

Belt, Road & Bridge: Creating New China-Europe Connections

1 May 2019



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Belt, Road & Bridge: Creating New China-Europe Connections

Introduction



Michael
Mainelli



Fan
Gang



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Belt, Road & Bridge: Creating New China-Europe Connections

Welcome Address



Rt Hon Mark Field MP, Minister Of State For Asia And
The Pacific At The Foreign & Commonwealth Office

Belt, Road & Bridge: Creating New China-Europe Connections

Session 1: The New Silk Road – Economic Prospects For Trade Between China And Europe



Michael
Mainelli



Fan
Gang



Kerry
Brown



Rebecca
Harding

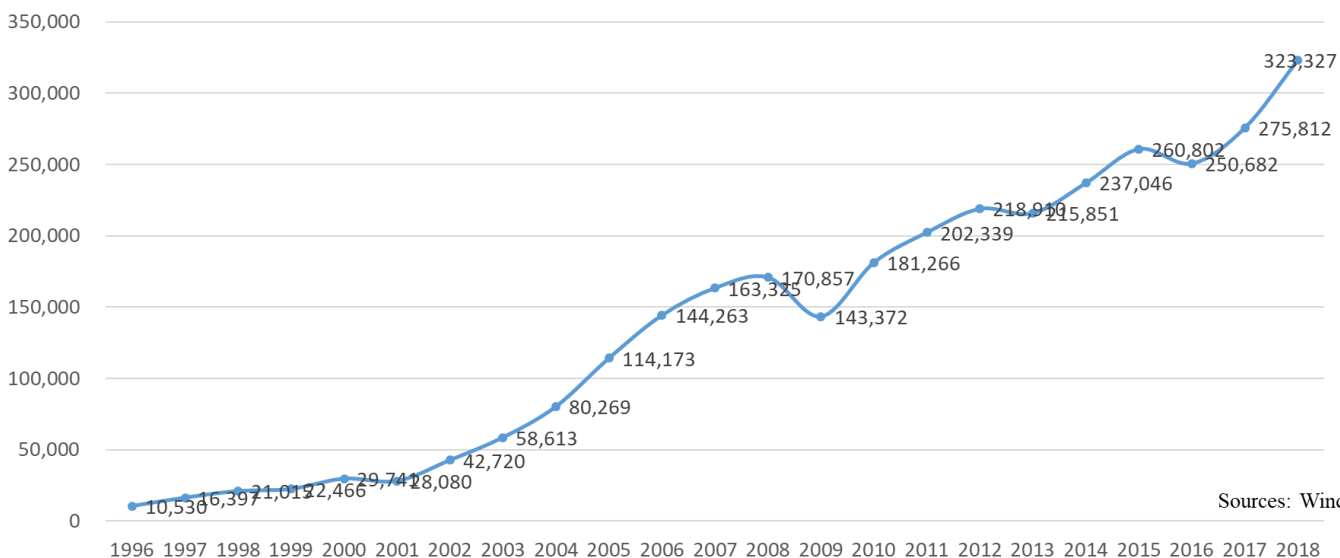
Belt, Road & Bridge: Creating New China-Europe Connections

China's Financial Opening And Fintech Development



Fan Gang
President,
China Development Institute

The On-going China-US “Trade War”





















Sources: Wind

China's trade surplus with the United States (US\$100 million)



Persistent US Trade Deficits

Imports/ Exports/ Trade Deficits of the United States in 2014 (\$Millions)^{[6][7]}

Country	Exports	Imports	Trade Deficit
 China	123,676	446,754	343,078
 European Union	276,142	418,754	142,059
 Germany	49,363	123,260	73,897
 Japan	66,827	134,004	67,117
 Mexico	240,249	294,074	53,825
 Canada	312,421	347,798	35,377
 Saudi Arabia	18,705	47,041	28,336
 Ireland	7,806	33,956	26,150
 Italy	16,968	42,115	25,147
 South Korea	44,471	69,518	25,047
 India	21,608	45,244	23,636
 Malaysia	13,068	30,420	17,352
 France	31,301	46,874	15,573
 Thailand	11,810	27,123	15,313
 Taiwan	26,670	40,581	13,911
 Switzerland	22,176	31,191	9,015
 Israel	15,083	22,962	7,879
 United Kingdom	53,823	54,392	569

The Causes Of The Trade Imbalance Per Se

- ◆ US side:
 - Low savings
 - US\$ and “Triffin dilemma”, and
 - “Export control” against China
- ◆ China Side:
 - High savings
 - Trade barriers
 - Export promotion policies

Technology And Market Access

- ◆ Disputes on technology transfers, IPR protection, and knowledge spill-over, and developing countries' "technology imitation"
- ◆ Market access, WTO reform, and "developing country status"

“Trade Negotiations” Between China And US

- ◆ More on market access or “reciprocity”
- ◆ Good news: Since the start of this trade dispute, Chinese government has announced measures for further opening up, particularly in financial sectors, that will push up the domestic reforms as well. And both opening-up and reforms are good for China’s long term economic and social development.

China's Further Opening In Financial Sectors

China's Opening Policy in Finance after the Dispute

1. Cancel the restrictions on the foreign shareholding ratio of banks and financial asset management companies; allow foreign banks to set up branches and sub-branches simultaneously in China
2. The upper limit of the foreign shareholding ratio of securities companies, fund management companies, futures companies, and personal insurance companies will be relaxed to 51%, and will not be imposed after three years
3. No longer required that at least one of the domestic shareholders of the joint venture securities company is a securities company
4. In order to further improve the interconnection mechanism of the stock market between the Mainland and Hong Kong, the daily quota for interconnection will be quadrupled from May 1, 2018, that is, the daily quota of Shanghai Stock Connect and Shenzhen Stock Connect will be adjusted from 13 billion RMB to 52 billion RMB; the daily quota of Hong Kong stocks was adjusted from 10.5 billion to 42 billion yuan
5. Allow qualified foreign investors to operate insurance agency business and insurance assessment business
6. Open the business scope of foreign insurance brokerage companies and to be consistent with Chinese-funded institutions
7. Encourage foreign capital in the banking finance realm such as trust, financial leasing, auto finance, currency brokerage, consumer finance, etc.
8. No upper limit on the foreign shareholding ratio of newly financial asset investment companies and wealth management companies established by commercial banks
9. Significantly expand the scope of foreign banking business
10. No longer set limits on the business scope of joint venture securities companies regardless of domestic and foreign investment
11. Abolished the requirement for two-year representative office before establishing a foreign-invested insurance company



China's Opening Policy in Finance after the Dispute

In terms of financial institutions, Swiss Bank's shareholding in UBS Securities increased to 51%; Allianz (China) Insurance was approved to be established, becoming the first insurance company controlled by foreigners in China; the S&P company entered China's credit rating market, Morgan Datong Securities (China) Co., Ltd., and Nomura Oriental International Securities Co., Ltd. were approved to establish, etc.

Entry Permission of Foreign Capital Financial Institutions since 2018 2018年至今外资金融机构准入

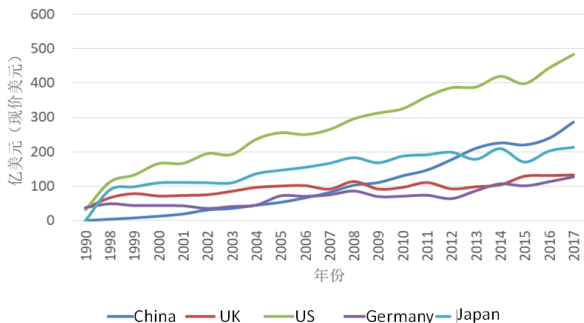
	Approved	Under Approved	Total
Bank	6	0	6
Security Company	3	0	3
Private Fund	8	0	8
Insurance Company	2	1	3
Payment Institution	1	1	2
Rating Agency	2	0	2
Credit Agency	1	0	1
Total	24	2	26

Investment Management Rules Applicable to Domestic and Foreign Entities

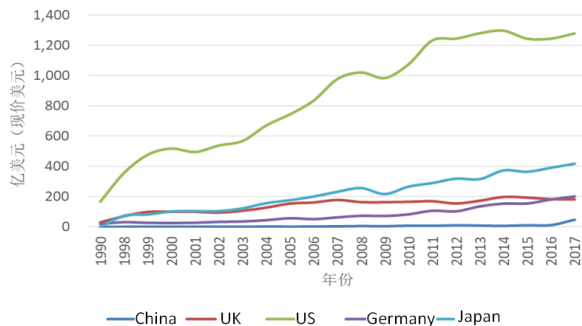
	Negative List	Encouraged List
Foreign enterprises outside the free trade zone	<ol style="list-style-type: none"> 1. <i>Special Management Measures for Foreign Investment Access (Negative List)</i> (外商投资准入特别管理措施(负面清单)) 2. <i>Market Access Negative List</i> (市场准入负面清单) 3. <i>Catalogue for Guiding Industry Restructuring</i> (产业结构调整指导目录) 	<ol style="list-style-type: none"> 1. <i>Catalogue for the Guidance of Foreign Investment Industries</i> (外商投资产业指导目录) 2. <i>Catalogue of Priority Industries for Foreign Investment in Central and Western China</i> (中西部地区外商投资优势产业目录)
Foreign enterprises in the free trade zone	<ol style="list-style-type: none"> 1. <i>Special management measures for foreign investment access in pilot free trade zones (negative list)</i> (自贸试验区外商投资准入负面清单) 2. <i>Market Access Negative List</i> (市场准入负面清单) 3. <i>Catalogue for Guiding Industry Restructuring</i> (产业结构调整指导目录) 	
Domestic enterprise	<ol style="list-style-type: none"> 1. <i>Market Access Negative List</i> (市场准入负面清单) 2. <i>Catalogue for Guiding Industry Restructuring</i> (产业结构调整指导目录) 	

Intellectual Property Rights Protection

- On January 1, 2019, the Intellectual Property Court of the Supreme People's Court, was established in Beijing, becoming a specialized intellectual property court established by the highest judicial agency with the purpose of hearing civil and administrative appeals of intellectual property with strong expertise like patents.
- In 2019, China will promote the revision of patent law, introduce punitive measures for compensation, increase the punishment of infringement, build intellectual property protection centers, and achieve coordination of review, confirmation, and protection of rights in a timely manner.



Payment of Intellectual Property Rights in the World's Top Five Economies from 1990 to 2017 (100million\$)
世界前五大经济体1990-2017年知识产权付费情况 (亿美元)



Intellectual Property Benefits in the World's Top Five Economies from 1990 to 2017 (100million\$)
世界前五大经济体1990-2017年知识产权收益情况 (亿美元)

Expanding the domestic market for imports

- From May 1 2018, the import tariff of all general drugs, alkaloids with anticancer effects and Chinese patent medicines has been reduced to zero; from July 1 2018, reduced the imported vehicle tax rate to 15%, and reduced automobile parts tax rate to 6%; from April 9 2019, reduced personal baggage and postal articles postal tax rate.
- From November 5 to 10, 2018, the first China International Import Expo (中国国际进口博览会) was held in Shanghai. It attracted 172 countries, regions and international organizations, more than 3,600 enterprises and more than 400,000 domestic and foreign purchasers to attend the exposition to discuss purchasing. The total amount of contracts reached 57.8 billion US dollars.

How To Measure The Fintech

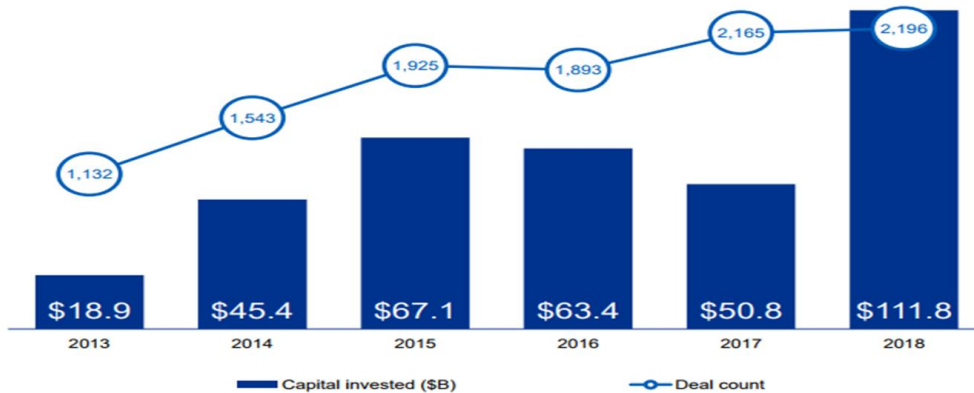
Various Indicators

- ◆ On going investment activities
- ◆ Mobile payment
- ◆ Internet banking



● Capital invested in FinTech is surging

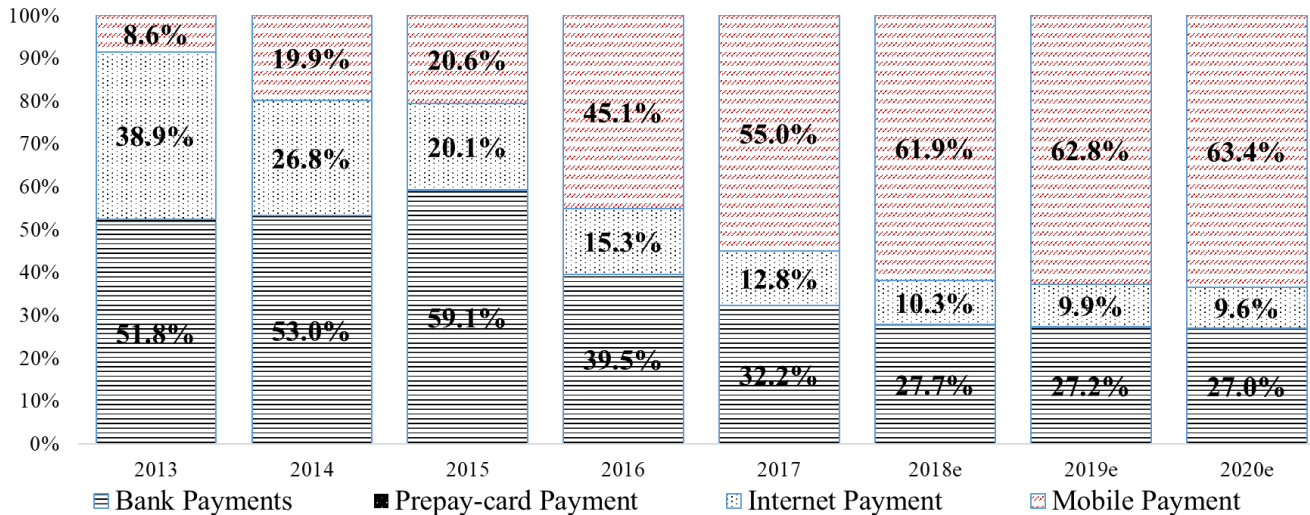
According to the report *The Pulse of Fintech 2018* from KPMG, the field of FinTech collectively raised capital of \$111.8 billion around the world, which has increased 120% compared to \$50.8 billion in 2017.



Capital Amount Raised in FinTech Realm Globally

Development of Internet and Mobile Payment

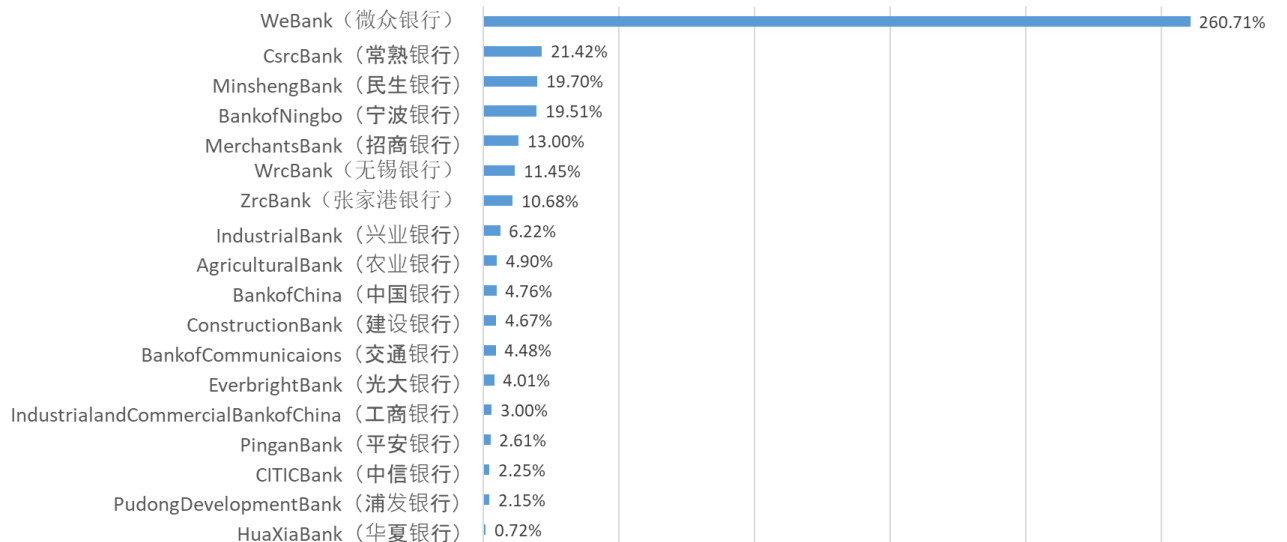
In the year of 2017, among all Third-Party Payment channels in China, Mobile Payment occupied 55%, Internet Payment was 13%, collectively accounting for 68%. In the year 2020, Mobile Payment and Internet Payment are predicted to jointly account for more than 70%.



