

What Does ‘Green’ Mean for a Green Belt and Road?

WENTING CHENG

7.1 Introduction

China started its Belt and Road Initiative (BRI) in 2013. Over the last eight years, the BRI has been taken up by some 140 countries. The BRI was launched in 2013, has officially involved 146 countries as of March 2024,¹ and is a network focusing on connectivity.² This emphasis on connectivity includes not only constructing networks for physical inter-regional connections of transport, communications, and energy infrastructure, but also the emergence of intangible connections through policy co-[operation, information exchange, and deeper involvement by connecting non-state actors through project financing, project implementation, and operational management.

While the BRI will enhance the economic development of these countries, such an aspiration may also clash with sustainability goals. As the largest infrastructure and development project in human history, the BRI presents risks and opportunities for ecosystems, economies, and communities.³ This is because the major projects, in particular energy projects, have been a mixture of renewable energy projects as well as fossil fuel investment. In 2015, the countries along the Belt and Road (B&RCs), excluding China, constituted 23% of the world’s GDP, as well as 28% of the world’s greenhouse gas emissions.⁴ These data suggest that B&RCs may be locked into fossil fuel dependency for the coming decades.⁵ Moreover, upgrading transportation infrastructure in environmentally sensitive areas may also present risks for vulnerable ecosystems.⁶

It has also been pointed out that these challenges can be turned into opportunities for environmental stewardship if China and its partners develop the BRI within the framework

¹ C. Nedopil, Countries of the Belt and Road Initiative (BRI) (Shanghai, Green Finance & Development Center, FISF Fudan University, 2024). <https://greenfdc.org/countries-of-the-belt-and-road-initiative-bri>.

² H. Yu, Motivation behind China’s ‘One Belt, One Road’ initiatives and establishment of the Asian infrastructure investment bank. *Journal of Contemporary China* 2017, 26: 353.

³ A. C. Hughes, A. M. Lechner, A. Chitov, et al., Horizon scan of the Belt and Road Initiative. *Trends in Ecology and Evolution* 2020, 35: 583–593.

⁴ J. Ma and S. Zadek, Decarbonizing the Belt and Road: a green finance roadmap. 2019. www.vivideconomics.com/wp-content/uploads/2019/09/BRI_Exec_Summary_v13-screen_hi.pdf.

⁵ K. C. Seto, S. J. Davis, R. B. Mitchell, et al., Carbon lock-in: types, causes, and policy implications. *Annual Review of Environment and Resources* 2016, 41: 425–452.

⁶ A. C. Hughes, Understanding and minimizing environmental impacts of the Belt and Road Initiative. *Conservation Biology* 2019, 33: 883–894.

of strategic environmental and social assessments with high environmental standards.⁷ However, such a proposal for environmental stewardship can only stay as an ideal policy objective if no concrete measures are taken to implement it. There have been studies on the stringency of China's environmental policies along the BRI.⁸ However, things have evolved fast recently, in particular after China's domestic decarbonisation policy framework was established in 2021 (see Section 7.4). The latest domestic decarbonisation policies since 2020 indicate a reorientation of priorities and a new interpretation of what a green Belt and Road means for China and the world. This chapter critically examines 11 green Belt and Road policies relevant to the 'green' connotation from 2013, when the BRI was first proposed, to the latest policy in early 2022. It focuses on the questions of what 'green' means in China's green Belt and Road, how its priorities have evolved, and what sort of implementation measures have been put in place.

The term 'green' is an appealing term that is positively related to environmental benefits and improvement, and it has been used not only by China to build the green Belt and Road, but also by the European Union (EU) in the European Green Deal ('Green Deal'). Many countries have also issued various types of green industrial policies at the national level. Therefore, what 'green' means in these policies and guidelines needs to be contextualised. In most cases where a policy is framed as a 'green' policy, the imperative to address climate change is only one aspect of a broad positive environmental impact. In the Chinese context, there is a clear evolutionary trajectory for priorities as concerns the total of 11 green Belt and Road policies from 2013 to 2022. The following sections will analyse how the 'green' priority has evolved in this decade and relevant shortfalls by dividing them into three stages.

7.2 Environmental Protection Tangentially Mentioned in Belt and Road Initiative Policies (Stage I)

7.2.1 Guidelines for Environmental Protection in Overseas Investment and Cooperation

Environmental concerns emerged even before the BRI. In February 2013, the Chinese Ministry of Commerce and the Ministry of Environmental Protection released their *Guidelines for Environmental Protection in Overseas Investment and Co-operation*.⁹ Considering that BRI was only officially launched in late 2013, this policy did not refer to BRI. The purpose of the guidelines was to guide Chinese companies to raise awareness of environmental protection in foreign investment and co-operation and understand and abide by the host country's environmental protection policies and regulations.

These guidelines were issued mainly as a response to China's domestic call. First of all, the Twelfth Five-Year Plan for National Economic and Social Development called for companies to go global, with co-operation projects overseas fulfilling their social

⁷ F. Ascensão, L. Fahrig, A. P. Clevenger, et al., Environmental Challenges for the Belt and Road Initiative. *Nature Sustainability* 2018, 1: 206–209; Hughes et al., Horizon scan of the Belt and Road Initiative, p. 583.

⁸ Hughes, Understanding and minimizing environmental impacts, p. 883.

⁹ Ministry of Commerce and Ministry of Environmental Protection of China, Guidelines for Environmental Protection in Overseas Investment and Co-operation 《对外投资合作环境保护指南》. 2013. www.mofcom.gov.cn/article/b/bf/201302/20130200039930.shtml.

responsibilities and benefiting the local people. Moreover, the Eighteenth National Congress of the Communist Party of China set forth the ecological progress concept that underscores the need to respect, follow, and protect nature to contribute to global ecological security.¹⁰

Externally, these guidelines were issued to respond to some negative environmental impacts of the early overseas investment projects, for instance, the Burmese military government's suspension of its Myitsone Dam and related hydroelectric power project. The bilateral agreement on the hydropower project was concluded in 2009 with asymmetrical negotiation power between Naypyitaw and Beijing.¹¹ Entering into construction for more than one year, Burma's civil society took the political opportunity and started to oppose the dam because of social and environmental concerns.¹² Even with an estimated total cost of US\$3.6 billion,¹³ the state-owned enterprise China Power Investment Corporation did not choose to sue; instead, it engaged more closely with societal actors in Myanmar to seek their support. Given that the Myitsone project was unilaterally suspended by former President Thein Sein, the partial transition from military dictatorship to quasi-civilian semi-democracy in Burma brought more uncertainty and construction work remains shelved without any renegotiation after 10 years.¹⁴

Following Myitsone and other overseas investment projects, Article 5 of the Guidelines for Environmental Protection stipulated that Chinese enterprises shall understand and abide by the laws and regulations of the host country related to environmental protection. Article 8 of these Guidelines requires Chinese enterprises to be aware of environmental risks by carrying out environmental impact assessments of their development, construction, production, and operation activities, and to take reasonable measures to reduce possible adverse effects based on the results of the environmental impact assessment. Article 10 further requires Chinese enterprises to construct and operate pollution prevention facilities and carry out pollution prevention and control work, again following the requirements of the host country's environmental protection laws, regulations, and standards.

