation on Environment and Development (CCICED)

The transition from high-speed to high-quality development reconciles the conflict among competing objectives such as unbalanced or insufficient economic development and the needs of people for a better life. This transition can also promote environmental protection, ecological stewardship and sustainable development. Green development constitutes an important part of high-quality development. A broad-based consensus on green development as centered around Xi Jinping's Ecological Civilization Thought is the premise to achieve eco-civilization.

The 14th Five-Year Plan is a period of critical importance for China's high-quality development. Scientific evidence confirms that environmental, climate, ecosystem and biodiversity degradation are worsening at the global level. Ambitious domestic environmental actions need to be aligned with multilateral commitments that include the United Nations Framework Convention on Climate Change's Paris Agreement, the Sustainable Development Goals (SDGs) and the post-2020 global biodiversity framework. The CCICED recommends that the 14th Five-Year Plan (FYP) firmly demonstrates that:

- 1. Green development is holistic.** Green development includes but extends beyond preventing and controlling pollution, low-carbon and decarbonization and protecting ecosystems to encompass green consumption and production, circular economy, green standards and safeguards, market incentives, green finance and regulations and laws. By realigning the relationship between the economy and the environment, reconciling the conflict, green development in a holistic manner is reducing pollution, improving public health and well-being, reducing waste and improving the efficient allocation of productive resources.
- 2. Green development amplifies innovation.** Green development creates dynamic new markets in green production, green consumption, and related technologies. Green innovation is a key driver of total factor productivity.
- 3. Green development is modernizing consumption.** Consumers are willing and able to pay

for green consumption. Demand-led green development is a powerful complement to supply-side economic reform.

4. **Green development is supported by integrated indicators, innovative institutions and governance.** Green development should revise key development concepts, reform and modernize governance mechanisms, and advance ecological capital accounting. Green development indicators should be integrated and evaluate both policy and cadre performance. Green finance, eco-taxation, green pricing, green procurement and green consumption should work in a coordinated manner to internalize ecological costs.
5. **Green development includes projects with medium and longer-term timelines.** The 14th FYP should anticipate and support Beautiful China 2035, climate change targets and 2050 Vision for Biodiversity.

The following sections elaborate on detailed recommendations.

I. Promote Green Consumption

Green consumption is critical to ecological civilization and should be incorporated as a strategic objective in the 14th FYP.

1. **Expand green consumption in key sectors.** Include agriculture, transport, e-commerce, housing and buildings, and electronic and other consumer goods.
2. **Expand green products and services supply.** Ease market access for green products and services; encourage increased investments in green industries; strengthen the construction of green infrastructure and promote green consumption.
3. **Revise the Government Procurement Law.** Government procurement should prioritize green mobility and green buildings, encourage waste minimization, zero-deforestation food supply chains and nature-based products and services.
4. **Promote green supply chains and the circular economy** through Extended Producer Responsibility rules.
5. **Reduce plastics.** Interim steps include eliminating single-use plastics, reducing upstream plastic use in packaging and implementing waste sorting to recycle plastic waste.
6. **Apply market incentives.** Establish a science-based, coherent green labelling and certification system. A green consumption statistical indicator system and national green consumption information platform should be developed. Complement market-based approaches with mandatory green product requirements supported by differential taxes and market credit incentives. Phase out subsidies that disadvantage or impede the circulation of green goods.
7. **Promote the Green Lifestyles Campaign.** Encourage demand for green products. Engage celebrities as frontrunners and motivators for change, as they have a positive influence on consumers' behavior and turn green consumption into new trends. Emphasize the public health and environmental benefits of green consumption lifestyle choices.

II. Advance Green Urbanization

With the advent of the green development model, the digital economy and high-speed train

connectivity, the traditional dichotomies between urban-versus-rural development, or industry-versus-agricultural development, are undergoing profound changes.