Compositions of Third-Party Payment in China

Large Potential for Digital Banking

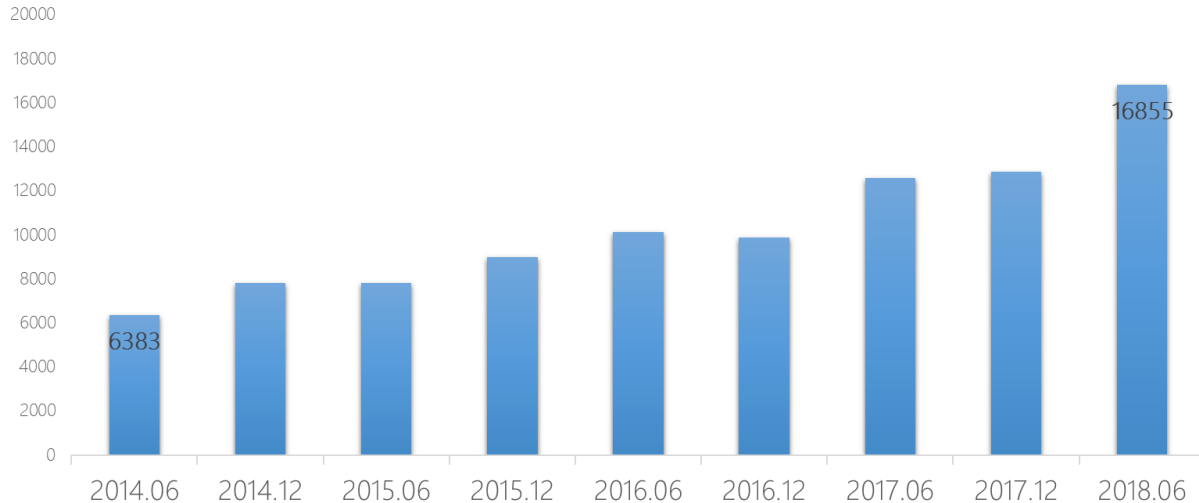
In 2017, A Internet Bank, Webank, had increased net profit 260.71%, leaving other 17 listing traditional banks far behind its tail.



Webank VS. other 17 traditional Banks in Net profit increasing rate in 2017

China's Digital Banking Users are Aviating

Ending in 2018 the first half year, China's digital banking users have reached 169 million people.



Digital Banking Users in China (measured in 10,000 people)

FinTech is Representing the Future of Finance

The Financial center is an important gathering place for global financial innovation and development of FinTech and on the contrary, FinTech are reshaping the function and position of financial centers. **The Global Fintech Hub Index (GFHI), compiled by Zhejiang University in China**, indicating that serial numbers in yellow are 7 Core FinTech centers, numbers in blue are 23 Regional FinTech centers, and the remaining are 25 Leading FinTech cities. Dubai is listed as a Leading FinTech city in GFHI.



Belt, Road & Bridge: Creating New China-Europe Connections



Kerry Brown
Professor Of Chinese Studies And
Director Of The Lau China Institute At King's College, London

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Session 1: The New Silk Road – Economic Prospects For Trade Between China And Europe

Questions



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Refreshments

Please come back
to your seats by **11:15**



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Belt, Road & Bridge: Creating New China-Europe Connections

Session 2: Growing The Digital Economy: The Fourth Industrial Revolution And Fintech



D'Maris
Coffman



Alexander
Van de Putte



Xu
Jianguo



Henry
Tillman



Gregory
Jones

Belt, Road & Bridge: Creating New China-Europe Connections



Growing The Digital Economy: The Fourth Industrial Revolution (& Fintech)



Prof. Dr. Alexander Van de Putte
Chief Strategy Officer of the AIFC Governor's Council
Chairman of the Academic Council of the AIFC

Agenda

1. THE TRADITIONAL SILK ROAD
2. THE 'NEW' SILK ROAD CONCEPT
3. THE FOURTH INDUSTRIAL REVOLUTION
WILL INCREASINGLY DRIVE DIGITAL TRADE
4. THE NEED TO DEVELOP CAPITAL MARKETS

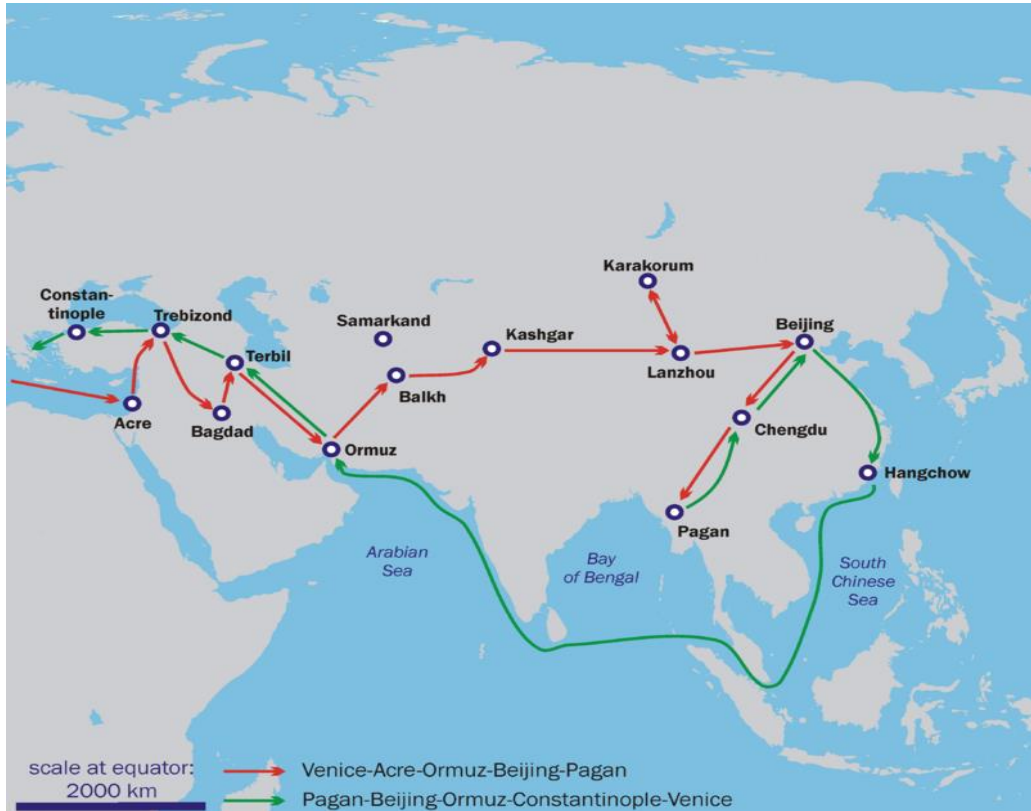
The Traditional Silk Road

- ◆ The Silk Road, a 6,500 km trade and cultural transmission route was instrumental to cultural interaction connecting West and East
- ◆ The Silk Road was travelled by traders, merchants, pilgrims, monks, soldiers, and nomads between China and the Mediterranean Sea
- ◆ Trade on the Silk Road was central to the development of civilizations of China, the Indian subcontinent, Persia, Arabia and Europe
- ◆ In addition to the trade of silk, porcelain and tea, cultural trade was also carried along the civilizations on its route

Marco Polo Travelled The Silk Road

- ◆ Marco Polo (1254-1324) was an Italian mercantile trader from Venice
- ◆ He learned the trade from his father (Niccolo Polo) and uncle (Maffeo Polo)
- ◆ He became a confidant of Kublai Khan, the grandson of Genghis Khan, which allowed him to conduct an epic journey over the so-called Silk Road
- ◆ During this epic journey, he travelled to China over land and returned by sea through the straits of Malacca and Hormuz and then overland to the Mediterranean
- ◆ The journey took 24 years

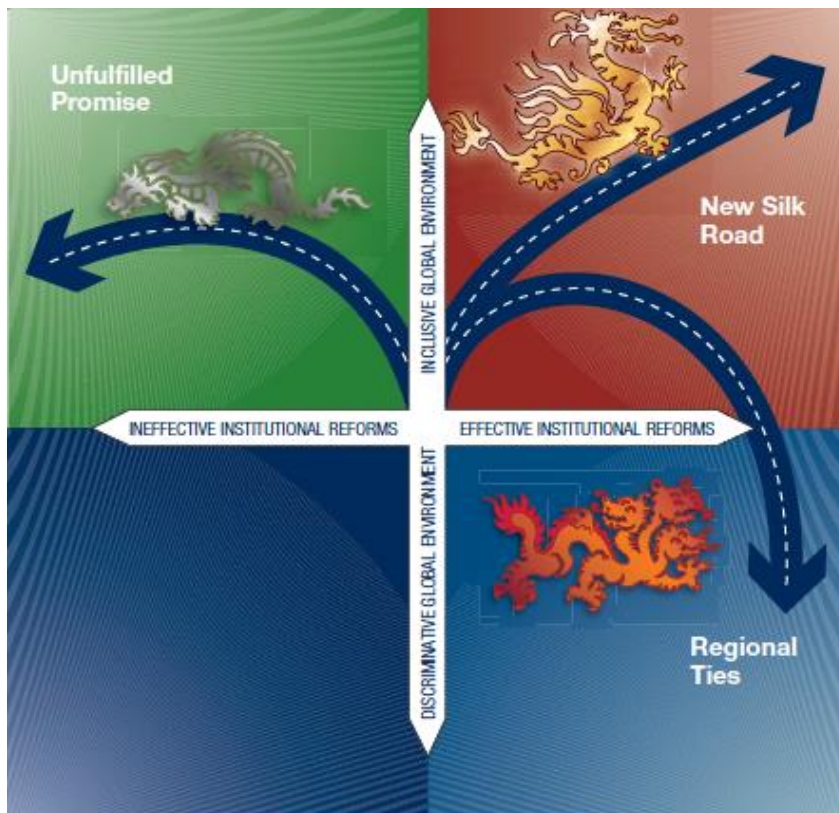
Marco Polo's Silk Road Journey



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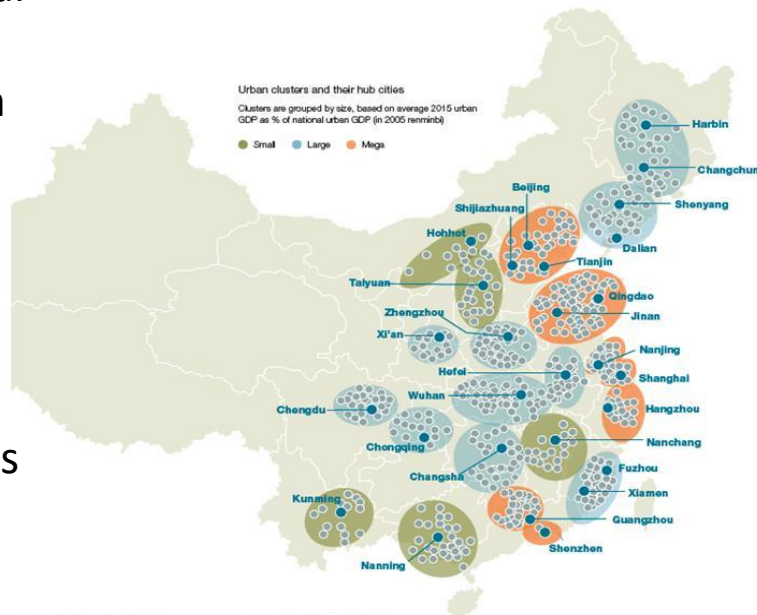
The New Silk Road Was Initially Envisioned At The World Economic Forum In 2005



Sources: *China and the World Scenarios to 2025*, World Economic Forum, 2006

Historically Manufacturing Was Located In Coastal Regions In China

- ◆ Historically, China's coastal regions, such as Shanghai and Shenzhen, have been destinations for low-cost manufacturing
- ◆ These coastal regions provided easy access to labor and convenient import and export options for raw materials and finished goods



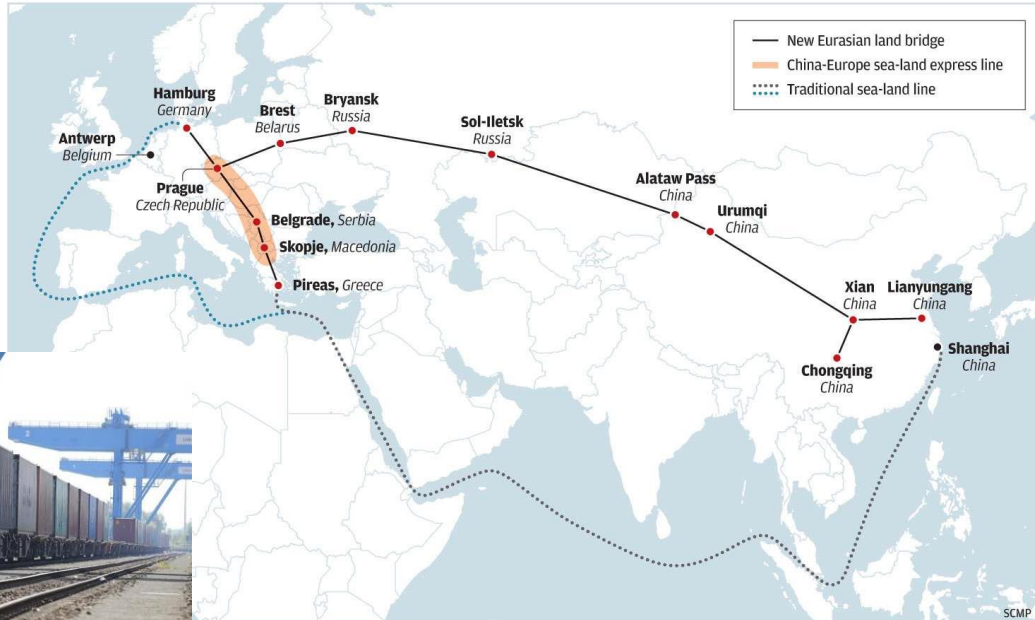
Source: McKinsey Insights: China macroeconomic model update, April 2012

Five Reasons Why Manufacturing Moves To Western China

1. **Improved Infrastructure:** Impressive investment in infrastructure provide access to most cities and provinces in China
2. **Access to Labor:** A large, largely untapped pool of workers is available
3. **Lower Costs:** Labor, land, construction, management, supplies and overhead costs are all significantly lower than in China's coastal regions
4. **Strong Local Government Support:** In China's smaller cities, the local government is likely to provide manufacturing businesses strong support and reduce red tape
5. **Proximity to Markets:** Europe can be reached faster and more cost effectively over land from Western China than from China coastal regions over sea.

Transportation Corridor Over Central Asia Has A Number Of Advantages

Time is Money: 16 versus 35 days



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SCMP

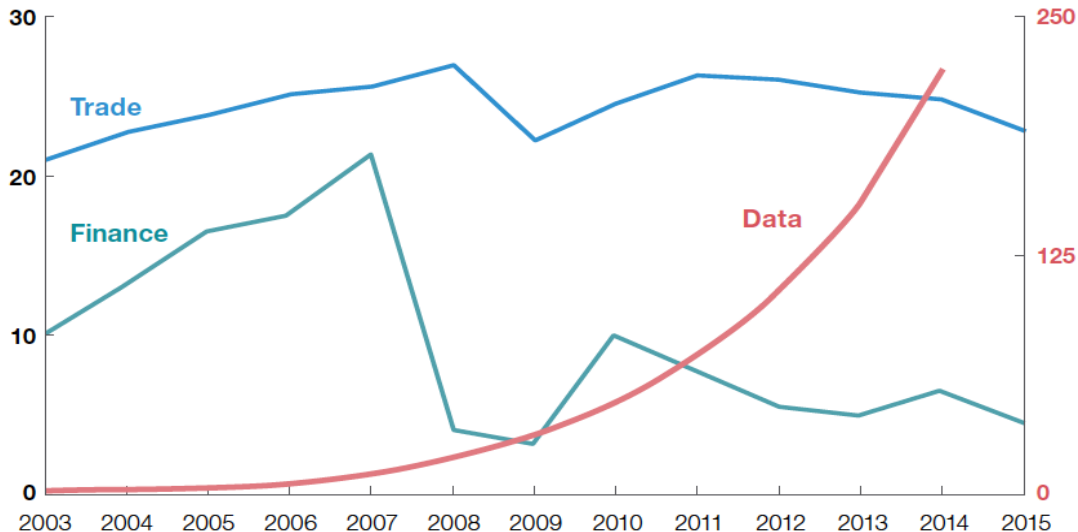
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Digital Growth Has Accelerated...