It is clear that the baseline of this guideline is the requirement of the laws and regulations of the host country. There are no additional requirements if the laws and regulations of the host country are not sufficient for environmental protection purposes. Several provisions in the guidelines indicate the environmental priorities that China would like its enterprises to abide by. These primarily refer to the control of pollutant discharge. For instance, Article 10 requires that the discharge of exhaust gas, wastewater, solid waste, or other pollutants comply with the host country's pollutant discharge standards. Article 16 also encourages taking clean production methods. However, it mainly focuses on recycling, reducing

¹⁰ Ministry of Commerce, Interpretation of the Guidance on Environmental Protection in Foreign Investment and Co-operation. 2013. <http://english.mofcom.gov.cn/article/policyrelease/Cocoon/201401/20140100453042.shtml>.

¹¹ D. S. W. Chan, Asymmetric bargaining between Myanmar and China in the Myitsone Dam controversy: social opposition akin to David's stone against Goliath. *Pacific Review* 2017, 30: 674–691.

¹² Notably, there are other interpretations that environmental impact was not the major cause for the suspension, but it was caused by the Chinese enterprise's anti-political and State-centric paradigm when facing foreign social worlds.

¹³ A. H. Tun, Myanmar shelves \$3.6 billion mega dam, officials say. Reuters. www.reuters.com/article/us-myanmar-dam-idUSTRE78T10H20110930.

¹⁴ R. Zhang, To suspend or not to suspend: a cost–benefit analysis of three Chinese mega-projects in Myanmar. *Pacific Review* 2021, 34: 946–972.

pollution from the source, and improving resource utilisation efficiency. Low-carbon development is only tangentially mentioned in Article 3 as a devolvement philosophy, without any substantive requirement attached to it.

7.2.2 Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road

Issued by the National Development and Reform Commission, Ministry of Foreign Affairs and Ministry of Commerce in March 2015, the *Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road* ('Belt and Road Vision 2015') is the overarching policy for the Belt and Road that states its background, principles, guidelines, and key areas of co-operation.¹⁵ In the Belt and Road Vision 2015, environment-related issues are only mentioned twice. Notably, the need to strengthen the green and low-carbon construction and operation of infrastructure is mentioned as part of BRI's concern on infrastructure connectivity. It proposes to highlight the concept of ecological civilisation in investment and trade, strengthen co-operation in ecological environment, biodiversity, and climate change, and jointly build a green silk road. While this was the first time where China has associated 'green' with the Belt and Road, no concrete action plan has been proposed to implement a green Belt and Road as a follow-up. As indicated by the goal of 'highlight[ing] the concept of ecological civilisation', how to build a green Belt and Road remains at a relatively abstract level to enable the BRI to gain more extensive support from external parties.

7.3 Building a Green Belt and Road (Stage II)

7.3.1 Guidance on Promoting a Green Belt and Road

In April 2017, four ministries associated with the State Council of China – the Ministry of Environmental Protection, the Ministry of Foreign Affairs, the National Development and Reform Commission, and the Ministry of Commerce – jointly issued their *Guidance on Promoting a Green Belt and Road*.¹⁶ This Guidance aims to establish exchanges and co-operation in ecological and environmental protection among BRI countries, improve risk prevention and service supports, build communication and dialogue, along with information support and industrial and technology co-operation platforms, as well as promote multi-channel co-operation among governments, enterprises promotion, and civil society.

This Guidance is a comprehensive agenda that sets a timeline for implementation. The focus on implementation is on enriching co-operative mechanisms and exchange platforms as well as eco-environmental protection projects. It aims to build pragmatic and efficient

¹⁵ National Development and Reform Commission, Ministry of Foreign Affairs and Ministry of Commerce of China, *Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road* 《推动共建“一带一路”的愿景与行动》. 2015. www.beltandroad.gov.hk/visionandactions.html.

¹⁶ Ministry of Environmental Protection, the Ministry of Foreign Affairs, the National Development and Reform Commission, and Ministry of Commerce of China, *Guidance on Promoting a Green Belt and Road* 《关于推进绿色“一带一路”建设的指导意见》. 2017. http://english.mec.gov.cn/Resources/Policies/policies/Frameworkp1/201706/t20170628_416864.shtml.

ecological and environmental protection co-operation and exchange systems, support and service platforms, and industrial technology co-operation in three to five years, and formulate and implement a series of ecological environmental risk prevention policies and measures. In 5–10 years, it is expected that comprehensive eco-environmental protection services and support systems will be established, some important eco-environmental protection projects implemented, and satisfactory outcomes achieved. In summary, while this Guidance was the starting point for China to incorporate environmental impact in its BRI projects, it seems that it did not clarify areas for substantive collaboration other than the exchange of information about environmental law and regulation. Arguably, environmental laws and standards are a salient issue area of domestic politics and are subject to the social, economic, and environmental circumstances of the B&RCs. The standards with which Chinese investors must comply are still low, as this Guidance advises Chinese enterprises to abide by international economic and trade rules and the host country's ecological and environmental protection laws, regulations and standards. As the environmental standards of host countries are typically low, negative environmental impacts have been produced by Chinese enterprises. In this context, the promotion of a green Belt and Road is considered more a process of greenwashing that aims to create a more preferable investment environment for Chinese enterprises rather than benefiting the local communities.¹⁷ Since the adoption of this guidance, the green Belt and Road has become a pillar to support the BRI agenda, and several policies have been issued either through collaboration of Chinese ministries or between Chinese institutions and their international counterparts.