- 1. Reformulate the Urbanization Strategy.** The 14th FYP should formulate an urbanization strategy based on ecological civilization. The strategy should move away from the quantity-based model to a quality-based model where green urbanization becomes a key driver of China's high-quality economic development. The Strategy should mainly comprise a green transformation with the focus on city clusters and metropolitan areas, and a green urbanization with the focus on counties.
- 2. New understanding of the relationship between urban and rural areas.** The new development concept defines the countryside as a new type of economic region rather than a subordinate from the anachronic industrial perspective. It is necessary to go beyond the traditional concepts of "agriculture, rural areas and farmers" and expand the green supply of rural areas by harnessing technologies such as the Internet and the unique natural environment and culture of the countryside.

III. Promote Green Development in the Yangtze River Economic Belt

The 14th FYP should establish a protection strategy for the Yangtze River Economic Belt (YREB) and set an example for green river basin development.

- 1. Accelerate the formulation of a holistic YREB protection strategy:** Establish a science-based goal setting and evaluation system, translate the strategic visions for 2035 and 2050 as specified in the 19th National Congress, into a goal setting and evaluation system tailored to the ecological features of the YREB. Lay out the key missions to protect and recover the Yangtze ecosystem in the medium-to-long term.
- 2. Ecological compensation:** Implement an ecological compensation mechanism featuring "one vertical + multi-horizontal" dimensions. Rely primarily on local budgets for an eco-compensation fund, complemented by incentives provided by the central budget.
- 3. Strengthen the hard constraints on YREB ecological protection through the rule of law:** The specific requirements for the protection of the Yangtze River and its unique positioning should be codified by a law that establishes basin-wide eco-environmental protection targets and protected areas, and coordinates action between the central and local governments and across different jurisdictions and agencies.
- 4. YREB natural capital accounting system:** Establish a YREB-wide natural capital balance sheet and related indicators for natural capital accounting to identify the ecological benefits of nature. Share the accounting results across the Yangtze River basin and enhance professional capacity in natural capital accounting.
- 5. A cross-jurisdiction digital Yangtze River platform that involves multiple sectors and players:** Enhance environmental governance and early warning systems through expanded digital platforms. Establish an "Eco-industry Intelligent Platform" and a cross-regional cooperation platform on green finance. Establish a green supply chain system in YREB.

IV. Accelerate Climate Action

- 1. Develop a clear vision of China's low-carbon development:** Through an updated Nationally Determined Contribution, set new targets to attain GHG emissions peaking for key sectors and certain regions during the 14th FYP and set an emissions cap during this period. Develop decarbonization pathways to 2050. Accelerate reductions in the total use of coal and expand renewable energy use. Climate mitigation targets should comprise carbon dioxide and other GHGs, including hydrofluorocarbons (HFCs), methane and other short-lived climate pollutants.
- 2. Synergetic advancement of economic development, energy revolution, environmental protection and climate action:** By giving full play to the National Leading Group on Climate Change, Energy Conservation and Emission Reduction, use the war on pollution to accelerate the optimization of industrial structures, the energy mix, the transportation system and land-use planning to complement climate action. Coordinate targets on economic development, energy reform, eco-environmental protection and climate adaptation. Execute plans, technological advancements, and sustainable investment and financing and other policy measures to promote sustainable development.
- 3. Total carbon emission control indicators:** The total energy consumption control should be replaced by total carbon emission control (including also non-carbon dioxide GHG emissions). It will not only reduce the percentage of coal use but also boost the growth of clean energy resources, especially zero-carbon energy supplies. Apply “double control” (control of total carbon emission and its intensity).
- 4. Incorporate climate change into the Central Environmental Inspection Program:** Enhance local climate change institutions and their capacity. Integrate climate change tasks into the existing supervision system for eco-environmental protection.
- 5. Step up coal control to win the blue-sky battle with determination:** Elaborate a national long-term zero-emission strategy toward the eventual phase-out of coal. Accelerate the phase-out of all non-industrial coal use by around 2020 in the Beijing-Tianjin-Hebei and Fenhe-Weihe River Plain regions. Priority for non-fossil fuel energy grid connection and modern energy dispatch systems should be enforced.
- 6. Activate the carbon market:** Improve total emission control objectives and accelerate legislation to enhance a binding national emissions trading system. Implement a system of quota auctions and broaden the scope of carbon pricing to other sectors. A sound carbon market with a strong enforcement mechanism is needed.
- 7. Climate adaptation and nature-based solutions:** Climate adaptation plans should be integrated into national and local government planning. Seek synergies between climate adaptation and freshwater management, biodiversity conservation, marine governance, human health protection and green infrastructure. Identify key regions, sectors and communities vulnerable to climate-related events, and implement pilot programs in building climate resilience, drawing on recommendations from the Global Commission on Adaptation. Strengthen research and capacity building on nature-based solutions. Enhance effective linkage between climate and biodiversity action to better promote forestry protection and reforestation, and to promote the protection of wetlands, peatlands, grasslands, tidal basins and other ecosystems.