Flows of trade and finance,¹
% of GDP

Flows of data,¹
terabits per second

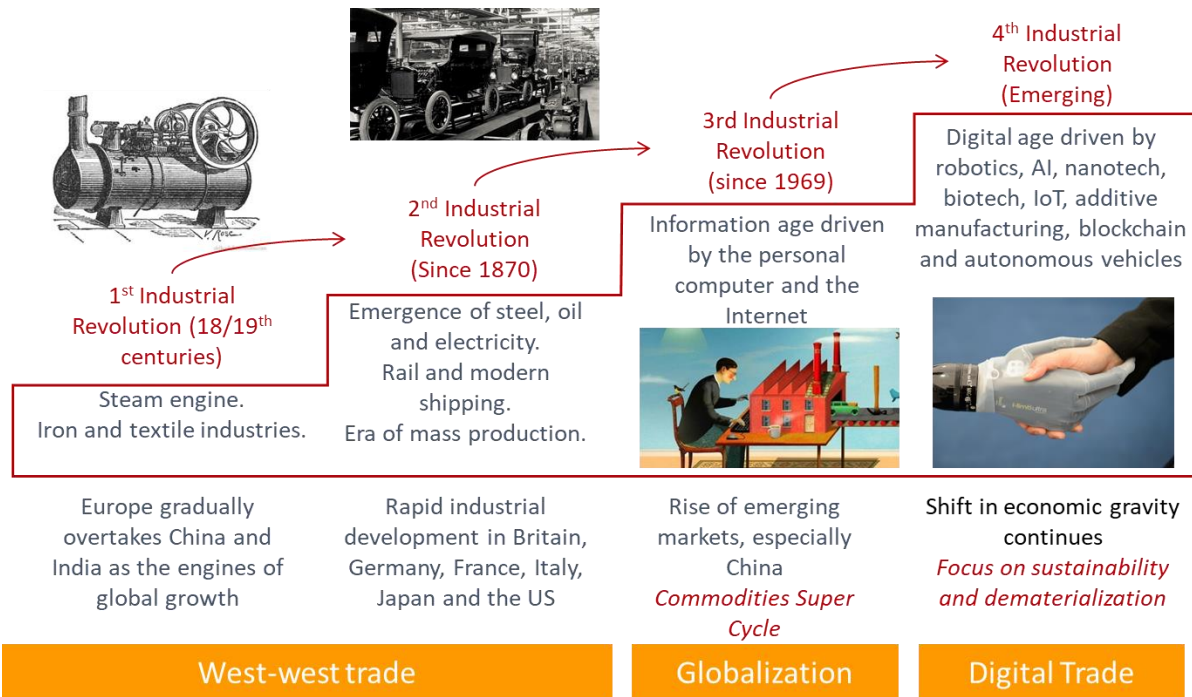


¹ Trade and finance are inflows; data flows are a proxy to inflows, based on total flows of data.

Source: IMF Balance of Payments Statistics; TeleGeography, Global Bandwidth Forecast Service; UNCTAD; World Bank; McKinsey Global Institute analysis

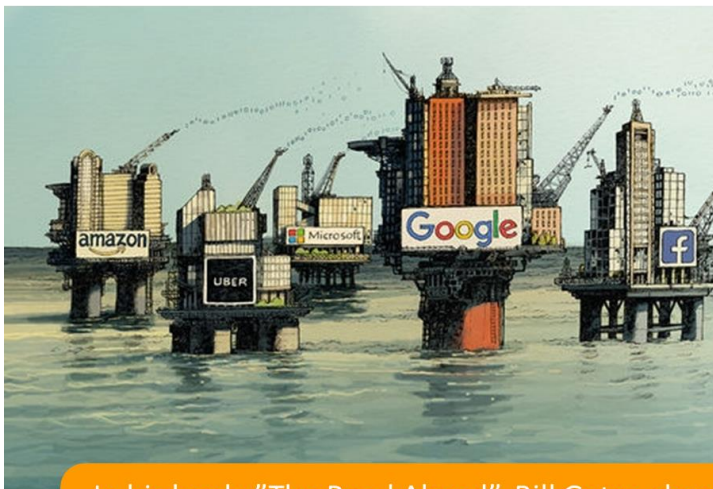
Source: McKinsey Global Institute, 2016

...Driven By The Emergence Of The Fourth Industrial Revolution



Sources: World Economic Forum; Sustainable Foresight Institute

...As A Result The World's Most Valuable Resource Is No Longer Oil, But Data



In the new world,
it's not the big fish which eats the small fish,
it's the **fast fish**
which eats the **slow fish**

THEN



NOW



TORBEN RICK - WWW.TORBENRICK.EU

In his book, "The Road Ahead", Bill Gates observed: "We always overestimate the change that will occur in the next 2 years and underestimate the change that will occur in the next 10."

Sources: *The Economist*; *World Economic Forum*; *Bill Gates*

The New Silk Road – From Physical Towards Digital Trade Enabled By 4IR

- ◆ Datacentres and Big Data: Big Data, data over the size of a petabyte, is driving the need to develop datacentres and network infrastructure
- ◆ Blockchain and Distributed Ledger Technology: Blockchain has application areas in finance, logistics, global value chains, mining, and oil and gas
- ◆ Internet of Things (IoT), Connected Devices and Artificial Intelligence (AI): The IoT, combined with connected devices (e.g., robots), has the potential to provide seamless automation to otherwise mundane manual tasks
- ◆ Security and Cybersecurity: In the age of the 4IR, companies need to protect every node in the system through comprehensive cybersecurity that is robust, resilient and secure

And Which Provides Dramatic Upside Potential, Especially For Emerging Markets

1. Provide access to financial services for 1.6 billion people in emerging economies, especially women
2. Boost annual GDP of all emerging markets by \$3.7 trillion by 2025 – a 6% increase over the base-case
3. Create nearly 95 million new jobs across all sectors – a 3.5% increase

Opportunities Pose Risks

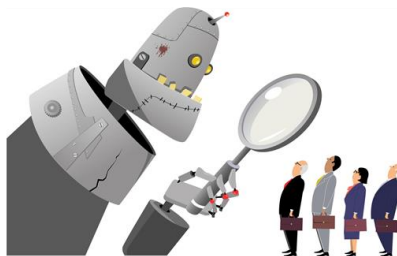
Inequality



Data Privacy



Bias within AI



Cybersecurity



Resilience



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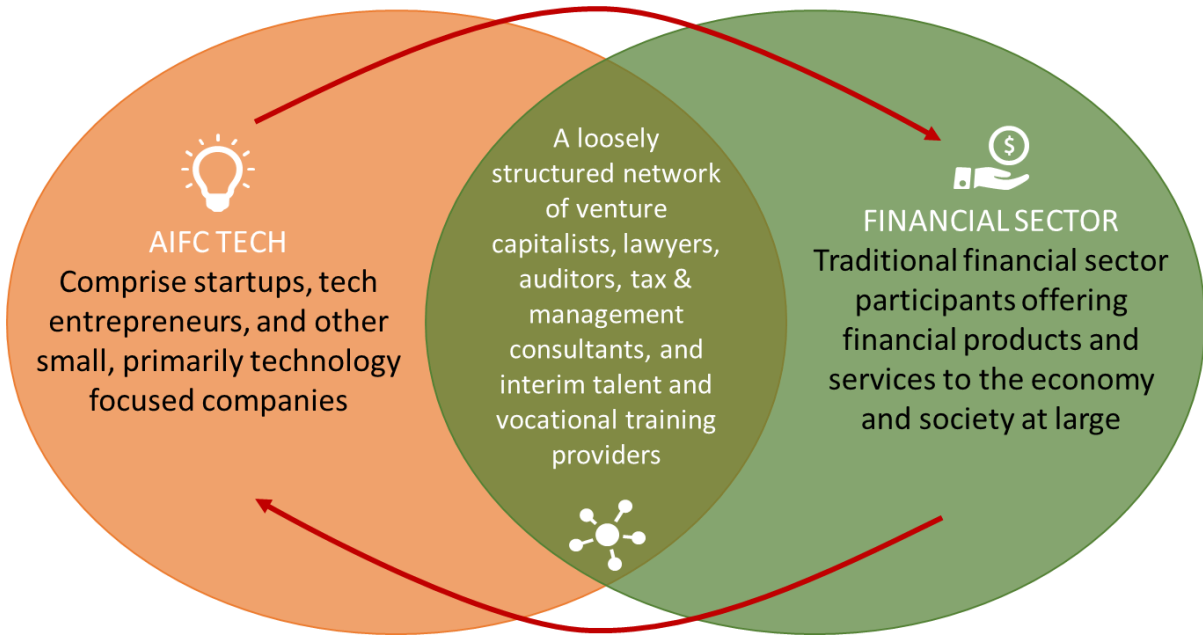
The Importance For OBOR Countries To Transition To MSCI Emerging Markets Index Countries

- ◆ The Morgan Stanley Capital International (MSCI) Emerging Markets Index is an index used to measure equity market performance in global emerging markets and is the de-facto index used by investors to channel investments to growth markets
- ◆ The MSCI Emerging Markets Index grew from 10 countries in 1988 to 24 countries today and represents 13% of world market capitalisation
- ◆ Many countries on OBOR's path are not part of the MSCI Emerging Markets Index and need to explore ways how to transition from Frontier to Emerging Market status

Benefits Derived From MSCI Emerging Market Status

- ◆ Increased capital inflows: The MSCI Emerging Markets Index has over \$2 trillion of assets benchmarked against it. Inclusion in the Index would lead to passive inflows from funds that follow the Index's progress
- ◆ Enhanced liquidity: Capital inflows resulting from inclusion in the Index will substantially boost liquidity in the emerging markets stock market and economy
- ◆ Reduced cost of capital resulting from increased trading volumes: Being part of the MSCI Emerging Market Index should lead to a fall in the equity risk premium because of risk diversification

Astana International Financial Centre A Dynamic Reinforcing Ecosystem To Drive Innovation And Develop Capital Markets



Astana International Financial Centre Sustainable Financing Is Becoming Widespread

We Have Made Global Commitments

**SUSTAINABLE
DEVELOPMENT
GOALS**



Financial Returns Of ESG Investments Outperform Those Of Traditional Investments

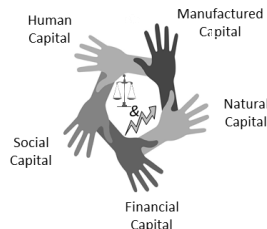
- Amundi scientifically proved that ESG has higher returns and claims that 2014 was a turning point for the positive impact of responsible investments

Period	ESG investment return
2010-2013	-1.2%
2014-2017	+6.6%

The Tables Are Turning

- Blackrock, Amundi and BNP Paribas will integrate ESG criteria across their funds and voting practices over the 2019-2020.
- All active managed funds are required to offer ESG performance above the ESG rating of their benchmark indices

It is the Right Thing To Do ... And It Is Aligned With The AIFC Mission

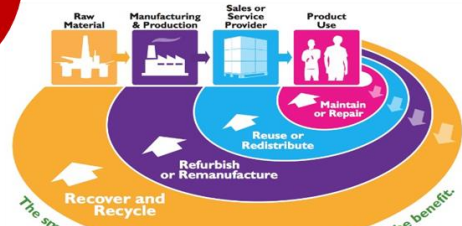


Where Will All The Capital Go?

Physical+Digital Infrastructure, Logistics and Circular Economy



+/- 4%
Annual
GDP
growth



Belt, Road & Bridge: Creating New China-Europe Connections

Fintech in the Belt-Road Economic Cooperation Initiative



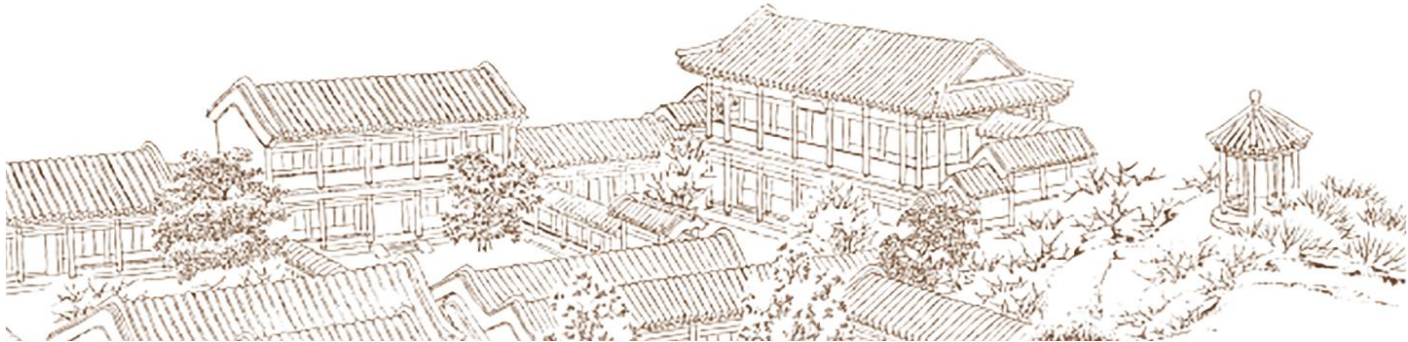
Xu Jianguo

Senior Research Fellow Of Digital Finance, Associate Professor Of
National School of Development, Peking University

Fintech In The Belt-Road Economic Cooperation Initiative



北京大学数字金融研究中心
Institute of Digital Finance, Peking University



The Belt-Road Economic Development Initiative



- 65 countries (ex. China)
- 3.3 billion people
- Average income \$ 4,135 (8.4% of G7)



How To Initiate And Support Growth

- ◆ Political stability
- ◆ International trade
- ◆ Infrastructure network
- ◆ Financial infrastructure



What Powers Growth?

Science and technology are part of the productive forces.

-----Karl Marx

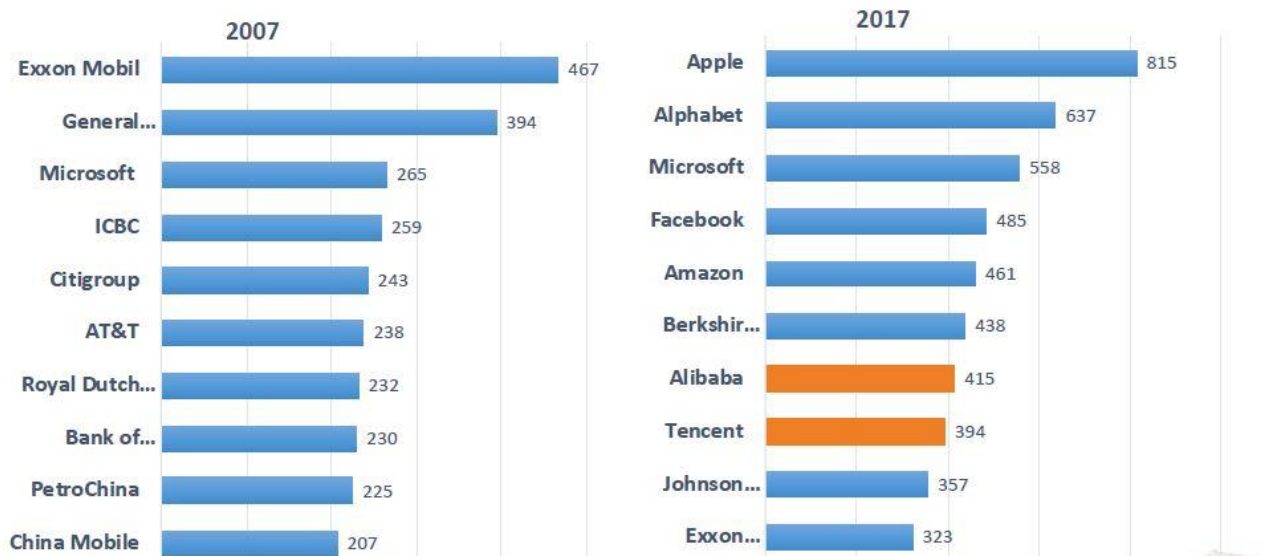
Science and technology are the primary productive forces.

-----DENG Xiaoping

- Industrial Revolution I: Steam engine
- Industrial Revolution II: Electricity
- Industrial Revolution III: Computing and networking
- Industrial Revolution IV: Data intelligence (Big data, cloud computing, AI, IoT)



Ten Largest Corporations: 2007 Versus 2017



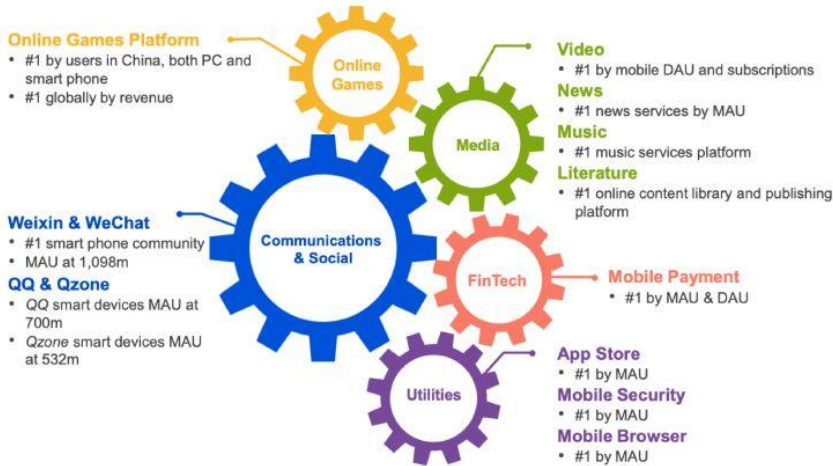
Alibaba: Market Creator



- Alipay (Ant financial)
 - Payment system
 - Credit system



Tencent: Largest Online Chinese Community



• 2.3 billion accounts



- Portfolio covered over 700 companies
- More than 100 investees each valued at over US\$1 billion
- Over 60 went public

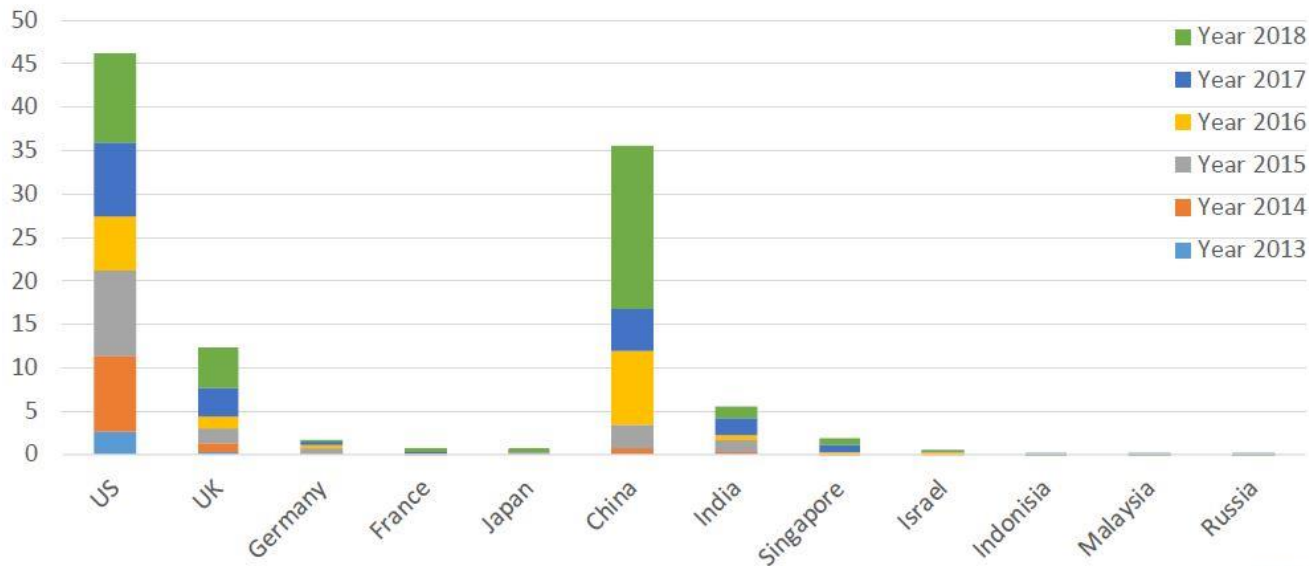


And Many Others...