7.3.2 Guiding Principles on Financing the Development of the Belt and Road

The Guidance was followed by the *Guiding Principles on Financing the Development of the Belt and Road*, which were issued in May 2017.¹⁸ As distinct from most of the policies discussed in this chapter, these guiding principles are not solely issued by the Chinese government, and thus, to an extent, they can be considered an outlier of Chinese policies. These principles were issued by Finance Ministers from Argentina, Belarus, Burma, Cambodia, Chile, China, Czechia, Ethiopia, Fiji, Georgia, Greece, Hungary, Indonesia, Iran, Kenya, Laos, Malaysia, Mongolia, Pakistan, Qatar, Russia, Serbia, Sudan, Switzerland, Thailand, Turkey, and non-B&RCs such as the United Kingdom. In this sense, this was not a solely Chinese policy, and the purpose of the principles is primarily to build an enabling financing system for the Belt and Road projects. Given their broad scope and membership, environmental issues were only tangentially mentioned in the Principles:

We underscore the need to strengthen social and environmental impact assessment and risk management of projects, improve cooperation on energy conservation and environmental protection, fulfil

¹⁷ T. Harlan, Green development or greenwashing? A political ecology perspective on China's green Belt and Road. *Eurasian Geography and Economics* 2020, 62: 202–226.

¹⁸ Finance Ministers of Argentina, Belarus, Cambodia, Chile, China, Czechia, Ethiopia, Fiji, Georgia, Greece, Hungary, Indonesia, Iran, Kenya, Laos, Malaysia, Mongolia, Myanmar, Pakistan, Qatar, Russia, Serbia, the Republic of the Sudan, Switzerland, Thailand, Turkey, and the United Kingdom, Guiding Principles on Financing the Development of the Belt and Road. 2017. <http://m.mof.gov.cn/czxw/201705/P020170515761133537061.pdf>.

social responsibilities, promote local employment and ensure sustainable economic and social development.

While the Principles take an inclusive perspective and associate environmental issues with social responsibility and sustainability, no substantive measures are directed towards implementing such sustainability-oriented action.

7.3.3 *Belt and Road Ecological and Environmental Protection Co-Operation Plan*

In June 2017, the Ministry of Environmental Protection issued the *Belt and Road Ecological and Environmental Protection Co-Operation Plan* ('Co-Operation Plan 2017').¹⁹ Whereas the word 'green' is highlighted here, the focus of the Co-Operation Plan is on ecological civilisation. For instance, the guiding principle states that a green Belt and Road needs to highlight the concept of ecological civilisation and green development, focus on the integration of ecological and environmental protection with social and economic development, and actively engage with relevant strategies and plans of B&RCs, and strengthen ecological and environmental protection policy dialogue. One specific implementation is to enhance the capacity for eco-environment protection and prevent eco-environment risk. The plan has identified four key areas of co-operation: (1) deepening co-operation on environmental pollution control, including prevention and control of air, water, and soil pollution; environmental management of solid waste; and comprehensive improvement of the rural environment; (2) promoting co-operation in ecological protection by establish a biodiversity database and information-sharing platform, actively carrying out demonstration projects for the construction of biodiversity conservation corridors in Southeast Asia, South Asia, and the Qinghai–Tibet Plateau; (3) strengthening nuclear and radiation safety co-operation by sharing the good practices of nuclear and radiation safety regulation, and actively participating in the construction of the international nuclear safety system; and (4) promoting co-operation in the implementation of environmental conventions, including the Convention on Biological Diversity and the Stockholm Convention on Persistent Organic Pollutants among the B&RCs, and building a co-operation mechanism for the implementation of environmental conventions through technological exchanges and South to South co-operation for implementation.

Although low-carbon and circular development is still not emphasised in the *Guidance on Promoting a Green Belt and Road*, in the Co-operation Plan 2017, key industries are nominated as the focus for future development. For instance, Chinese companies are encouraged to establish green brands with high-quality production capacities in railways, electricity, automobiles, telecommunications, renewable energy, steel, and other industries. This 'green' list is controversial – while renewable energy can contribute to climate mitigation, some of the listed projects can also be carbon emissions-intensive, such as

¹⁹ Ministry of Environmental Protection of China, *Belt and Road Ecological and Environmental Protection Co-operation Plan* 《“一带一路”生态环境保护合作规划》. 2017. www.scio.gov.cn/xwfbh/xwfbh/wqfbh/39595/40298/xgzc40304/Document/1652434/1652434.htm.

automobiles and transport. For electricity and steel-making, their climate impacts may depend on the process and production methods, and overseas coal-fired power stations have been the most criticised BRI investments. Without differentiating such impact, a holistic call for all these industries to build a 'green' brand can be an encouragement for greenwashing.

7.3.4 Vision for Maritime Cooperation under the Belt and Road Initiative

Still in June 2017, the National Development and Reform Commission and the State Oceanic Administration jointly issued the *Vision for Maritime Co-Operation under the Belt and Road Initiative* ('Maritime Silk Road Vision 2017'),²⁰ advancing green development as the priority for all co-operative development. As a way forward, China proposed that countries along the so-called Maritime Silk Road jointly undertake marine ecological conservation and provide high-quality marine ecological services to safeguard global marine ecological security. Specific actions to implement this green development priority include safeguarding marine ecosystem health and biodiversity, promoting the protection of the regional marine environment, strengthening co-operation in addressing climate change, and strengthening international blue carbon operation. It seems to be the first time that climate change has been prioritised in China's green development with a clear action plan. To strengthen the response to climate change in particular by small island States along the Road:

China is willing to support small island states in adapting to climate change, and to provide technical assistance in response to marine disasters, sea level rise, coastal erosion and marine ecosystem deterioration. Support will also be provided to the countries along the Road in conducting island and coastal surveys and assessments.

It was in 2017 that Chinese overseas investment peaked.²¹ Therefore, the context for the initiation of the green Belt and Road was a response to some ecological and environmental problems in the early projects such as the Myitsone Dam. When operationalising 'green' into action plans, the domestic policies of China have been the driving force. Most of the above policies issued at this stage still focus on implementing the philosophy of ecological civilisation and green development, with identified issue areas such as ecological and environmental protection, pollution and waste controls, and energy reservation, and China's technical assistance and marine survey support for small island and developing States in response to climate change as the only concrete climate-related actions.

Considering these policies were issued after the Paris Agreement, the green Belt and Road policies at this stage seem to be insufficient in response to climate change. The Paris Agreement and related decarbonisation goals are not mentioned in any of the documents.

²⁰ The National Development and Reform Commission, and the State Oceanic Administration of China, *Vision for Maritime Co-Operation under the Belt and Road Initiative*. 2017. http://english.www.gov.cn/archive/publications/2017/06/20/content_281475691873460.htm.

²¹ C. N. Wang, *China Belt and Road Initiative (BRI) Investment Report H1 2021*. 2021. https://greenfdc.org/wp-content/uploads/2021/07/21_07_22_BRI-Investment-Report-H1-2021.pdf.