V. Biodiversity Conservation

The 15th Conference of the Parties of the UN Convention on Biodiversity (COP 15) is an important opportunity to implement a new global biodiversity framework and ambitious post-2020 agenda.

- 1. Host a successful COP 15.** Learning from the successful experience of the Paris climate negotiation, use green diplomacy to build high-level political momentum, enlist businesses, the academic community, non-governmental organizations (NGOs) and the public to contribute to the post-2020 biodiversity framework and its implementation. The Action Agenda for Nature and People should raise public awareness and catalyze cooperative initiatives. Align biodiversity and climate change action through the scaling-up of nature-based solutions. Share with other countries China's successful experiences in building ecological civilization and eco-environmental protection, especially those on ecological redlines system.
- 2. Accelerate biodiversity conservation in China.** Reference the 2019 IPBES and other scientific reports to enhance species and habitat protection. It should tackle the underlying drivers of biodiversity loss, notably changes in land use, climate change, environmental pollution (including marine pollution) and the invasion of alien species. A robust monitoring and review mechanism should track progress. Comprehensively assess the state of land, freshwater and marine biodiversity and other ecosystems regularly, using advanced remote sensing and analysis, combined with physical surveys. Publicly disclose assessment results. Strengthen a national management system for protected natural areas mainly comprised of national parks. Demarcate ecological protection redlines. Adopt and enforce comprehensive laws, regulations, market incentives and policies to ensure implementation. Cross-ministry efforts are needed to eliminate ecologically harmful subsidies. Enhance research on breeding and the cultivation and sustainable use of wildlife resources, upgrade technologies to reduce consumption of natural and biological resources and improve the ecological compensation system to benefit local communities. Actively prosecute all illegal wildlife sales and traffic.
- 3. Effectively align biodiversity protection with Belt and Road Initiative (BRI).** Strengthening the development of Green BRI to promote biodiversity protection. Platforms should be developed to share best practices for environmental, conservation and sustainability impact assessments. Nature-based solution initiatives should be a priority, supported by natural capital assessments and related indicators. Prioritize biodiversity in China's overseas aid; establish safeguards, standards and innovative project finance; promote technical cooperation; and develop eco-tourism and other green markets. Support sustainable trade by initiating cooperative action to enhance green supply chains with a focus on establishing the green supply chain of soy, palm oil, fish, beef, timber and other commodities.

VI. Marine Sustainable Development

China should enhance marine ecological protection, actively participate in global ocean

governance and enhance governance capabilities for marine ecological protection.