- Alibaba
- Tencent
- JD.com
- Baidu
- Meituan.com
- Jiguang
- Byte dance
-



Capital Invested In Fintech Start-ups (bn USD)



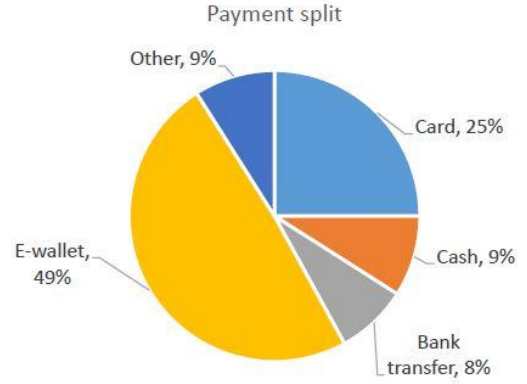
2018: ½ of world



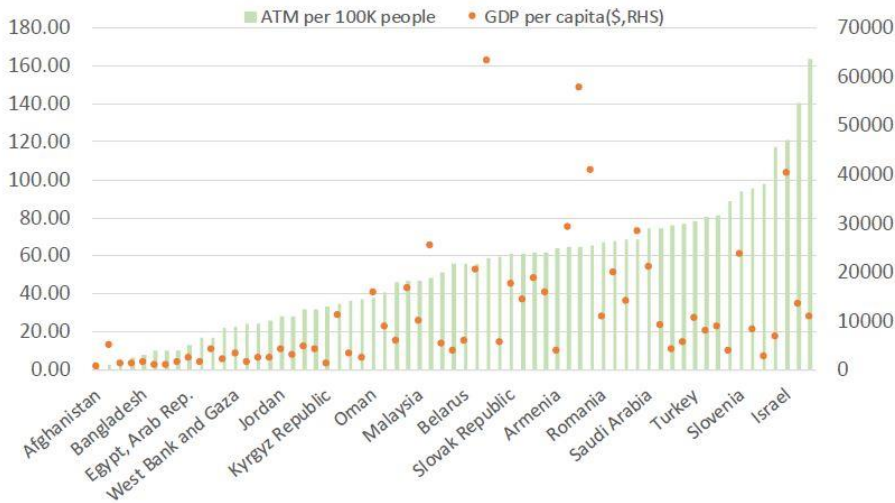
E-Wallet China



- Digital payments ecosystem



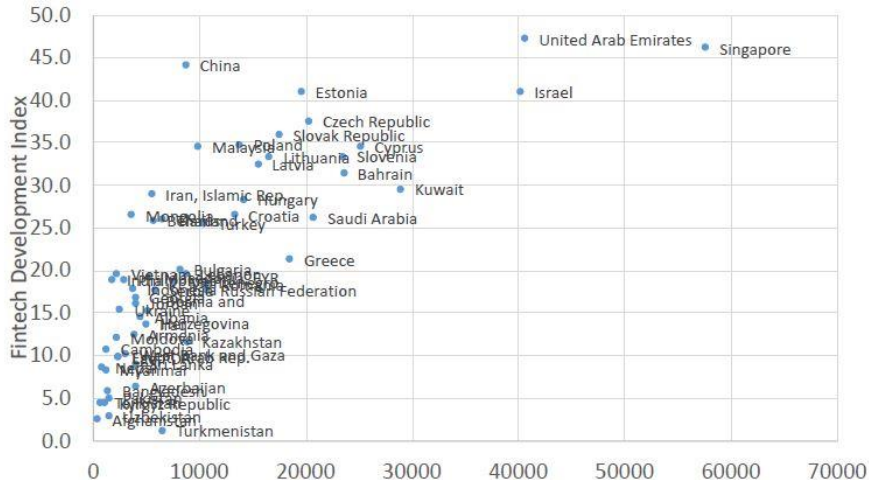
Potential Market: Even Without ATMs



Poor financial accessibility in many countries, such as middle east.
1.27, 2.69 ATM per 100K people in Afghanistan, Iraq. Simple money withdrawals and transfers are very difficult.



Fintech Development Index



- Facebook or wechat penetration
- Nlne shopping penetration
- Online or mobile banking
- Fintech companies newly financed by PE/VC





Belt & Road:	An economic development initiative (1.2 vs 6.5 bn)
Opportunity:	The fourth industrial revolution
China:	Beneficiary of technology and trade
Europe:	The international bridge



Thanks for listening 感谢



Belt, Road & Bridge: Creating New China-Europe Connections

Digital Silk Road – BRI Tech Hubs (1960 – 2020+)



Henry Tillman

Founder And Chairman, Grisons Peak

Founder And Editor China Outbound Investments

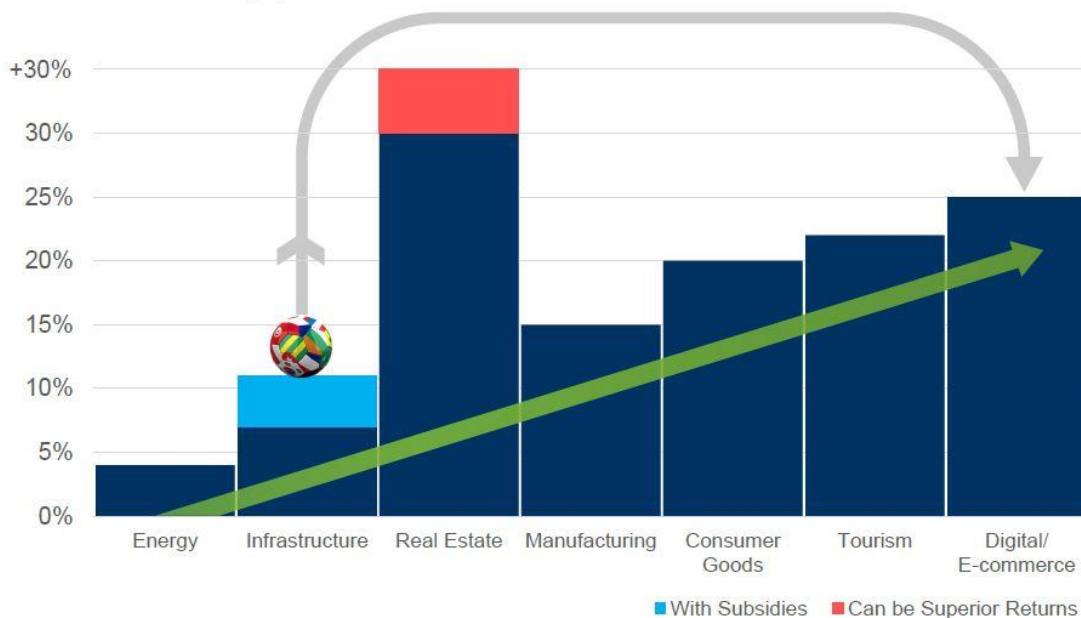
Long Established Tech Hubs (Outside China)

(1960 → Current)



Exporting the Chinese Growth Model

Return on Investment (%)



BRI Tech Hubs/Actual 2018 BRI Tech Investments

(01/01/18 – 30/09/18)



- Leading BRI FinTech Hubs
- Emerging Tech Hubs in BRI countries
- Future Planned Tech Hubs in BRI countries
- Investments: BRI countries
- Investments: Non BRI countries

Emerging BRI Tech Hubs

(2014 → Future)



- 📍 Emerging Tech Hubs – BRI countries
- 📍 Established Hubs – Increasing Chinese Investment

Belt, Road & Bridge: Creating New China-Europe Connections

Session 2: Growing The Digital Economy: The Fourth Industrial Revolution And Fintech

Questions



D'Maris
Coffman



Alexander
Van de Putte



Xu
Jianguo



Henry
Tillman



Gregory
Jones

Lunch

Please come back
to your seats by **13:30**



@ZyenLF

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FS Club

Measuring Financial Centre Success



Mike Wardle
Head Of Indices, Z/Yen Group

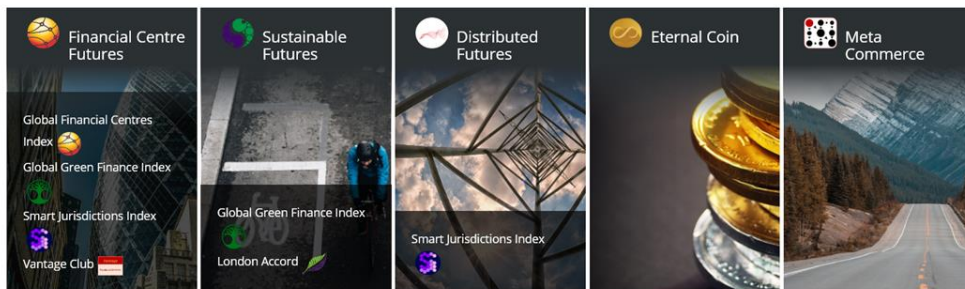
Financial Centre Definition

- ◆ No standard definition
- ◆ Presence of a stock exchange
- ◆ UNEP defines financial centres as “cities with an intense concentration of financial activity involving an interlocking set of financial sectors and transactions”

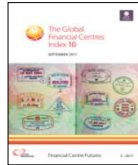
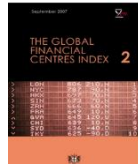
Long Finance

“When Would We Know Our Financial System Is Working?”

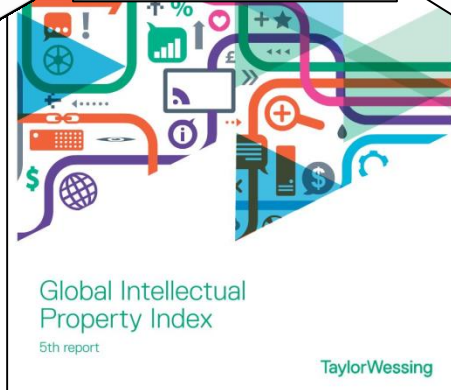
This is the question underlying Long Finance’s goal to improve society’s understanding and use of finance over the long-term. In contrast to the short-termism that defines today’s economic view, the Long Finance time-frame is roughly 100 years



Financial Centre Research



Indices



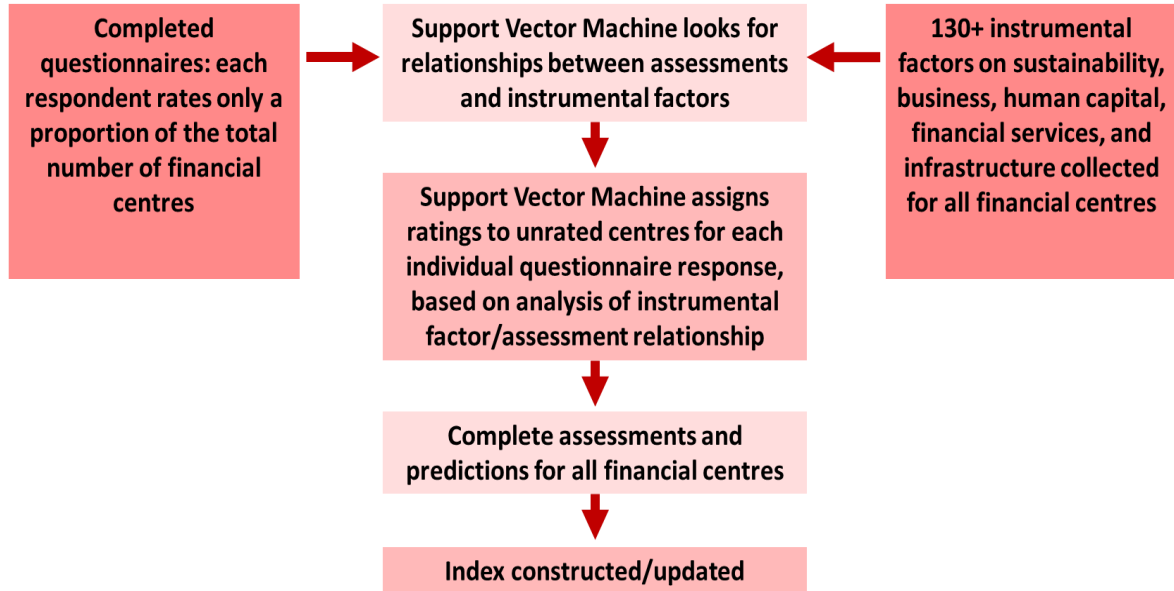
Questions Of Measurement

- ◆ Quantitative data
 - Which data series should have most weight?
 - Some data series do not cover all centres
 - Historic picture
- ◆ Qualitative data
 - Individuals only know a selection of financial centres
 - Reputation effect
 - Present and forward looking
- ◆ Index
 - Time series with consistent measurement

Factor Assessment Indices

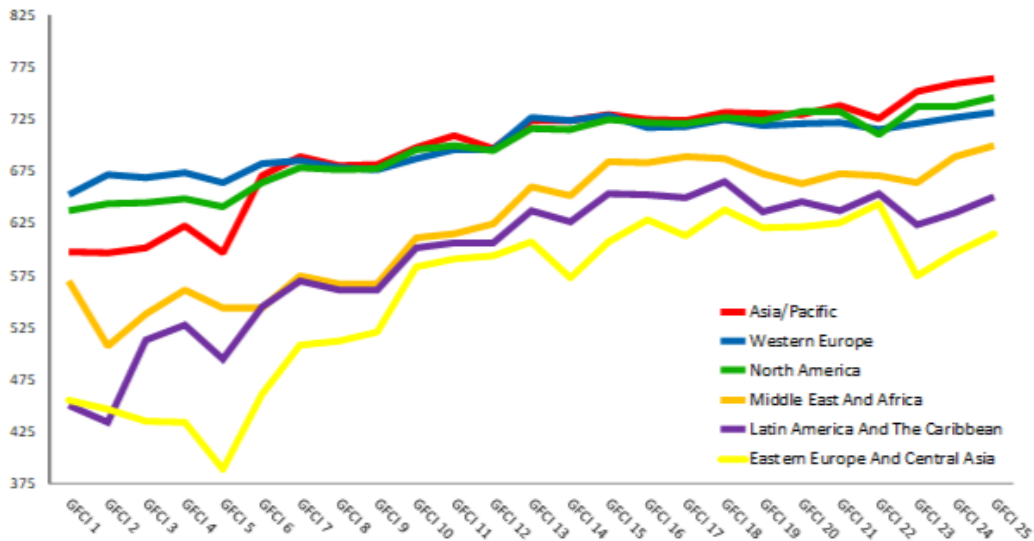
- ◆ Combine perception data with hard data using advanced statistical modelling
- ◆ Individual assessments of financial centres are associated with the hard data for that centre
- ◆ We can then predict how the individual would rate other financial centres based on their profile