There are no binding obligations created in these policies to guide investment and financing decisions by Chinese enterprises. While Chinese enterprises and entities were encouraged to seek co-operation to understand the ecological situation and relevant environmental protection in host countries and regions and conduct integrated environmental impact assessments, this advice was more to protect Chinese investment so that they could reasonably deploy co-operation projects at production capacity. Therefore, the green development agenda at this stage was criticised as 'mere window dressing, designed to improve China's international image'.²²

7.3.5 Green Investment Principles for the Belt and Road

Globally, green finance has been increasingly understood as a driving force for sustainability. Central banks and financial supervisors have taken an increasingly important role in deepening the understanding of climate risk as financial risk, as well as effectively safeguarding financial systems to phase out funding for old, 'brown' industries and phasing in the funding for a new green economy.²³ China has established its domestic green finance system and has made efforts to expand certain domestic practices along the Belt and Road.²⁴ The Green Investment Principles (GIPs) for the Belt and Road are an essential part of the Chinese efforts to green its BRI investment.²⁵ The GIPs were jointly initiated by the Green Finance Committee (GFC) of the China Society for Finance and Banking and the City of London's Green Finance Initiative (GFI) in November 2018. The GIPs consist of seven principles: (1) embedding sustainability into corporate governance; (2) understanding environmental, social and governance (ESG) risks; (3) disclosing environmental information; (4) enhancing communication with stakeholders; (5) utilising green financial instruments; (6) adopting green supply chain management; and (7) building capacity through collective action. As of November 2021, membership has expanded rapidly to cover 40 major financial institutions across Asia, Europe, the Middle East, and Africa, with a global asset volume totalling US\$49 trillion.²⁶

After initiation, three working groups were established to set standards to operationalise these principles, in the areas of environmental and climate risk assessment, environmental and climate information disclosure, and green financial product innovation. For instance, the working group for environmental and climate information disclosure (Principle 4) has conducted work on comparable indicators that can be adapted to local conditions, and procedures to encourage gradual disclosure.²⁷ It has been argued by the author elsewhere

²² J. Coenen, S. Bager, P. Meyfroidt, J. Newig, E. Challies, Environmental governance of China's Belt and Road Initiative. *Environmental Policy and Governance* 2021, 31: 3–17, at p. 11.

²³ N. Gunningham, A quiet revolution: central banks, financial regulators, and climate finance. *Sustainability (Switzerland)* 2020, 12: 9596.

²⁴ C. Nedopil, Green finance for soft power: an analysis of China's green policy signals and investments in the Belt and Road Initiative. *Environmental Policy and Governance* 2022, 32(2): 85–97.

²⁵ J. Ma and S. Zadek, Decarbonizing the Belt and Road: a green finance roadmap. 2019. www.vivideconomics.com/wp-content/uploads/2019/09/BRI_Exec_Summary_v13-screen_hi.pdf.

²⁶ GIP Steering Committee, Statement by the GIP Steering Committee in Support of COP26. 2021. <https://gipbr.net/Content.aspx?id=339&type=21&m=8>.

²⁷ GIP, Work Plan for GIP WG2 – Environmental & Climate Information Disclosure. 2020. <https://gipbr.net/upload/file/20200103/6371366753051636078225987.pdf>.

that the GIPs have a unique arrangement with two-dimensional networks, which enables China to influence investment decisions over many B&RCs indirectly through fund providers as key nodes to transition towards green investment.²⁸

7.4 Belt and Road Initiative Climate Policies after 2020 (Stage III)

Climate change is among the most significant existential threats to human beings in our time. A response to this threat requires a strong State to change the direction, speed, and scale of innovation in world capitalism, and China is among the most possible contenders to catalysing this governance of survival.²⁹ Indeed, the year 2020 witnessed China's enhanced commitment to decarbonisation. Chinese Paramount Leader Xi Jinping announced at the UN General Assembly in September 2020 that China would increase its nationally determined contribution, adopt stronger policies and measures, strive to reach peak carbon emissions before 2030, and strive to achieve carbon neutrality by 2060.³⁰ This significant statement represents a long-term ambition and priority for China, one of the largest carbon emitters in the world, to jointly address the global challenge of climate change with other jurisdictions. From the first half of 2021, Chinese BRI investment, for the first time in eight years, did not include any coal-fired energy projects. In September 2021, Chinese President Xi Jinping announced at the UN General Assembly debate that 'China will step up support for other developing countries in developing green and low-carbon energy, and not building new coal-fired power projects abroad.'³¹ Both announcements are the most significant decisions that China has made concerning its climate policies domestically and along the Belt and Road to date.

To reach carbon neutrality from the emissions peak, it is expected to take some 60 years for the EU and 45 years for the United States, while China is aiming to achieve carbon neutrality from its emissions peak in just 30 years. The substantial challenge of the short time frame between carbon peak and carbon neutrality goals within 30 years means China needs to take strong policy support and undertake significant efforts in the years to come.³² Xie's remarks were made in the context of China's preparation for a '1+N' policy framework to achieve national carbon targets. Specifically, the framework takes a coordinated approach to adopt a high-hierarchical *Working Guidance for Carbon Emissions Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy* ('Working Guidance 2020'),³³ the *Action Plan for Carbon Emissions Peaking*

²⁸ W. Cheng, The green investment principles: from a nodal governance perspective, *International Environmental Agreements: Politics, Law and Economics*, 2023, 23: 373–393. <https://doi.org/10.1007/s10784-023-09595-w>.

²⁹ P. Drahos, *Survival Governance: Energy and Climate in the Chinese Century* (Oxford University Press, 2021).

³⁰ J. Xi, Speech at the General Debate of the 75th Session of the United Nations General Assembly, CGTN, 2020. <https://news.cgtn.com/news/2020-09-23/Full-text-Xi-Jinping-s-speech-at-General-Debate-of-UNGA-U07X2dn8Ag/index.html>.

³¹ J. Xi, Statement at the General Debate of the 76th Session of the United Nations General Assembly, 2021. www.chinadaily.com.cn/a/202109/22/WS614a8126a310cdd39bc6a935.html.

³² Zhenhua Xie, Explanation of the Timetable and Roadmap for the "1+N" Policy System to Realize the Dual Carbon Goals 《解振华详解制定1+N政策体系作为实现双碳目标的时间表、路线图》, 2021. www.ncsc.org.cn/xwdt/gnxw/202107/t20210727_851433.shtml.