1. **Advance integrated marine governance:** The network of protected areas should be activated, including the marine ecological redlines and national park system. Step up long-term baseline research and monitoring, in particular of important habitats, such as coral reefs, mangroves, tidal flats and seagrass beds, and key species, including cetaceans, sea turtles, spotted seals, water birds and fish stocks. Keystone or umbrella species such as the Chinese white dolphins are especially important to monitor. Establish a database to form the basis of marine zoning. Simultaneously consider the multiple objectives of protecting natural resources, biodiversity and ecosystem services. The “non-market” value of ecosystem services in developing China’s marine economy should be appreciated. During the 14th FYP period, all plans involving onshore and offshore development must factor in the vulnerability of the offshore ecosystem. A strategic environmental impact assessment of the whole area should be conducted to assess the cumulative impact before proceeding with major development projects.
2. **Support innovative global marine governance:** More attention must be directed to marine sustainable development during the 14th FYP period. Achievable goals on development and protection must be set and measures must be in place. In the development and protection of the deep sea and the exploitation of its resources, China should actively contribute to developing and reviewing international norms for sustainable development resources. China should work with BRI countries on the development of a sustainable marine economy.

VII. Green Belt and Road Initiative

The BRI presents a new and important platform to advance multilateral cooperation.

1. **Align the BRI with the multilateral agenda.** Develop guidance, policies and tools to align BRI investments with the SDGs, the Paris Agreement and the post-2020 biodiversity targets. BRI investments should prioritize green, climate-resilient infrastructure, support and accelerate decarbonization, and protect areas of ecological importance.
2. **Advance the alignment of sustainable development strategies of BRI countries.** Disseminate the concept and best practices of eco-civilization through the International Coalition for Green Development on the Belt and Road. Advance the development of Green BRI by aligning the sustainable development strategies of the BRI countries. Create platforms to support the construction of green infrastructure and green ports in BRI countries.
3. **Develop a precautionary mechanism for green finance:** Establish environmental safeguards and an environmental impact assessment mechanism to mitigate environmental risks of proposed projects. Operationalize the Green Investment Principles. Require the disclosure of environmental and climate-related risks. Encourage public feedback before final project decisions are made. Globally, implement high-ambition, binding and measurable BRI green investment and financing principles. Introduce environmental and climate regulations for overseas investments. Domestically, encourage

market demand for green financing; encourage financial institutions to establish green investment and financing mechanisms. Formulate and implement green finance development strategy, establish a set of comprehensive risk assessment methods and comprehensive management systems to mitigate environmental, climate, social and other risks in all financing and co-financing initiatives.

4. **Promote green production, trade and consumption.** Promote green labels and government green procurement. Develop green supply chain pilot projects.
5. **Strengthen people-to-people ties.** Assign MEE staff to become Environmental Counsellors in China's embassies overseas. Implement the program of the Green Silk Road Envoys to build capacity on eco-environmental protection and climate mitigation among young environmental officials and scholars. Enhance exchanges and cooperation among environmental NGOs. Offer training to strengthen women's leadership in environment matters.

VIII. Cross-Cutting Issues: Technological and institutional innovation

1. **Strengthen research, development and promotion of major low-carbon technologies,** such as energy storage technologies, carbon capture and storage (including both nature and technology based), photovoltaic efficiency-improvement technologies, long-term battery storage and other areas of low-carbon/zero-carbon innovation.
2. **Promote technological innovation in urban infrastructure and energy systems,** including expanding urban green and nature-based infrastructure and green zones; high-standard green buildings; clean, low-carbon energy systems; stringent energy-efficiency standards for consumer goods like appliances; cooling and lighting systems; and establishing a circular economy system covering waste reduction, sewage treatment and waste disposal.
3. **Establish Beautiful China demonstration zones,** such as ecological provinces, cities and counties that are selected as Pilot Demonstration Zones for Building Beautiful China. Best practices will be replicated in other areas.
4. **Strengthen regulations and risk prevention for chemicals, nanomaterials and other substances** by providing ongoing risk assessment and risk management for legacy as well as new chemicals, including assessing the acute and chronic effects of new nanochemicals.
5. **Enhance information disclosure and public participation** to make full use of the positive contribution by individuals and NGOs. The rules on environmental information disclosure and public participation should be fully implemented and widened.