Factor Assessment Approach



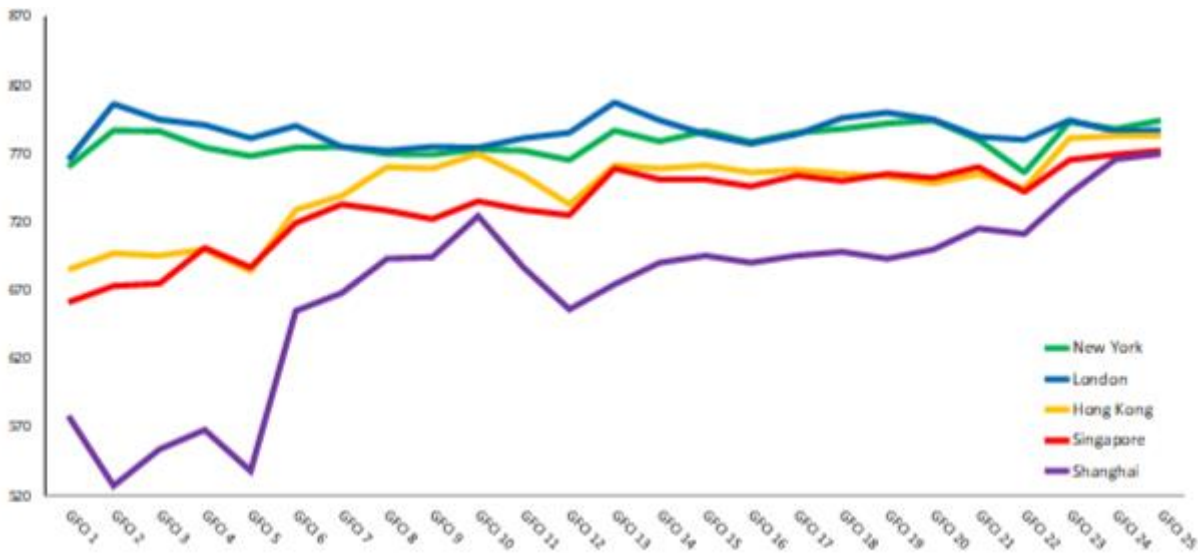
Global Financial Centres Index

- ◆ GFCI 25 published March 2019
- ◆ Results over time show the rise of Asia/Pacific centres



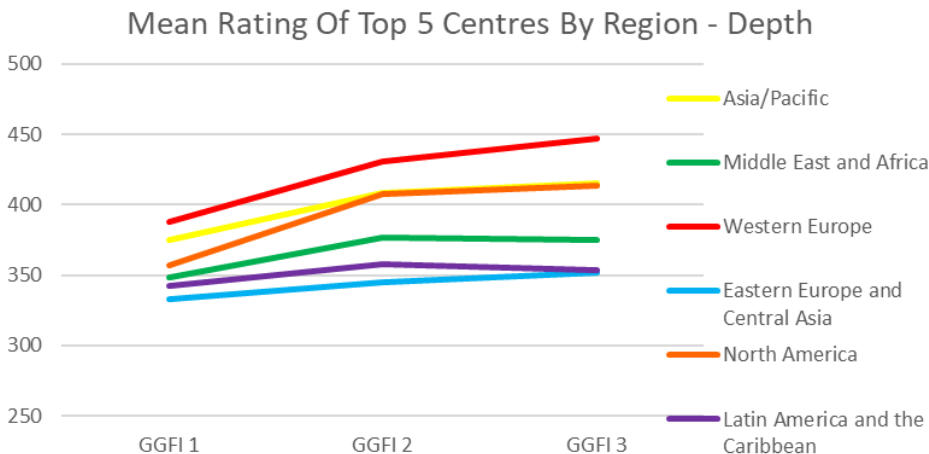
Global Financial Centres Index – Top Five Centres

- ◆ Hong Kong, Singapore, and Shanghai challenging New York and London

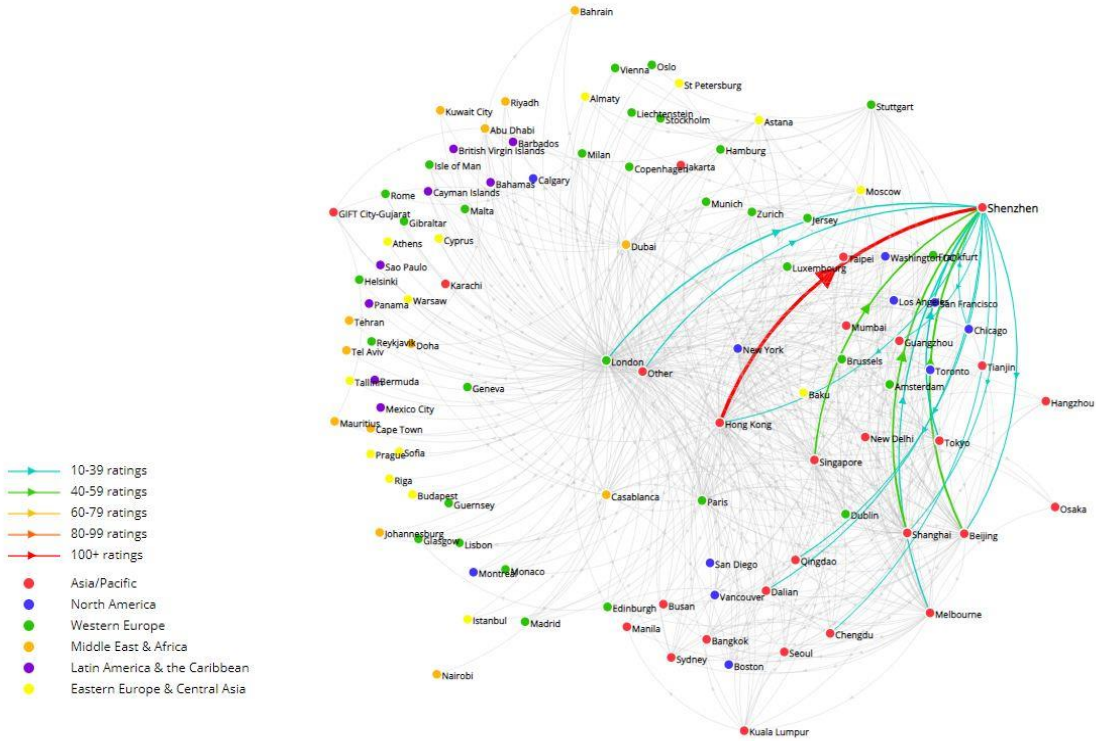


Global Green Finance Index

- ◆ GGFI 3 published March 2019
- ◆ Western Europe currently leads the index
- ◆ Asia/Pacific And North America close behind



Connectivity



Further Analysis

- ◆ Reputation - measures raw assessments with the final rating to show whether the centre's reputation is better or worse than the quantitative data suggests
- ◆ Industry Sector – looks at rankings when only assessments from a particular sector, e.g., banking or insurance
- ◆ Areas Of Competitiveness – ranks centres on sets of instrumental factors such as business environment, human capital, financial sector development
- ◆ Stability – the sensitivity of rankings to changes in quantitative data and assessments

Smart Centres Index

- ◆ New initiative from Z/Yen
- ◆ Aims to measure how centres are responding to the development of new technology
 - Regulation
 - Quality
 - Depth
- ◆ Builds on a pilot index published in November 2018

Financial Centre Development

- ◆ Specialisation
- ◆ Links to local industry and commerce
- ◆ Regulatory approach, e.g., sandbox
- ◆ Developing human capital and attracting talent
- ◆ Collaboration and leadership
- ◆ Vantage Club of Financial Centres

Financial centres And The Belt And Road Initiative

- ◆ Successful financial centres enable investment in the BRI
- ◆ Increased trade and commerce provide opportunities for financial centre innovation
- ◆ BRI will help build greater connectivity and cooperation between financial centres and institutions

Session 3: Sustainable Futures: Mainstreaming Green Finance



Simon
Mills



Wang
Yao



Michael
Mainelli



Rongrong
Huo



Prem
Goyal

Belt, Road & Bridge: Creating New China-Europe Connections



中央财经大学绿色金融国际研究院
INTERNATIONAL INSTITUTE OF GREEN FINANCE, CUFE

Sustainable Finance: Mainstreaming Green Finance In China



WANG YAO

INTERNATIONAL INSTITUTE OF GREEN FINANCE (IIGF)
CENTRAL UNIVERSITY OF FINANCE AND ECONOMICS (CUFE)



WHY GREEN FINANCE?

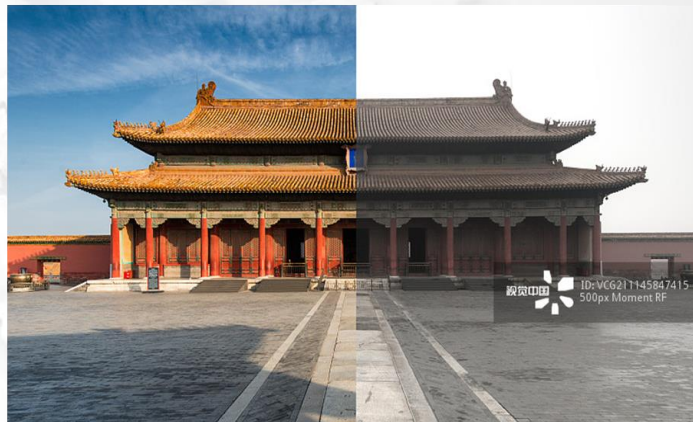
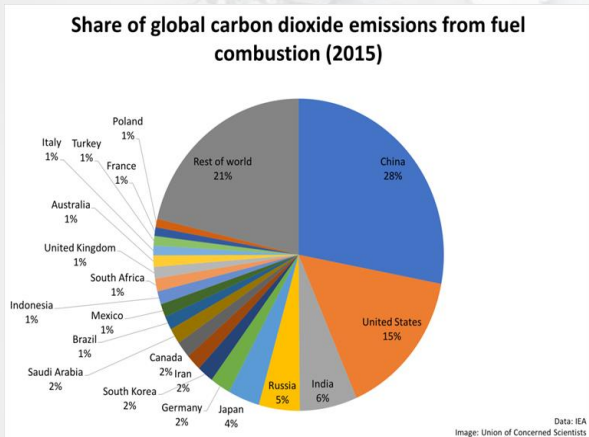


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China's Emissions



Top in the world

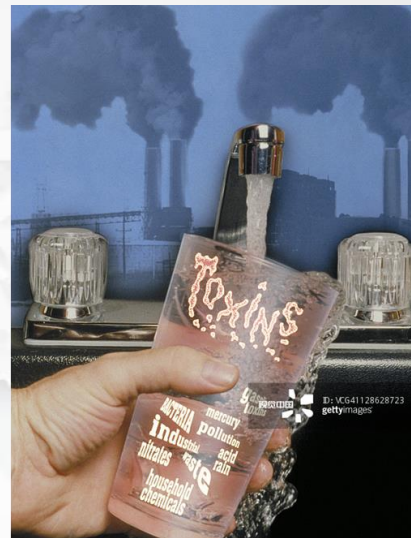
Domestic Urgency



In 2017, among all the 338 prefecture-level cities in China, 70.7% of them failed in meeting the air quality standard.



Soil erosion is damaging 2.95 million square land , accounting for 31.1% of the total census data.



By June 2018, Only 33.4% of the groundwater can meet the national standards. 14.8% is in very poor quality.

Substantial Capital Gap

In China, an estimated annual investment of at least RMB **3-4 trillion** is needed to address green investment by 2020 – at least **85%** of which must come from the private sector.



Only by developing Green Finance can private capital be leveraged to fill in the huge capital gap.



WHAT IS GREEN FINANCE?

Green Finance Definition

Definitions

01

G20's Green Finance Study Group:

financing investments that provide environmental benefits in the broader context of environmentally sustainable development

02

China Government:

financial services provided for economic activities that are supportive of environment improvement, addressing climate change and more efficient resource utilization

03

UK government:

including private sector investments in technologies, infrastructure and start-ups which assist in the creation of jobs, the expansion of businesses and the development of economic growth, whilst reducing greenhouse gas emissions



HOW IS CHINA DOING WITH GREEN FINANCE?

Green Finance In China: The Past Decade

Initial 2007-2011

Released various green finance policies on green credit, green securities and green insurance.

Consolidation 2011-2014

Released and deepened policies on carbon trading, green credit and green insurance; innovations with a number of green financial products

Implementation 2015 till now

- Green finance being elevated as a national strategy
- Established a comprehensive policy framework
- Organizational development
- Extensive innovation of green financial products
- Research on methodologies and standards
- Capacity-building

The Green Finance System Of China

Green Credit ●

Green Securities ●

Green Insurance ●

Green Funds and PPP ●



● Environmental
Credit Trading

● Environmental Risk
Analysis

● Local Practices

● International
Cooperation

Top-Level Design:

Comprehensive Policy Supported By Implementing Rules

Improvements of legislation

- Environmental protection tax officially levied
- Regulation on Compulsory Environmental Pollution Liability Insurance drafted

Standardization of green finance carried forward

- **The National Green Industry Catalogue** steady advancing and will be introduced in the near future.
- **China-EU green finance standards** is progressing.

National level strategic policy support

- Highlight in the “Nineteenth National Congress” report
- Systematic support from a wider range of central ministries

- Implementation in PBoC’s **macro prudential assessment(MPA)**



Green Finance Pilot Zones: Steady Improvement With Active Innovation



Green Credit:

Sound Development With Quality

- A credit statistical system at the national level
- Comprehensive methods for banks' green evaluation
- Continuous incentivizing measures from the PBoC

Implementing policy system

Innovation on financial products

- Reloan projects under support from international institutions
- Credit business in emerging markets
- Extended financial services

- Loan balance for Energy conservation and environmental protection projects of 21 banks: ¥ 6531.263 billion.
- NPL rate: 0.37% ,1.32 per cent lower than average.

NPL rate of assets keep low

Green Securities:

Steady Advance With Need For Improved Market Infrastructure

2018, Issued **144** green bonds worth **267.59** billion RMB – increased **17.07%** & **8.02%** than 2017. Accounts for 23.27% of the global green bond issuance

- Domestically, issued 129 green bonds worth 222.197 Billion RMB, including 18 Green ABS worth 15.478 Billion RMB.
- 15 green bonds overseas worth 45.30 billion RMB
- **16 green bond indices** issued as of August 2018.

Green Bond



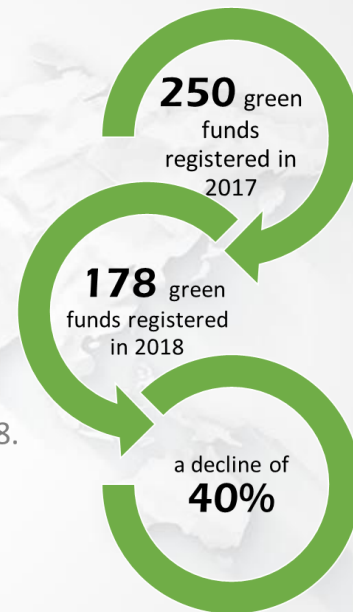
Green Stock

- **primary green stock market** has slowed down.
- Many companies in the industry tried to enter the green industry in the market through **mergers and acquisitions**.
- Compulsory and semi-mandatory **environmental information disclosure** systems of listed companies are gradually being established.

47 green stock indices totalling **RMB8.309 billion** issued; with green stock tracking as the target of **24** index fund products (by the end of August 2018).

Green Funds And PPP: Completing Regulation And Inciting Innovation

- 01 The **number** of green funds filed was significantly **reduced** due to more **strict supervision**.
- 02 **Innovative** green fund products across China are constantly emerging.
- 03 A top-level supporting policy system is expected to be introduced.
- 04 **54.1%** of all PPP projects achieved green by June 2018.



Green Insurance:

Continuous Development With Green Benefits Emerging

The mandatory pollution liability insurance has been steadily progressed

- “Compulsory Environmental Pollution Liability Insurance Regulation (Draft)” approved in May 2018.
- Total premium of **RMB 30.6 billion**, with risk coverage for more than 16,000 companies.

Product and service innovation increasingly drive the green economy.

- Extensive insurance coverage. Eg: CSR performance, photovoltaic construction efficiency.
- Linkage between green insurance and other industries such as agriculture.

The contribution to credit financing

- Insurance fund in the form of debt investment plans to reached 685.425 billion RMB by the end of April 2018.

The environmental risk management capacity continues to improve.

- More help to insured enterprises in Risk check.

Power from science and technology

- Drones, satellite remote sensing, and geographic information systems are used to carry out agricultural disaster monitoring and early warning and disaster assessment.

Environmental Credit Trading:

Carbon Markets Leading While The Rest To Be Improved

The launch of a national carbon market.

- In **December 2017**, the national carbon emissions trading market is launched.
- Three construction stages of the launch.
- The breakthrough will be in the **Power Sector**. First focus on spot trading, then expand the trading varieties.

Pilot carbon trading has provided valuable experiences.

- From September 2017 to August 2018, the cumulative volume of the eight pilots was 59 million tons with a turnover of 1.27 billion RMB.



The exploration of pollutant emissions trading system is comparatively slow

- Introduced in the 1980s.
- still in the pilot exploration phase.

Role of Market in the allocation of water resources is underdeveloped.

- 69 transactions, 1.67 billion cubic meters on water rights trading
- Market is to be further developed.

Energy saving and efficiency trading mechanisms are in the exploratory stage

- Energy saving trading still in design.
- few related market financing tools have been introduced.

Environmental Risks in the Financial System: Risk Prevention Mechanisms To Be Promoted

The financial system fully advanced risk prevention.

- the CBIRC issued the Notice on Regulating the Banking and Trust Business.
- Prevention of excessive leverage of green projects and idle capital.



Environmental risk analysis

The regulatory mechanism has been gradually improved

- Green finance incorporated into the **macro-prudential assessment system (MPA)** by PBoC in 2017.
- **CSRC** clarifies the basic framework of ESG disclosure by issuing a governance rule for Listed Companies in 2018.



The push for environmental risk management policies is showing results.

- Since 2018, several IPOs have been rejected due to environmental issues.
- Policy for compulsory environmental pollution liability Insurance was adopted.