³³ Central Committee of the Communist Party of China and the State Council, *Working Guidance for Carbon Emissions Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy*, 2021. http://english.www.gov.cn/policies/latestreleases/202110/25/content_WS61760047c6d0df57f98e3c21.html.

before 2030 ('Action Plan 2030'),³⁴ and a series of policy measures in 10 major fields to accelerate climate transition and innovation. The overarching opinion was issued to set clear targets and division of responsibilities among central ministries and to help local governments to understand the hierarchy of the goal of carbon peak and carbon neutrality and compile their respective carbon emissions peaking plan before 2030. The major measures include: (1) optimising the structure of China's energy mix, and controlling and reducing the production and use of fossil energy such as coal; (2) promoting industrial optimisation and upgrading; (3) promoting energy-saving and low-carbon buildings and facilities; (4) building a green and low-carbon transportation system; (5) developing a circular economy; (6) promoting green and low-carbon technological innovation; (7) developing green finance; (8) introducing supporting economic policies and reform measures; (9) establishing and improving the carbon market and carbon pricing mechanism; and (10) encouraging and pursuing nature-based solutions. This structure was later consolidated by the Action Plan 2030 with minor changes. While a detailed discussion of the domestic Chinese policies for decarbonisation is beyond the scope of this article, these policies shape the domestic understanding of 'green' and underpin a series of green Belt and Road policies issued after 2020. In this '1+N' policy framework, climate policy along the Belt and Road is an important component. Policies to facilitate decarbonisation have been emphasised by overarching policies. For instance, working guidance has emphasised the need to accelerate the development of a green trade system, to promote the trading of green products that are high-quality, high value-added, and technologically advanced. It also proposed that China improve its export policies by strictly regulating exports of energy-intensive and high-emission products. Nonetheless, it is not yet clear how this export restriction will be implemented in reality.

The Action Plan 2020 has reiterated that China will adhere to the principle of common but differentiated responsibilities and respective capabilities as well as the principle of equity. China will uphold multilateralism, safeguard the UN-centred international system, and encourage all parties to fulfil both the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement. It will also take an active part in the negotiations on greenhouse gas emissions reduction in international aviation and shipping and strengthen co-operation with B&RCs on green infrastructure, green energy, and green finance. China is committed to making overseas projects more environmentally sustainable, developing a BRI energy partnership characterised by green development and inclusiveness, and expanding the export of new energy technology and products (per Sections 7.4.1 and 7.4.2).

7.4.1 Guidance to Promote Climate Investment and Finance

One important implementation of China's carbon emission peaking and carbon neutrality targets is through climate finance. In October 2020, the *Guidance to Promote Climate*

³⁴ State Council of China, *Action Plan for Carbon Emissions Peaking before 2030* 《关于印发2030年前碳达峰行动方案的通知》. 2021. www.gov.cn/zhengce/content/2021-10/26/content_5644984.htm.

Investment and Finance (Climate Finance Guidance, 2020) was jointly issued by six ministries.³⁵ This measure focuses on the role of investment and financing in response to climate change, encouraging financial institutions and institutional investors and enterprises to direct their investment to better support the targets of reducing carbon emission intensity, peaking carbon emissions, increasing the proportion of non-fossil energy, and measures such as increasing forest reserves. While it is essentially a domestic policy, there are elements of climate finance and investment for BRI projects. Given that most of the BRI's projects are funded by Chinese policy banks and Chinese commercial banks, establishing clear regulation domestically within China for Chinese banks and other financial institutions is essential before the host countries establish adequate regulation. Specifically, climate finance guidance issued in 2021 has called for practical co-operation on climate finance at the bilateral and multilateral levels, promoting projects to mitigate and adapt to climate change overseas. It also promotes Chinese financial institutions and enterprises to take their social corporate responsibility and prevent and respond to climate risk.

7.4.2 Guidelines for the Green Development of Foreign Investment and Co-Operation

On 15 July 2021, the Ministry of Commerce and the Ministry of Ecology and Environment jointly issued the *Guidelines for the Green Development of Foreign Investment and Co-operation* ('Green Development Guidelines 2021').³⁶ These guidelines were copied to China's major financial institutions for reference – including the China Development Bank, the Export–Import Bank of China, and the China Export and Credit Insurance Corporation. The Guidelines focus on green development, stating that practising the concept of green development in foreign investment and co-operation will support improving the quality of domestic and international dual circulation,³⁷ support open development, and support a favourable position for China in its international co-operation and competition. The general requirement of these Green Development Guidelines 2021 is to enhance the efficiency of resource use, strictly protect the environment, and effectively control carbon emissions. The last point, effective emissions control, is the new message sent to the enterprises engaging in foreign investment and co-operation – the previous policies only called for general co-operation in climate policy between China and the B&RCs. These Green Development Guidelines were issued before Xi announced China's withdrawal from investment in coal-fired power projects. China's investment in coal-fired power projects dropped to zero in the first half of 2021. Putting these together, one could observe a serious

³⁵ Ministry of Ecology and Environment, National Development and Reform Commission, People's Bank of China, China Banking and Insurance Regulatory Commission, and China Securities Regulatory Commission Ministry of Commerce and Ministry of Ecology and Environment of China, *Guidance to Promote Climate Investment and Finance* 《关于促进应对气候变化投融资的指导意见》(2020). www.mee.gov.cn/xxgk/xxgk03/202010/t20201026_804792.html.

³⁶ Ministry of Commerce and the Ministry of Ecology and Environment, *Guidelines for the Green Development of Foreign Investment and Co-operation* 《对外投资合作绿色发展工作指引》. 2021. <http://images.mofcom.gov.cn/hzs/202107/20210716144040753.pdf>.

³⁷ China's Dual Circulation Development Paradigm is to 'shift the focus from foreign to domestic circulation as the major driving force for China's sustainable development, and to emphasize the importance of a positive reciprocal relationship between domestic and international economic circulations'. See J. Y. Lin and X. Wang, Dual circulation: a new structural economics view of development. *Journal of Chinese Economic and Business Studies* 2022, 20: 303–322.

commitment of China to phasing out its investment in coal-fired power projects along the BRI from the beginning of 2021 both in policy and in practice.

In general, the Green Development Guidelines have encouraged green development, including encouraging enterprises to carry out overseas green investment, green construction, green operation, and green innovation, and supporting foreign investment in clean energy fields such as solar energy and wind energy. The focus of this article is on the environmental standards that Chinese enterprises and financial institutions have to abide by. In this respect, enterprises are encouraged to actively fulfil their environmental protection responsibilities and are required to abide by the laws and regulations of the host country. At the project planning stage, enterprises are encouraged to carry out an environmental assessment and due diligence of outbound investment projects following international common standards to identify potential environmental risks. In particular:

Enterprises are encouraged to take reasonable and necessary measures to reduce or mitigate the adverse ecological and environmental impacts that may be caused by investment cooperation in accordance with the requirements of the laws and regulations of the host country. For adverse impacts on biodiversity, environmental protection and restoration shall be done in accordance with the law or international practices . . . Formulate emergency response plans for environmental accidents and emergencies. If the host country does not have relevant laws and regulations, or their environmental protection standards are too low, enterprises are encouraged to adopt the common standards of international organisations or multilateral institutions or Chinese standards to carry out investment cooperation activities.

This is the first time that the Chinese government has clearly referred to Chinese and international standards to address environmental impacts. It is a clear signal from China to guide its enterprises engaging in foreign investment to adhere to more stringent environmental standards. Nonetheless, there is a lack of prescriptiveness in the quoted provision, as enterprises are encouraged but are not required to apply the higher standards. Therefore, there is a question of implementation when there is no penalty where enterprises do not follow the guidelines. Nonetheless, should such willingness of the Chinese leadership to align its foreign investments to more stringent environmental standards (either Chinese standards or common international practice) instead of the host country standards be consolidated into binding requirements, it will represent a significant advancement in international law. Industrialised countries investing overseas have long been motivated by the pollution haven hypothesis, where industrial economies have taken advantage of lower host-country environmental standards to relocate dirty industry sectors (mainly raw materials processing and energy production) to developing countries or to change the global division of labour to reduce their ecological burden.³⁸ This has been supported by empirical evidence – the amount of EU energy-intensive trade with poorer countries increased during the period with more stringent EU environmental standards.³⁹

³⁸ M. Mani, D. Wheeler, In search of pollution havens? Dirty industry in the world economy, 1960 to 1995. *Journal of Environment and Development* 1998, 7(3): 215–247.

³⁹ L. A. Cave, G. C. Blomquist, Environmental policy in the European Union: fostering the development of pollution havens? *Ecological Economics* 2008, 65: 253–261.

As discussed elsewhere in this volume,⁴⁰ international investment law and practices to support sustainable development have been a fast-evolving area. Based on the UNFCCC and Energy Charter Treaty, there is an emerging body of international law and practices, including the Model Treaty for Climate Change Mitigation and Adaptation (TSICCM) and the Green Investment Protocol. This opens an opportunity for the States of the world, in particular, countries hosting investment to align with more stringent standards.

Nonetheless, alignment to the domestic law of the investors' home country or emerging international practice has not yet been adopted as the binding obligation of any State. Even the EU, the world's leader in environmental and climate regulation,⁴¹ has not yet been so ambitious in applying its environmental standards to its trade or investment partners. What one can find in EU free-trade agreements (FTAs) is only a 'non-lowering' provision. For instance, Article 1.1. of the EU–Republic of Korea FTA provides that the parties 'promote foreign direct investment without lowering or reducing environmental, labour or occupational health and safety standards in the application and enforcement of environmental and labour laws of the Parties'.⁴² Very few countries regulate outbound investment by imposing their own higher environmental standards on the host country. This also questions how China could meaningfully implement the quoted provision as hard law. Furthermore, although the 'personal jurisdiction' approach by this rule to regulate Chinese enterprises operating overseas can be an efficient way to internalise the environmental costs of the investment activities, it is not an effective way to ultimately address the environmental issue from the perspective of host countries. If the environmental standards of the host country are not enhanced, there is a chance that the effect of Chinese enterprises abiding by higher environmental standards and thus bearing higher costs of projects are replaced by investors from other countries that can fill the gap. For instance, it is reported that when the Industrial and Commercial Bank of China and China Minsheng Banking Corporation withdrew from financing a coal-fired power plant, the Sengwa power plant in Zimbabwe following Xi's announcement,⁴³ RioZim, one of Zimbabwe's biggest mining and energy companies, turned to soliciting alternative banks to fund the project.⁴⁴

In addition to encouraging Chinese enterprises to calibrate to higher Chinese law or international law and standards, it is also recommended to strengthen the major responsibility of overseas enterprises for environmental protection through provisions such as improving the company's environmental management system (Article 4), reporting ecological and environmental protection information (Article 22), and strengthening communication with local communities (Article 23).

⁴⁰ See Chapter 10 on investment by Quirico.

⁴¹ A. Bradford, The Brussels effect. *Northwestern University Law Review* 2012, 107: 1.

⁴² Free Trade Agreement between the European Union and Its Member States, of the One Part, and the Republic of Korea, of the Other Part, 2011 OJ L 127/1. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2011:127:FULL&from=EN>.

⁴³ J. Xi, Statement at the General Debate of the 76th Session of the United Nations General Assembly. 2021. www.chinadaily.com.cn/a/202109/22/WS614a8126a310edd39b6a935.html.

⁴⁴ N. Banya, H. Reid, In Zimbabwe, coal power project seeks other backing after China's U-turn. Reuters. 2022. www.reuters.com/business/energy/zimbabwe-coal-power-project-seeks-other-backing-after-chinas-u-turn-2022-03-30.

7.4.3 Guidance for Ecological Environmental Protection of Foreign Investment Co-Operation and Construction Projects

In January 2022, the Ministry of Commerce and the Ministry of Ecology and Environment again jointly issued the Guidance for Ecological Environmental Protection of Foreign Investment Co-Operation and Construction Projects ('Environmental Protection Guidance 2022').⁴⁵ This can be seen as an update of the very environmental protection guidelines for overseas investment in 2013. However, given the very short time interval between these guidelines and the Green Development Guidelines 2021, it is necessary to highlight some key differences. The Green Development Guidelines 2021 outline a more abstract policy. They emphasise green development as a philosophy to follow and have identified 10 priorities to work with. Nonetheless, the Green Development Guidelines 2021 do not go further to advise how relevant recommendations can be implemented. By contrast, the Environmental Protection Guidance 2022 offers more practical and specific advice for enterprises engaging in foreign investment. Following the life cycle of project management, it offers guidance for environmental and ecological protection at each stage of projects, including project planning, implementation, operation, and sunset. For instance, after the project, it advises enterprises to abide by the law or international practices to protect the environment for equipment retirement, demolition, and closure. In addition, the Environmental Protection Guidance 2022 puts forward specific regulations on ecological environmental protection for industries such as energy, petrochemicals, mining, and transportation infrastructure.