International Cooperation: Leading The Global Greening Process

Promote cooperation under the G20 framework

- Push the incorporation of green finance into the G20 Leaders' Summit in Buenos Aires, Argentina.

Actively participated in TCFD related work

- “China Financial Institution Environmental Information Disclosure Pilot Work Plan”.
- The “Three-Year Action Plan”.

Further expand multilateral cooperation

- Support the Sustainable Banking Network (SBN) to increase members from 29 to 47.
- Jointly founded Network for Greening the Financial System (NGFS) in December 2017.



Actively promoted the building of global green finance capabilities

- the “Global Green Finance Leadership Program” (GFLP) launched in Beijing in May 2018.

Bilateral cooperation initiatives have achieved remarkable results.

- Interim Report from China-UK Green Finance Taskforce .
- Green finance included in Sino-French fifth high-level economic and financial dialogue.
- GFC and EIB released a White Paper, “The Need for a Common Language in Green Finance.”

WHAT IS THE OUTLOOK OF GREEN FINANCE IN CHINA?

To Incorporate Green Elements Into The Laws And Regulations

○ To clarify lenders' environmental liabilities

- Including lenders' responsibility, litigation eligibility, and joint and several liabilities
- Urge commercial banks to carry out environmental risk analysis on credit assets.

○ To include green insurance into the national legislation system

- To complete the mechanism of remedy for environment pollution victims.
- To strengthen the punishment for environmental crime.



○ To accelerate legislation for environmental credit trading

Including:

- the legal characteristics of environmental credits as tradable items.
- the rights and obligations of the transaction parties.

○ To establish and improve laws and regulations concerning PPP

- Regulations on the Public and Private Partnership in Infrastructure and Public Service Sectors is expected to further advance the systematic legislation regarding PPP in China.

To Enhance Policy Support On Green Finance

Policy incentives

01

- **Fiscal:** green insurance subsidy
lower risk weight of green credit
- **Taxation:** tax preferences
- **Monetary:** MLF、SLF

Policy coordination

03

- **interdepartmental** coordination among fiscal, taxation, monetary, credit and industry policies.
- coordination between green finance policies with other environmental management policies.

02

Restrictive mechanisms

- Clearer regulation on government fund and venture capital fund.
- More strict risk check to **prevent “green wash”** activities.

04

Policy consistency

- **Uniformity** of green finance policies
- **Stability** of the policy framework



To Promote Standardization And Evaluation

Unify the definition of 'green'

- Align “green” definition under the guidance of the Green Industry Catalogue.
- Standardize criteria for green financial products.

Specify ESG disclosure requirements.

- Further refine The system of ESG evaluation indicators of listed companies.
- Key quantitative indicators of various industries should be carefully defined.

Establish statistical standards for green finance

- Based on clarified green definition, set up a statistical system for the measurement of green finance flows.

Standardize green performance evaluation

- Introduce third – party evaluation mechanism.
- Found evaluation work group in PBoC and CBIRC.

Accelerate international unified standards

To Facilitate Capacity-Building Among Stakeholders



Environmental stress test

- Improve the awareness of environment risk.
- Support in technology and methodology.



Data sharing platform

- Establish public environmental information data base.
- Encourage environmental information sharing.



Organization Development

- Green transformation of traditional financial institutions.
- Establishment of green finance institutions or branch.
- Development of third-party evaluation institutions.

Professional education

- Improve preferential policies on training green finance professionals.
- The role of the GFC, think tanks and other relevant institutions should be highlighted.



To Strengthen International Collaboration On Green Finance

Bring cooperation from bilateral to multilateral

- Further promote experiences, data and analytical tools sharing.
- Explore shared market rules to facilitate cross-border green investment.



Support regional characteristic policy signals

- Support individual countries and regions to transform general commitments such as UN SDGs into specific action plans with local characteristics.

Contribute to capacity building of the global market

- Share knowledge with other countries and regions.
- Invest sufficient resources to support capacity building in developing countries.

Promote BRI Green investment

- Increasingly promote cooperation like China – UK Green Investment Principles for BRI.



中央财经大学绿色金融国际研究院
INTERNATIONAL INSTITUTE OF GREEN FINANCE, CUIE

Thank you



<https://www.greenfinanceinchina.com/>

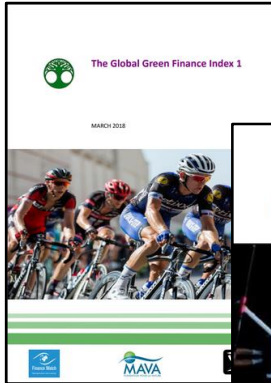
Belt, Road & Bridge: Creating New China-Europe Connections

The Global Green Finance Index

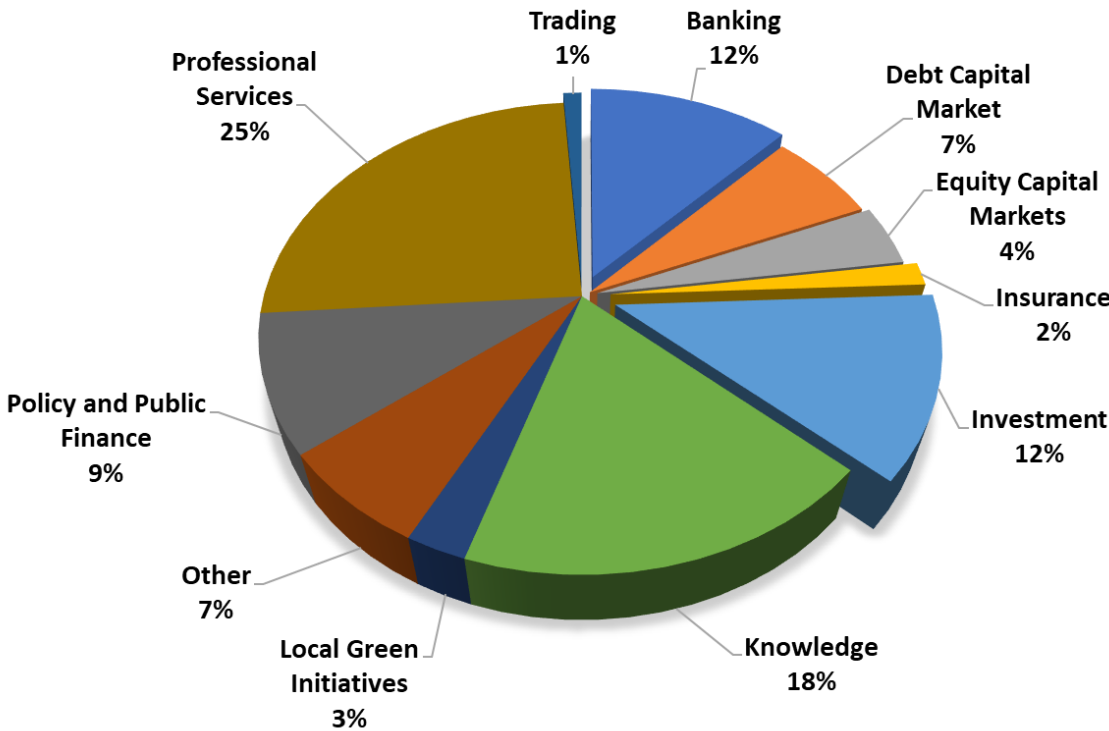


Michael Mainelli
Executive Chairman
Z/Yen Group

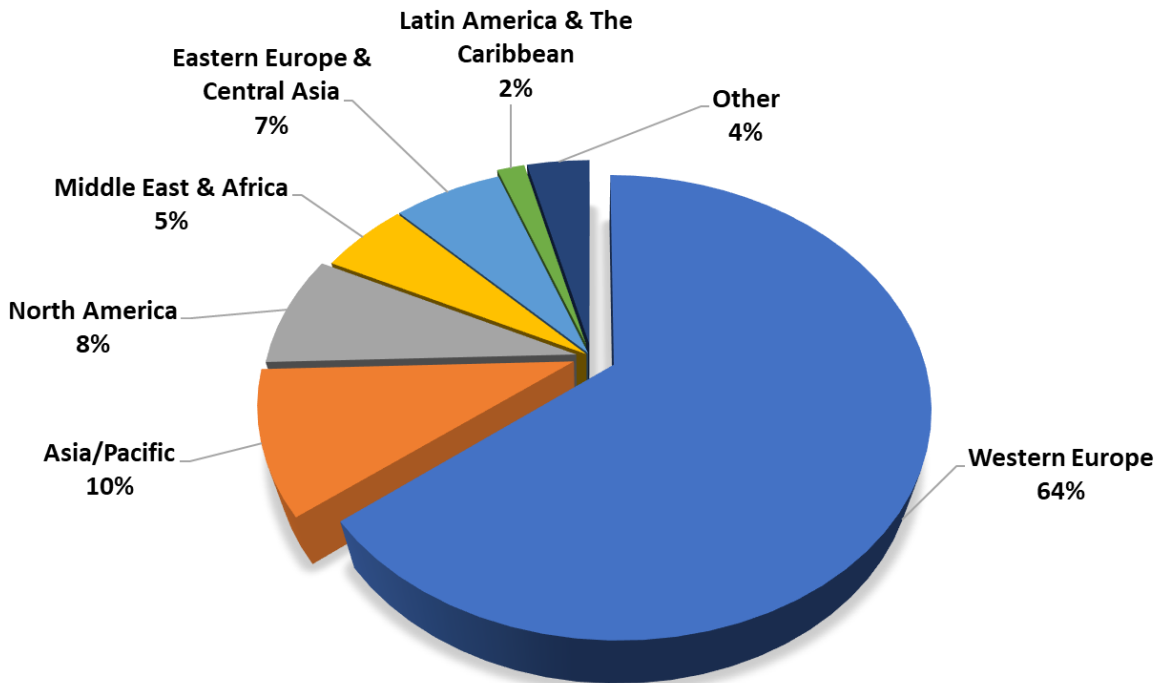
Global Green Finance Index



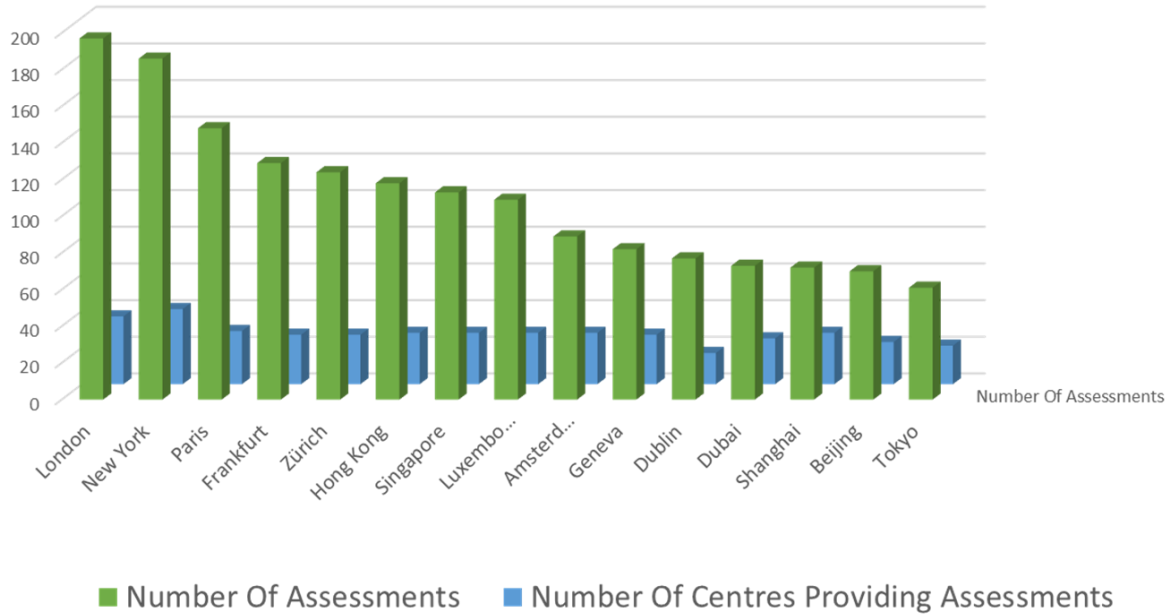
Respondents By Sector



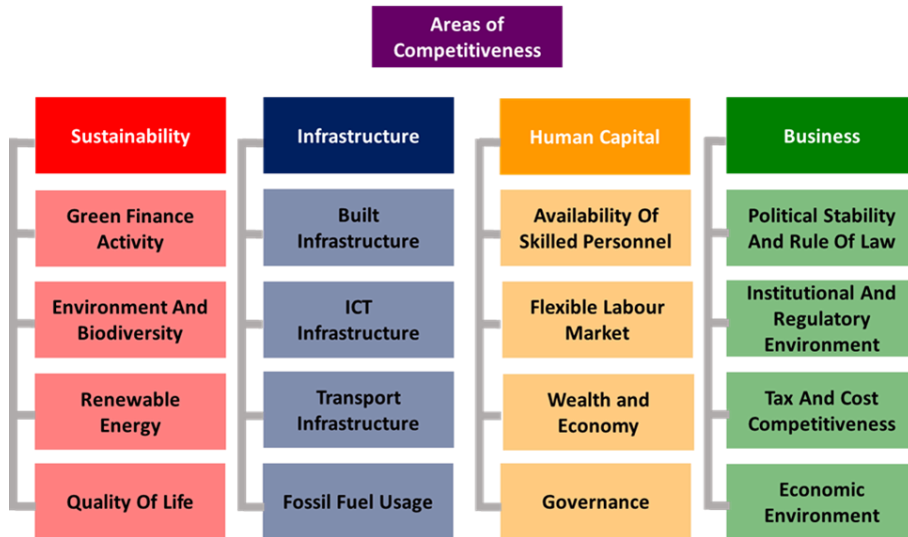
Respondents By Region



Connectivity



Instrumental Factors



Top Factors By R Squared Correlation:

- Sustainability: Water Quality, Quality of Living City Rankings
- Infrastructure: Networked Society City Index
- Human Capital: Global Innovation Index; Legatum Prosperity Index
- Business: Global Enabling Trade Report

Depth & Quality

- ◆ GGFI measures depth and quality
 - The depth question in our survey focuses on green finance intensity, asking users to rate financial centres on how much of their overall financial offering they consider to be “green”
 - The quality question asks users to rate centres on their perception of the quality of each centre’s green finance offering
- ◆ Measurement of both factors is important to understand the balance between green and brown finance as well as the quality of advice and delivery in centres

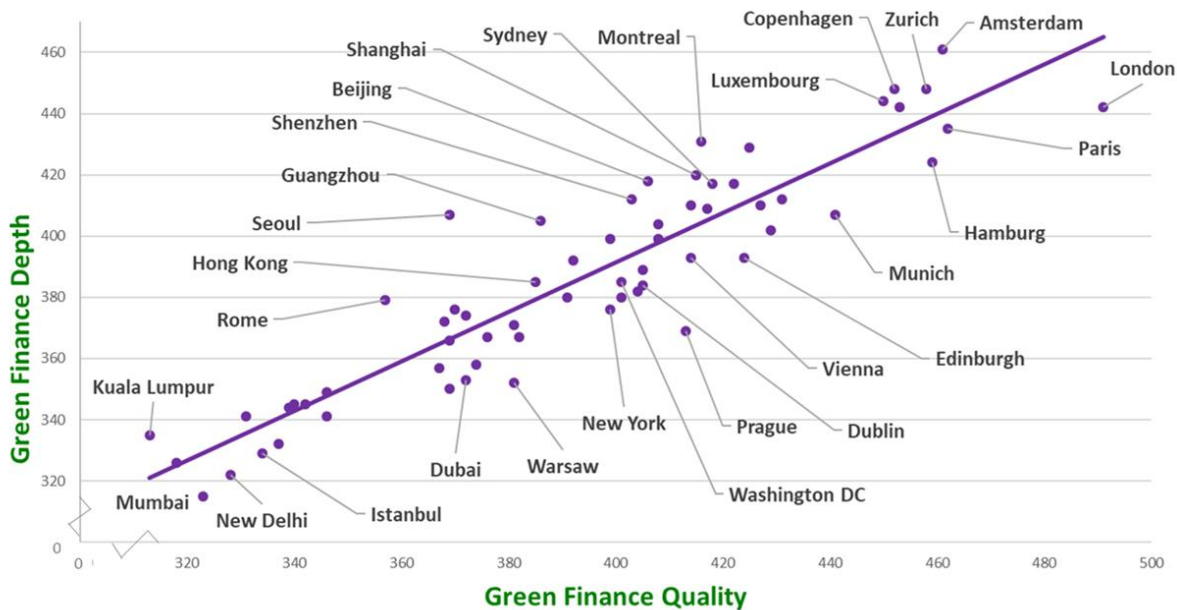
Headlines – Depth Top 10

Centre	Rank	Rating	Change in Rank
Amsterdam	1	461	▶ 0
Zürich	2=	448	▲ 7
Copenhagen	2=	448	▶ 0
Luxembourg	4	444	▼ -1
London	5=	442	▼ -2
Stockholm	5=	442	▶ 0
Paris	7	435	▼ -2
Montréal	8	431	▶ 0
Vancouver	9	429	▲ 1
Hamburg	10	424	▲ 2

Headlines – Quality Top 10

Centre	Rank	Rating	Change In Rank
London	1	491	▶ 0
Paris	2	462	▶ 0
Amsterdam	3	461	▶ 0
Hamburg	4	459	▲ 4
Zürich	5	458	▲ 2
Stockholm	6	453	▼ -1
Copenhagen	7	452	▼ -4
Luxembourg	8	450	▼ -2
Munich	9	441	▶ 0
Geneva	10	431	▲ 4