Regarding energy projects, the guidance prioritises renewable energy projects over fossil fuel-based projects. When implementing water conservancy and hydropower projects, it advises the implementer to avoid occupying nature reserves and important biological habitats, take reasonable measures to protect aquatic organisms and wildlife, and carry out ecological flow discharge. For petrochemical projects, it suggests strengthening the construction and operation and maintenance of pollution control facilities, controlling pollutant and greenhouse gas emissions, and strengthening environmental risk prevention and control. Regarding mining projects, it recommends controlling the discharge of heavy metals and other pollutants, strengthening the comprehensive utilisation of solid waste, strengthening and preventing seepage of solid waste in storage sites, reducing ecological damage and land occupation, and carrying out ecological restoration and biodiversity protection, among other things. Lastly, for transportation infrastructure projects, consideration ought to be given to reasonable route selection and site selection, and mitigation or compensation measures (such as harmless crossing and the construction of wildlife passages). These four industries are the most important for the BRI investment, accounting for 70% of the total value of BRI projects globally.⁴⁶ They are also the most imperative to be

⁴⁵ Ministry of Commerce, and Ministry of Ecology and Environment, Guidance for Ecological Environmental Protection of Foreign Investment Co-Operation and Construction Projects 《对外投资合作建设项目生态环境保护指南》. 2022. www.mee.gov.cn/xxgk2018/xxgk05/202201/t20220110_966571.html.

⁴⁶ C. Nedopil, D. De Boer, D. Fan, Understanding China's latest guidelines for greening the Belt and Road. China Dialogue. 2022. <https://chinadialogue.net/en/business/understanding-chinas-latest-guidelines-for-greening-the-belt-and-road>.

addressed for their climate and environmental impact, and the Environmental Protection Guidance 2022 does provide more concrete advice for the projects to consider.

Also, among all issues related to environmental and ecological protection, the Environmental Protection Guidance 2022 emphasises response to climate change and the protection of biodiversity. It also reiterates the encouragement of applying higher Chinese or international law and standards when the host countries do not have these standards in place.

7.4.4 Opinions on Jointly Promoting the Green Development of the Belt and Road Initiative

In March 2022, the National Development and Reform Commission, the Ministry of Foreign Affairs, the Ministry of Ecology and Environment, and the Ministry of Commerce issued the *Opinions on Jointly Promoting the Green Development of the Belt and Road Initiative* ('Green Belt and Road Opinions 2022').⁴⁷ At the time of writing, this reflected the latest Chinese policy position on promoting the green development of the Belt and Road. It is also the Chinese policy most explicitly mandating obligations for Chinese enterprises to address climate change, including stopping building new coal-fired power projects. In the Chinese policy context, such 'opinions' are more prescriptive than 'guidelines'. In this specific case, the policy is issued to a broad range of local regulators, central financial and transport regulators, including the leading groups to promote Belt and Road construction in all provinces, autonomous regions, municipalities directly under the Central Government, together with members of these leading groups – namely, the China Banking and Insurance Regulatory Commission, the China Securities Regulatory Commission, the Railway Administration, and the Civil Aviation Administration. Chinese enterprises can choose to what extent they would follow the Green Development Guidelines (2021) and the Environmental Protection Guidance (2022). By contrast, the above recipients of the opinions do not have a choice – they must implement the Green Belt and Road Opinions 2022. Therefore, the Green Belt and Road Opinions 2022 are more authoritative and are mandatory in nature. Another difference is that while the Green Development Guidelines (2021) and the Environmental Protection Guidance (2022) aim to regulate Chinese enterprises operating overseas (including but not limited to the B&RCs), the Green Belt and Road Opinions, by its name, is a BRI-centred policy.

In addition to hierarchy and targets of regulation, there are several differences between the Green Belt and Road Opinions as compared with the previous two policies. First, they set a target for the construction of a green Belt and Road. Specifically, by 2025, international exchanges and co-operation along the Belt and Road on ecological and environmental protection and climate change will have deepened; the concept of the Green Silk Road will have been recognised by all parties; solid progress will have been made in pragmatic

⁴⁷ National Development and Reform Commission, Ministry of Foreign Affairs, Ministry of Ecology and Environment, and Ministry of Commerce of China, *Opinions on Jointly Promoting the Green Development of the Belt and Road Initiative* 《关于推进共建“一带一路”绿色发展的意见》. 2022. www.ndrc.gov.cn/xgk/zcfb/tz/202203/t20220328_1320629.html?code=&state=123.

co-operation in green infrastructure, green energy, green transportation, green finance, and other fields; the leading role of demonstration projects will have become more obvious; and the environmental risk prevention capability of overseas projects will have been significantly improved. By 2030, it is expected that the green development capabilities of 'going out' enterprises will have been significantly enhanced, the environmental risk prevention and control system for overseas projects will have been improved, and the structure of green development for Belt and Road will have been basically formed. It is fair to say that these targets are more of China's vision of the Green Belt and Road, not a shared vision with the B&RCs. For instance, it has long been recognised that the poor and the marginalised disproportionately suffer detrimental environmental impacts of investment, especially when there is poor host country governance.⁴⁸ There are significant issues of transitional justice in implementing the Green Belt and Road. For instance, in the case of those Chinese banks that pulled out of financing Zimbabwe's coal-fired power stations, the Zimbabwean government spokesman says the government has the right to exploit its coal resources if needed. Less than half of the population in that country has access to electricity. Coal-fired power stations could help Zimbabwe's government address chronic electricity shortages and create crucial jobs.⁴⁹ In this context, it is not sufficient for China to only prioritise renewable energy over fossil fuels; there needs to be a safeguard mechanism to support the affordability by local communities of such renewable energy. These need joint efforts between China and the host country.

The most concrete message from the Green Belt and Road Opinions 2022 is to institutionalise Xi's announcement of stopping building new coal-fired power stations overseas in 2021.

The construction of new overseas coal-fired power projects [must] be completely stopped. We will cautiously proceed overseas coal power projects that are already under construction and promote the green and low-carbon development of overseas coal power projects that have already been built – encouraging relevant enterprises to strengthen the clean and efficient utilisation of coal, adopt advanced technologies such as high-efficiency desulfurisation, denitrification, dust removal, and carbon capture, utilisation and storage, and upgrade energy-saving and environmental protection facilities.⁵⁰

This paragraph has clarified China's commitment to phasing out coal-fired power projects. Specifically, the time frame for a 'new' project is one where the construction has not yet started. Projects under construction will cautiously proceed. Cases of China quitting new coal-fired power stations have been reported in countries like Zimbabwe, Bangladesh,⁵¹ and Bosnia and Herzegovina.⁵² In addition, the biggest Chinese financier for Belt and Road

⁴⁸ N. Mabey, R. McNally, *Foreign Direct Investment and the Environment: From Pollution Havens to Sustainable Development* (OECD, 1999). www.oecd.org/investment/mne/2089912.pdf.