Depth & Quality

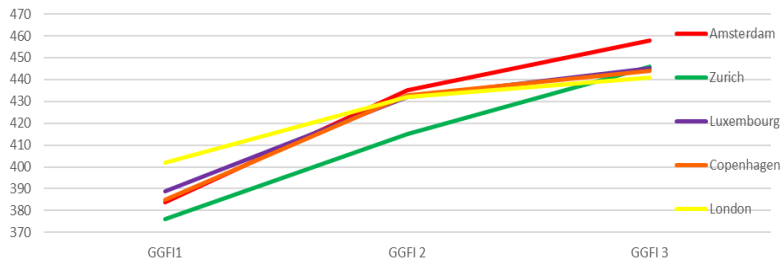


- ◆ Where a centre is assessed as having higher quality and lower depth, the amount of green finance is seen as a low proportion of the activity in the centre
- ◆ Where depth is higher but quality is lower, the centre assessed highly for green finance intensity

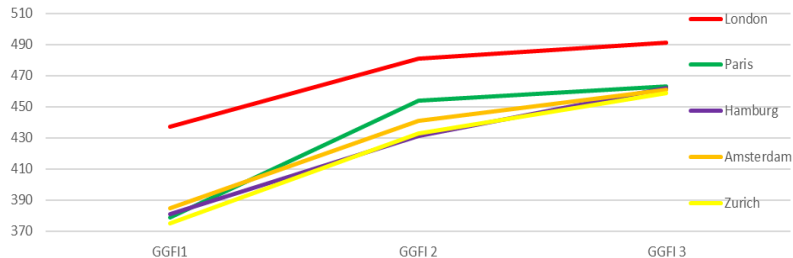
Rising Stars

The top five centres in the index for depth improved their ratings in each edition of the GGFI Zürich has enjoyed the strongest improvement across the three editions of the GGFI

Top Five Centres - Depth



Top Five Centres - Quality



Asia/Pacific

Depth		
Centre	Rank	Rating
Shanghai	11	420
Beijing	12	418
Sydney	13=	417
Shenzhen	15=	412
Melbourne	19	409
Seoul	20=	407
Guangzhou	22	405
Singapore	23	404
Hong Kong	31=	385

Quality		
Centre	Rank	Rating
Sydney	16	418
Melbourne	17	417
Shanghai	19	415
Singapore	23=	408
Beijing	25	406
Tokyo	28	404
Shenzhen	29	403
Guangzhou	36	386
Hong Kong	37	385

- ◆ Asia/Pacific Centres overall fell back in the rankings
- ◆ Australian centres are challenging Chinese dominance
- ◆ Sydney and Melbourne took the top positions for quality in the region

Eastern Europe & Central Asia

Depth		
Centre	Rank	Rating
Prague	43	369
Warsaw	50	352
Moscow	56=	341
Istanbul	60	329

Quality		
Centre	Rank	Rating
Prague	22	413
Warsaw	39=	381
Istanbul	58	334
Moscow	59	331

- ◆ Prague consolidated its position as the regional leader, although its quality ranking has fallen nine places as it has been overtaken by other centres
- ◆ Overall, centres in the region have fallen back, other than Prague and Moscow, which each gained one place in the depth index. Moscow's rating rose 17 points for depth

Middle East & Africa

Depth		
Centre	Rank	Rating
Casablanca	13=	417
Mauritius	41	372
Cape Town	42	371
Dubai	49	353
Johannesburg	51	350
Abu Dhabi	52	349

Quality		
Centre	Rank	Rating
Casablanca	15	422
Cape Town	39=	381
Dubai	43=	372
Johannesburg	46=	369
Mauritius	49	368
Abu Dhabi	52=	346

- ◆ Casablanca consolidated its reputation as a regional leader, rising two places in the overall rankings for depth and 13 places overall for quality – the most significant improvement of any centre in the index
- ◆ Dubai’s rating and rankings fell back in both quality and depth, both overall and in the region. This may reflect a readjustment following the improvements it made in GGFI 2

Western Europe

Depth		
Centre	Rank	Rating
Amsterdam	1	461
Zürich	2=	448
Copenhagen	2=	448
Luxembourg	4	444
London	5=	442
Stockholm	5=	442
Paris	7	435
Hamburg	10	424
Geneva	15=	412
Brussels	17=	410

Quality		
Centre	Rank	Rating
London	1	491
Paris	2	462
Amsterdam	3	461
Hamburg	4	459
Zürich	5	458
Stockholm	6	453
Copenhagen	7	452
Luxembourg	8	450
Munich	9	441
Geneva	10	431

- ◆ All ten of the top centres for quality are from Western Europe and eight out of ten for depth
- ◆ Liechtenstein entered the index for the first time

Reputational “Advantage” Top 10

Top 10 Centres Assessments and Ratings –
Reputational Advantage for Quality in GGFI 3

Centre	Weighted Average Assessment	GGFI 3 Rating	Reputational Advantage
Casablanca	500	422	78
Copenhagen	505	452	53
Stockholm	506	453	53
San Francisco	475	429	46
Montréal	461	416	45
Prague	457	413	44
Shanghai	458	415	43
Beijing	444	406	38
Hamburg	497	459	38
Istanbul	367	334	33

Reputational “DIS-Advantage”

Bottom 10 Centres Assessments and Ratings –
Reputational Advantage for Quality in GGFI 3

Centre	Weighted Average Assessment	GGFI 3 Rating	Reputational Advantage
Johannesburg	310	369	-59
Rome	295	357	-62
Vienna	351	414	-63
Cape Town	316	381	-65
Cayman Islands	274	346	-72
Guernsey	309	382	-73
Bangkok	263	337	-74
Dublin	327	405	-78
Bermuda	231	318	-87
British Virgin Islands	255	342	-87

Green Finance And The Belt And Road Initiative

- ◆ UN Secretary General's remarks at the Belt And Road Forum - three opportunities to be seized
 - The world will benefit from a BRI that accelerates efforts to achieve the Sustainable Development Goals
 - The world needs to take advantage of the BRI to help close significant financing gaps for achieving the Sustainable Development Goals
 - The BRI is an important space where green principles can be reflected in green action

Focussed On Success

- ◆ Zurich and Geneva – focus on building assessments
- ◆ Casablanca – regional leadership
- ◆ Dublin – marketing and targets
- ◆ Seoul and Guangzhou – focus for development
- ◆ Guernsey – regulatory leadership
- ◆ Astana – aiming to enter the index
- ◆ Luxembourg – using GGFI in marketing

Conclusions

- ◆ Stable policy frameworks appear critical - Strong performance of Western Europe, and the gap between Canada and the US, underline this point
- ◆ Long-established centres with a history of fossil-fuel financing tend to fare worse for depth than quality
- ◆ There are significant revenue risks for financial centres associated with future deflation of the carbon bubble, but no correlation between ratings and carbon risk exposure has yet emerged
- ◆ Disconnect between GGFI rankings and fossil fuel financing activity
- ◆ Premium to be gained from demonstrating leadership in particular sectors or products, for example, Paris on climate change, Luxembourg on green bonds, London in relation to insurance, or ESG equity in Hamburg

Session 3: Sustainable Futures: Mainstreaming Green Finance

Questions



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Mills



Wang
Yao



Michael
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Rongrong
Huo



Prem
Goyal

Refreshments

Please come back
to your seats by **15:30**



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Session 4: Light On Our Feet: Removing Regulatory Barriers



Mark
Yeandle



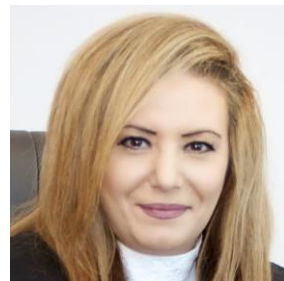
John
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Dong
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Sir Mark
Boleat



Emma
Edhem

Belt, Road & Bridge: Creating New China-Europe Connections



John Adams

Director, HR China, Financial Training And Recruitment

Belt, Road & Bridge: Creating New China-Europe Connections



中国社会科学院 世界经济与政治研究所
Institute of World Economics and Politics
Chinese Academy of Social Sciences(CASS)

Regulatory Coherence And China's Institutional Opening Up



Dong Yan

Senior Research Fellow, Institute Of World Economics And Politics,
Chinese Academy Of Social Sciences (CASS)



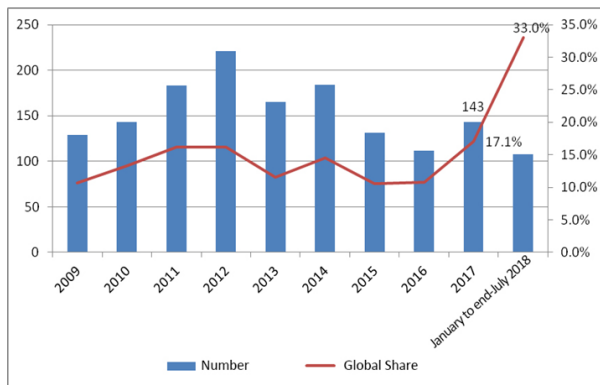
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Structural Heterogeneities and Regulatory Coherence

Economic Interdependence And Increasing Heterogeneity-Based Trade Conflict

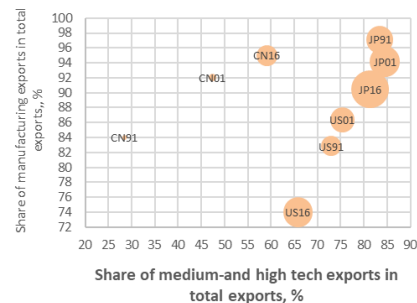


Additional Trade Protectionist Measures of the US and Their Global Share

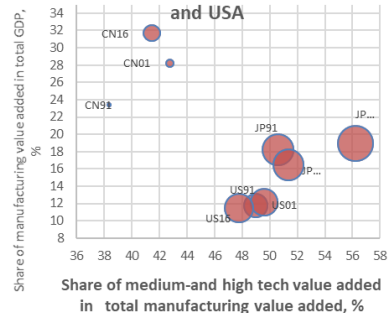


Source: Uncomtrade, Information office of State Council of PRC

Trade Structure: China, Japan and USA



Production Structure: China, Japan and USA



Source: UNIDO database, 2018.

Economic Interdependence And Increasing Heterogeneity-Based Trade Conflict



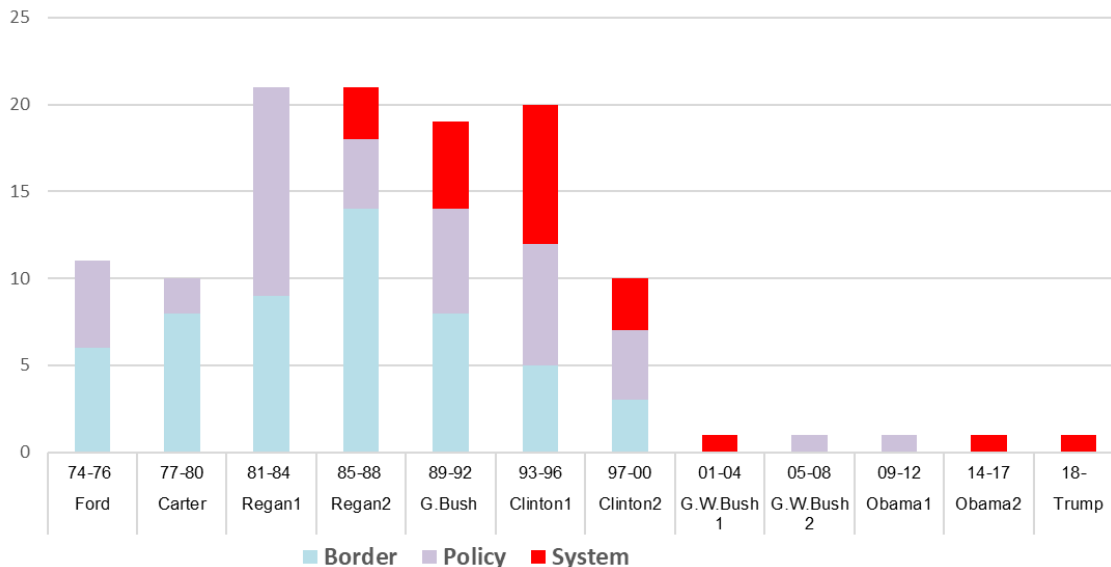
Competitive Industrial Performance Index

Year	Country	Composite Index			Capacity to produce and export manufactures				Technological Development		World Impact	
		Cip Rank	cip	Relative to USA	MVApc	MVAsh	MXpc	MXsh	IND _{int}	MXqual	ImWMVA	ImWMT
1991	Germany	1	0.63	1.32	7486.29	0.22	4607.31	0.91	0.65	0.87	0.10	0.15
	Japan	2	0.58	1.23	7039.07	0.18	2445.18	0.97	0.59	0.99	0.15	0.12
	USA	3	0.47	1.00	4166.06	0.12	1302.76	0.83	0.49	0.86	0.19	0.13
	China	33	0.09	0.20	177.95	0.23	59.27	0.84	0.58	0.60	0.04	0.03
1996	Germany	1	0.57	1.15	6567.29	0.19	5654.03	0.88	0.61	0.86	0.08	0.11
	Japan	2	0.57	1.14	7011.23	0.17	3119.35	0.96	0.59	0.99	0.14	0.10
	USA	3	0.50	1.00	4851.64	0.12	1812.52	0.84	0.42	0.86	0.20	0.12
	China	25	0.14	0.28	350.93	0.27	107.73	0.89	0.66	0.67	0.07	0.03
2001	Germany	1	0.59	1.15	7576.86	0.19	6359.25	0.91	0.64	0.89	0.08	0.11
	USA	2	0.52	1.02	5464.42	0.12	2014.13	0.86	0.48	0.88	0.21	0.12
	Japan	3	0.51	1.00	6919.09	0.16	2974.31	0.94	0.56	0.97	0.12	0.08
	China	22	0.18	0.36	527.61	0.28	189.75	0.92	0.70	0.74	0.09	0.05
2006	Germany	1	0.62	1.27	8554.05	0.21	12428.87	0.90	0.66	0.90	0.07	0.11
	Japan	2	0.51	1.05	8185.58	0.18	4680.04	0.93	0.61	0.98	0.11	0.07
	USA	3	0.49	1.00	6321.07	0.13	2685.03	0.86	0.48	0.88	0.20	0.09
	China	15	0.28	0.58	887.77	0.29	693.19	0.95	0.71	0.84	0.13	0.10
2011	Germany	1	0.58	1.39	9151.64	0.21	16141.96	0.88	0.65	0.86	0.07	0.10
	Japan	2	0.46	1.11	8388.60	0.19	5874.37	0.92	0.59	0.92	0.10	0.06
	USA	3	0.42	1.00	5917.08	0.12	3174.78	0.76	0.44	0.74	0.17	0.08
	China	6	0.36	0.86	1547.52	0.32	1335.03	0.96	0.70	0.83	0.20	0.14
2016	Germany	1	0.52	1.40	9659.90	0.21	14493.59	0.89	0.69	0.85	0.06	0.10
	Japan	2	0.40	1.07	8958.28	0.19	4566.45	0.90	0.63	0.90	0.09	0.05
	China	3	0.38	1.01	2135.97	0.32	1437.62	0.96	0.72	0.81	0.24	0.17
	USA	4	0.37	1.00	6005.31	0.11	2817.10	0.74	0.47	0.73	0.16	0.08

Behind the Border Issues Dominate Trade Disputes



Main Targets of U.S. 301 Cases



Source: Federal Register, Suzuki(2018)



Global Value Chain Development Needs Further Regulatory Coherence Across The Border

Traditional Trade

Cross border for consumption
US airplanes in
exchange for Chinese T-Shirts

- Tariff Reduction
- Reduction of non-tariff barriers
- Efficient border procedures

GVCs

Cross border for production

Chinese steel in US building
iPhone

- National treatment on FDI
- Efficient flow of information

Tariffs

NTMs

Logistics performance/ trade
facilitation

Connectivity

Investment climate

Services barriers

Geography

Cultural/historical ties

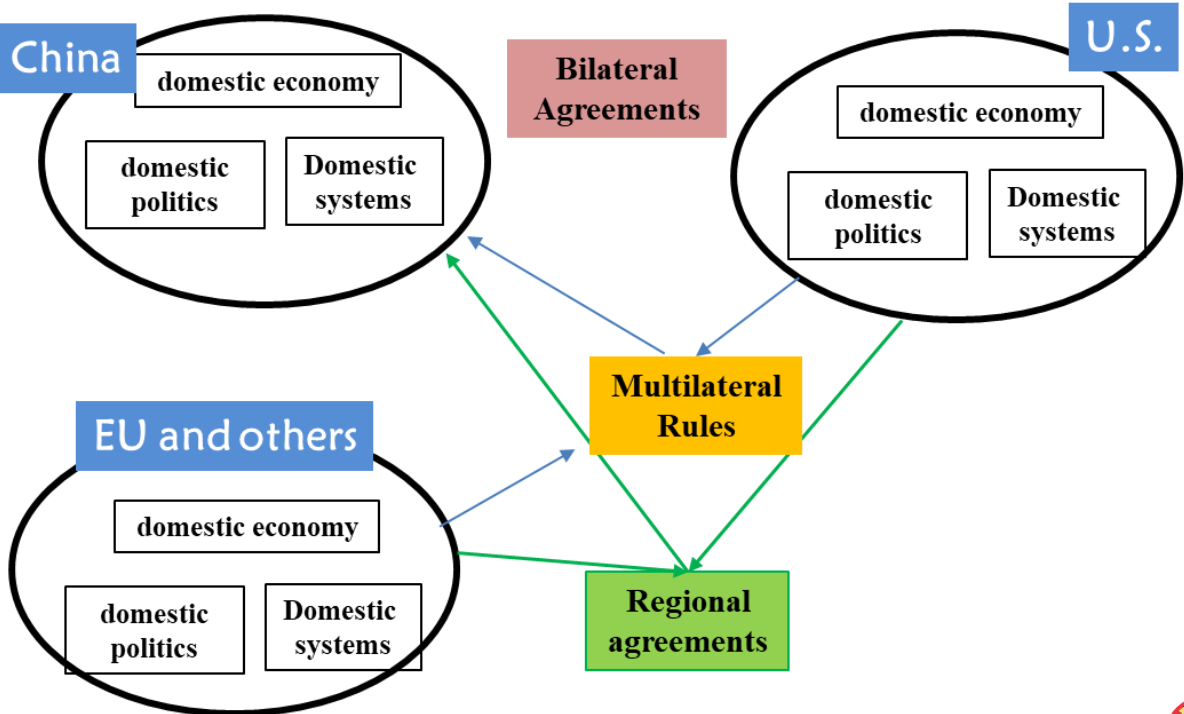


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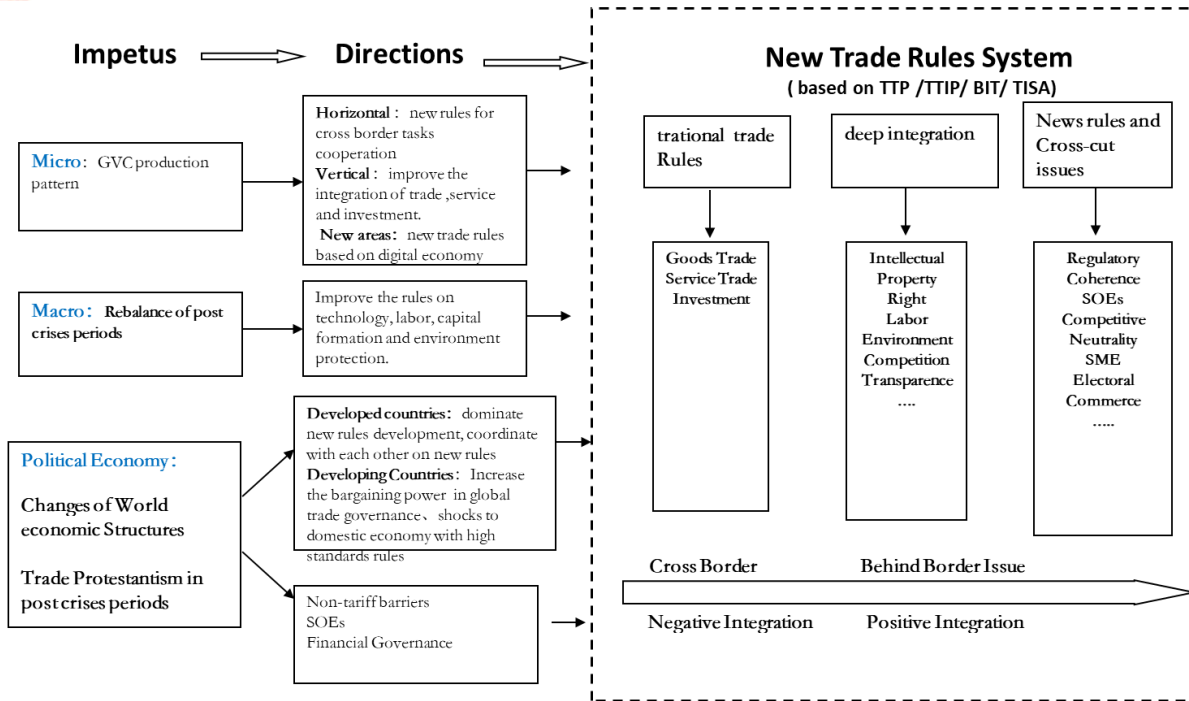
Ineffectiveness of Current tracks of Global Regulatory Cooperation



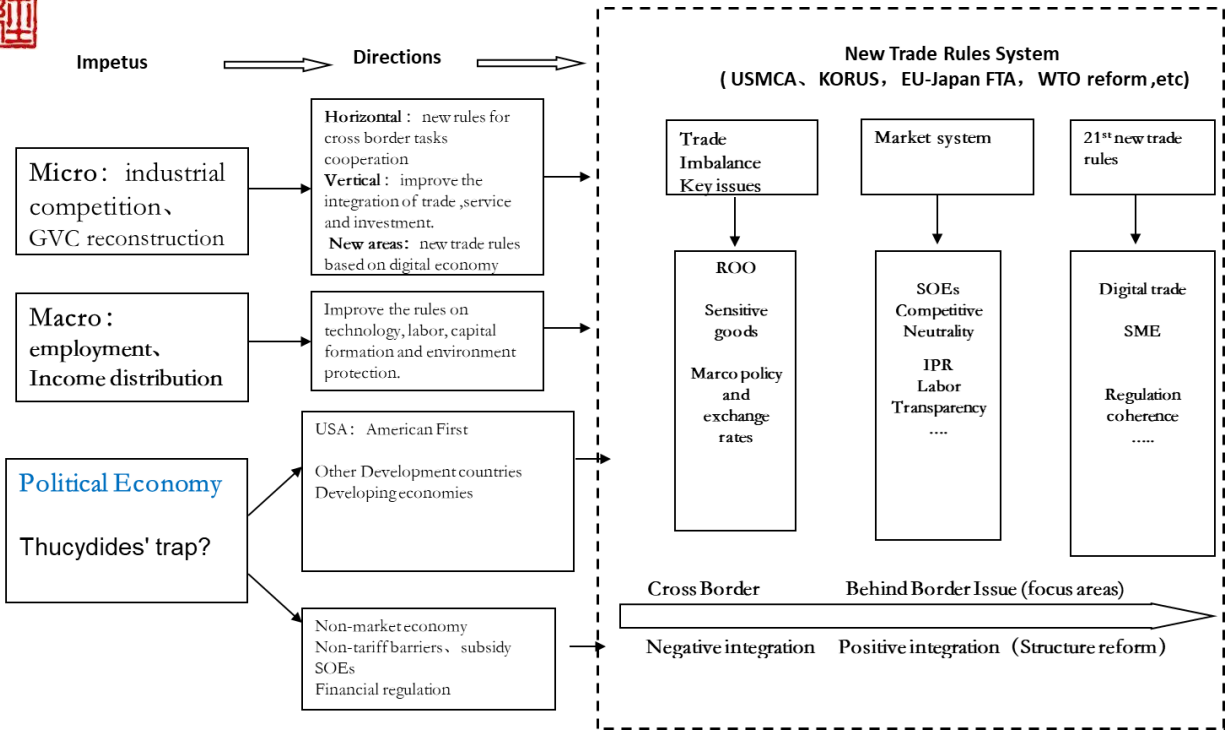
Ineffectiveness Of Current Tracks Of Regulatory Cooperation



Global Trade Governance And Reform (Before 2017)



Global Trade Governance And Reform (Since 2017)





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China's Structural Reform and Institutional Opening-up

From The Flow-oriented Opening Of Commodities And Elements To The Institutional Opening-up Of Rules And Regulations



Trade Weighted Average Tariff Rates of China and Other Countries (%)

	All	Agro Products	Non-agro Products
Japan	2.1	11.1	1.2
The United States	2.4	3.8	2.3
The European Union	3.0	7.8	2.6
Australia	4.0	2.4	4.1
China	4.4	9.7	4.0
Republic of Korea	6.9	55.4	4.0
Indonesia	6.8	7.8	6.7
India	7.6	38.0	5.6

Tariffs

NTMs

Logistics performance/ trade facilitation

Connectivity

Investment climate

Services barriers

Geography

Cultural/historical ties

Source: Information office of State Council of PRC, "The Facts and China's Position on China-US Trade Friction", 2018.9



From The Flow-oriented Opening Of Commodities And Elements To The Institutional Opening-up Of Rules And Regulations

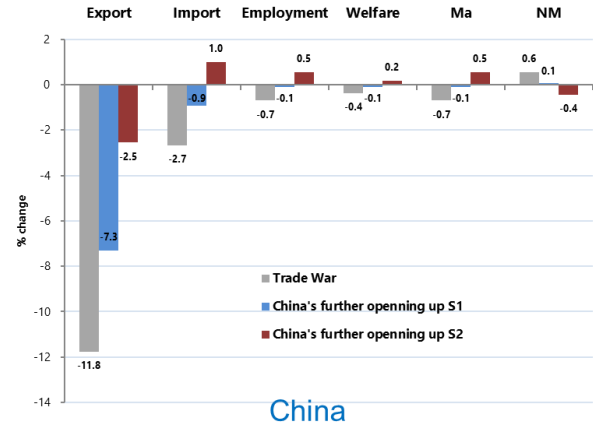
- 2018.12 Institutional opening-up
- 2019.3 Competitive neutrality
- 2019.3 Foreign Investment Law
- 2019.4 China 's major reform and opening up measures (Xi's speech at the Second Belt and Road Forum for International Cooperation Forum)

1. Expand **market access** for foreign investment in more areas;
2. Enhance international cooperation in **intellectual property protection**.
3. Increase the **import of goods and services** on an even larger scale.
4. More effectively engage in **international macroeconomic policy coordination**.
5. Ensure the **implementation** of opening up related policies.

China's Further Opening Up Policies Benefit Most Regions



- ◆ Promote the integration of domestic and international regulations
- Competitive neutrality
- Foreign Investment Law



Other regions: Welfare gains

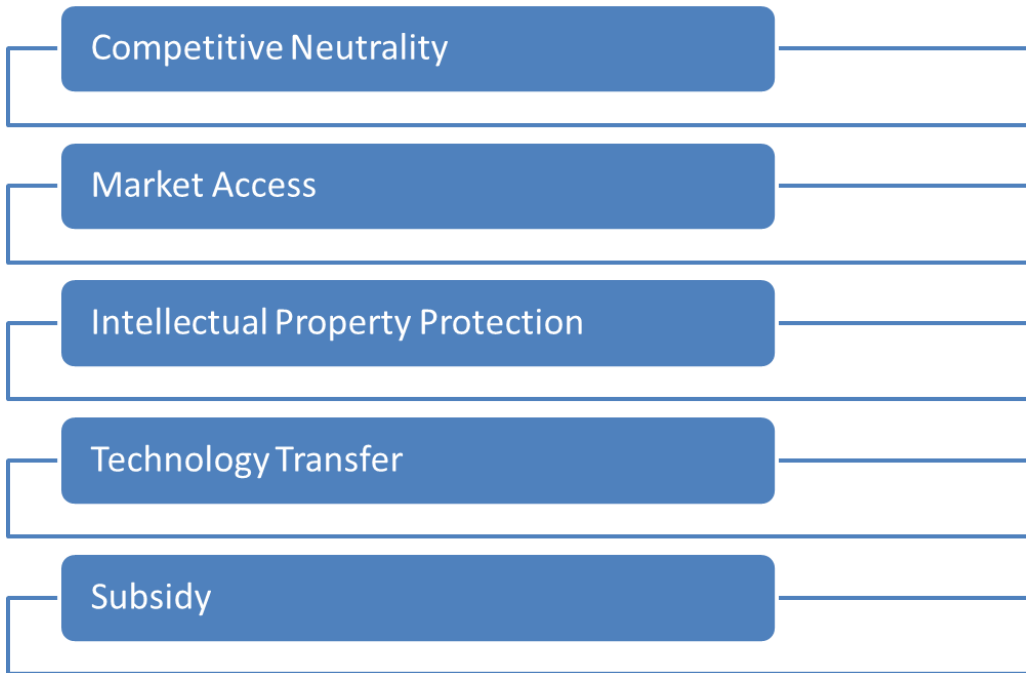
	EU	Japan	Canada	Australia	Singapore
S1	0.05	0.04	0.12	0.03	0.12
S2	0.09	0.08	0.25	0.03	0.26
	India	Russia	Brazil	Mexico	Thailand
S1	0.1	0.19	0.06	0.2	0.16
S2	0.22	0.4	0.13	0.43	0.33

Source: Trade Team, IWEP, CASS

Structure Issues



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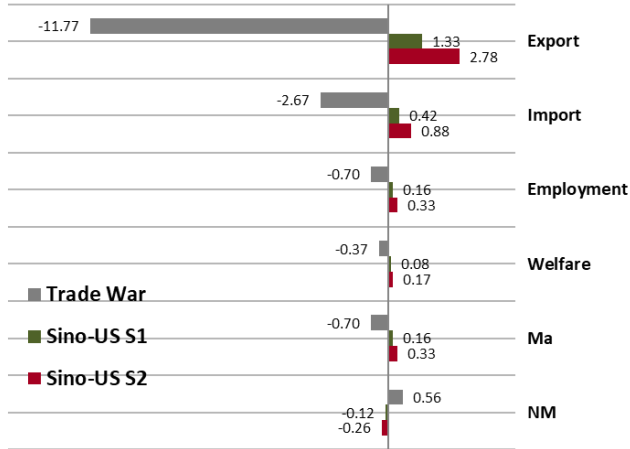
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Bilateral, regional and multilateral regulatory cooperation mechanism

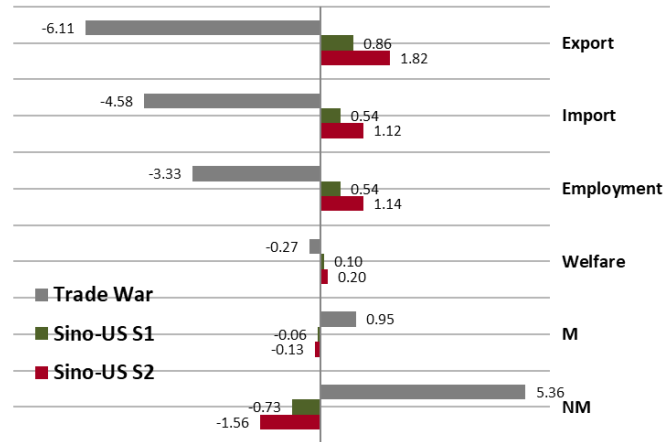
China-U.S. Cooperation Will Generate Large Gains



China



U.S.

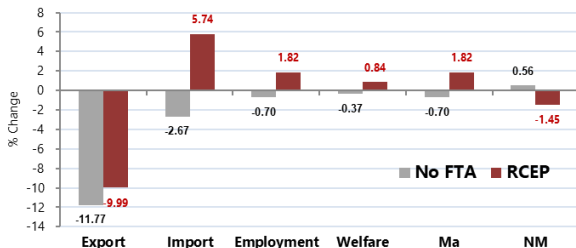


Source: Trade Team, IWEPI, CASS

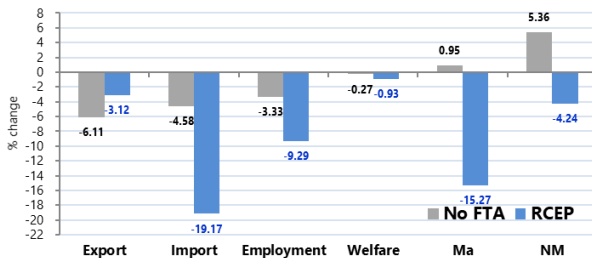
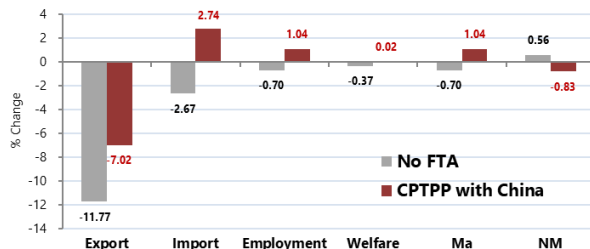
China's Participation In Asia-pacific RTAs Will Counter The Negative Effects Of Trade Conflicts



RCEP Track



CPTPP Track



Source: Trade Team, IWEP, CASS





WTO Reform

China and WTO Rules

China: developed or developing country?

China-U.S. structural talks and WTO reform

Will China become the “benevolent hegemon the World Trading System?”



Concluding Remarks

- Global value chain development needs further **regulatory coherence** across the border
- **Behind the border issues** dominate current trade disputes
- **China's institutional opening up** will benefit both China and other economies
- **Global regulatory cooperation mechanisms** should be strengthened

Session 4: Light On Our Feet: Removing Regulatory Barriers

Questions



Mark
Yeandle



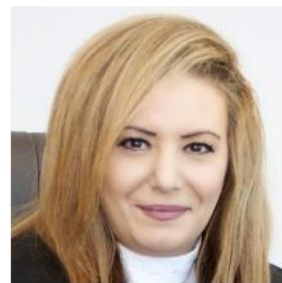
John
Adams



Dong
Yan



Sir Mark
Boleat



Emma
Edhem

Belt, Road & Bridge: Creating New China-Europe Connections

Closing Remarks



Michael
Mainelli



Fan
Gang



@ZyenLF

@longfinance

@FSClub



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1 May 2019



@ZyenLF

@longfinance

@FSClub



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