⁴⁹ Banya and Reid, In Zimbabwe, coal power project seeks other backing after China's U-turn.

⁵⁰ National Development and Reform Commission, Ministry of Foreign Affairs, Ministry of Ecology and Environment, and Ministry of Commerce of China, *Opinions on Jointly Promoting the Green Development of the Belt and Road Initiative* 《关于推进共建“一带一路”绿色发展的意见》. 2022, paragraph 14. www.ndrc.gov.cn/xxgk/zcfb/tz/202203/t20220328_1320629.html?code=&state=123.

⁵¹ C. Shepherd, China turns its back on Bangladesh BRI coal projects. *Financial Times*. 2021.

⁵² Just Finance International, NGOs hail Chinese banks' exit from Bosnia's controversial Ugljevik III coal plant project. 2022. <https://justfinanceinternational.org/2022/01/18/ngos-hail-chinese-banks-exit-from-bosnias-controversial-ugljjevik-iii-coal-plant-project>.

projects, the Export–Import Bank of China, has backed the decision of stopping financing for new overseas coal power projects.⁵³

One important feature of the Green Belt and Road Opinions 2022 is that they explicitly mention the need to strengthen co-operation in addressing climate change. Specifically, it is stipulated that efforts should be made by all parties to promote the full implementation of the UNFCCC and the Paris Agreement. In order to do so, China will actively seek the ‘greatest common divisor’ to address climate change with B&RCs. It will continue to implement the existing mechanisms including the Belt and Road South–South Co-Operation Plan on Climate Change, promote the construction of low-carbon demonstration zones and climate change mitigation and adaptation projects, provide material assistance to address climate change, and help B&RCs to improve their capacity to respond to climate change. It is the first time that the Paris Agreement has been explicitly referred to in a green Belt and Road policy and several aspects are relevant to the interpretation of the commitment. First, considering the temperature targets, aligning with the Paris Agreement could mean that projects in the BRI should be selected and designed consistent with keeping the warming of our planet well under 2°C by the end of this century.⁵⁴ Second, aligning with the Paris Agreement also means that Chinese enterprises should consider the transitional risk, in particular when the host country will introduce regulations to guarantee achievement of their own nationally determined contribution under the Paris Agreement. Third, when evaluating China’s specific announcement to stop building new coal-fired power projects against its broader (nominal) commitment to the Paris Agreement, this indicates that China’s willingness to decarbonise the Belt and Road goes beyond coal-fired power stations and can be extended to other types of fossil fuel energies and high-emission projects.

In summary, policies issued after China’s announcement of its climate targets in 2020 as well as the establishment of the domestic policy systems to implement these objectives have contributed to shaping China’s understanding of a green Belt and Road. Policies issued at this stage have all prioritised climate policies as the most important part of the green Belt and Road.

7.5 Conclusion

This chapter has analysed Chinese policies related to building a ‘green’ Belt and Road, with the focus on the evolving meaning of ‘green’ manifested in these policies. It finds that in the early stages of the Belt and Road (2013–2017), environmental issues were only tangentially mentioned in relevant Belt and Road policies. Starting in 2017, China began to explicitly promote the concept of the ‘green’ Belt and Road. However, policies at that stage still focus on interpreting ‘green’ as an extension of building ecological civilisation and promoting the practices of implementing the philosophy of green development beyond China and focusing

⁵³ L. Liu, China Exim says bank no longer finances new overseas coal power projects and remains committed to supporting emission reduction upgrades for completed projects. Business & Human rights Resource Centre. 2022. www.business-humanrights.org/en/latest-news/china-exim-says-bank-no-longer-finances-new-overseas-coal-power-projects-and-remains-committed-to-supporting-emission-reduction-upgrades-for-completed-projects.

⁵⁴ Nedopil et al., Understanding China’s latest guidelines.

on areas of exchange of regulatory information, enhancing environmental protection, controlling pollution and waste, and conserving biodiversity. The major change in policy direction started with China's announcement of its carbon neutrality and carbon emissions peaking targets in 2020, and its decision to stop financing new coal-fired power projects in 2021. In addition to basically declaring the importance of the response to climate change, policies at this stage, in the form of guidance for overseas enterprises and mandates to domestic regulators, focus on the operationalisation of China's positions. Concrete proposals have thus been made for key emission-intensive and toxicity-intensive industries, for the entire life cycle of project management, and in the form of mandating Chinese banks and enterprises quitting new coal-fired power projects.

Two issues of China's green Belt and Road policy discussed in this chapter may benefit from further research in the future. The first is the position of China on encouraging Chinese enterprises operating overseas to abide by higher Chinese or international environmental laws and standards if the host country does not have the relevant standards in place. This position was reiterated in the most recent policies (Green Development Guidelines 2021; Environmental Protection Guidance 2022; Green Belt and Road Opinions 2022). International investment law so far has not yet established any practices that a country imposes its domestic environmental standards on outbound investment and EU bilateral treaties only include a requirement of 'non-lowering' *vis-à-vis* existing environmental standards. The remaining question is whether and how China will turn such encouragement into legal obligations. If Chinese financiers and enterprises do follow the guidelines, how to guarantee that gains from climate mitigation are safeguarded for a project is the next problem to solve. Otherwise, alternative financing sources would be sought to continue the traditional high-emission pathway, as in the Zimbabwe case.

Second, it is understandable that most Chinese policy objectives for building a green Belt and Road reflect a projection of its domestic politics. In particular, Chinese domestic climate commitment since 2020 has brought significant changes both in its position on prioritising climate policy in greening the Belt and Road and China's exit from financing new coal-fired power stations overseas. There are still drawbacks to such an approach when it comes to setting a target for a green Belt and Road. The Green Belt and Road Opinions 2022 set the green Belt and Road targets in 2025 and 2030 as a projection of domestic climate targets. There are significant similarities between the framing of such objectives and the objectives in the '1+N' policy framework. However, given that the green Belt and Road also needs joint efforts from the B&RCs, a genuine understanding of the challenges facing climate change are needed, especially by the least-developed countries, the small island States, and the vulnerable communities in these countries, including their concerns and struggles about electricity shortage, employment opportunities associated with high-emissions industries, the imperative of fighting against poverty, and the capacity to respond to climate change. Based on these understandings, more inclusive and transitional justice-oriented targets could then lead to deeper co-operation between China and the B&RCs to build a green Belt and Road and align it with the targets set in the Paris Agreement.