

China-ASEAN Green Cooperation in Belt and Road Initiative

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Four things we know about BRI

1. Xi's geopolitical vision in Eurasia

- China has developed a new foreign policy concept with strong geo-economic dimensions as a response to global economy slowdown
- Essentially a regional integration of Eurasia to achieve mutual benefit and prosperity of the region.
- It involves huge investments and plenty of projects related to energy. Expansion of energy cooperation in BRI will define the future of Asian energy geopolitics.
- BRI foresees turning Asian energy cooperation into more of a regional and multilateral engagement strategy.
- **Energy investment is a key aspect in BRI**

Investments Along China's Belt and Road Initiative



116 PROJECTS REPRESENTED AS OF SEPTEMBER 1, 2015

TOTAL INVESTMENT
\$225 billion

INVESTMENT CATEGORIES (click to filter)

FINANCE



ENERGY



TRANSPORTATION



HEAVY INDUSTRY



CONSTRUCTION



COMMUNICATIONS



POLITICAL AGREEMENT



Investments Along China's Belt and Road Initiative



116 PROJECTS REPRESENTED AS OF SEPTEMBER 1, 2015

TOTAL INVESTMENT
\$89 billion

INVESTMENT CATEGORIES (click to filter)



	A	B	C	D	E	F	G	H
135	China-Egypt TEDA Suez Economic and Trade Cooperation Zone	industrial park	started in 2008	93.42 million US\$	Egypt	Gulf of Suez Northwest Economic Zone	TEDA Investment Holding co., LTD	
136	Laos Vientiane Saysettha Comprehensive Development Project	industrial park	started in 2010		Laos	Vientiane	Yunnan Overseas Investment Co., Ltd.	
137	Zambia-China Economic & Trade Cooperation Zone	industrial park	Inaugurated in 2007	overall infrastructure investment accumulates over 140 US\$	Zambia		China Nonferrous Metal Mining (Group) Co., Ltd	
138	Pakistan Haier-Ruba Economic Zone	industrial park	Inaugurated in 2006		Pakistan	Lahore	Haier Group	
139	Long Jiang Industrial Park (LJIP)	industrial park	started in 2008	105 million US\$	Vietnam	Tan Phuoc District, Tien Giang province	Tien Giang Investment Management Limited	
140	Uzbekistan Pengsheng Industrial Park	industrial park	Inaugurated in 2009	90 million US\$	Uzbekistan	Syr Darya states	Jinsheng Trading Company Ltd.	
141		industrial park	Inaugurated in 2011	planned overall investment: 3 billion US\$	Hungary	Kazincbarcika, Borsod State	Wanhua Group	
142	中匈宝思德经贸合作区	产业园	2011启动	规划总投资约30亿美元	匈牙利	包尔绍德州卡辛茨巴茨卡市	烟台新益投资有限公司	
143	PT.kawasan industry terpadu Indonesia	industrial park	won bid in 2007		Indonesia	Djakarta	Guangxi State Farms Group Company Limited	
144	Indonesia Morowali Industrial Park	industrial park	set up in 2013		Indonesia	Bahodopi,Morowali,Central Sulawesi	Shanghai Decent Investment (Group) CO.,LTD	
145	China-Indonesia JuLong Agricultural Industry Cooperation Zone	industrial park	Inaugurated in 2015	1.245 billion US\$	Indonesia		Tianjin Julong Group	
146	purchase 54.64% shareholdings of Brazil CPFL Company	energy	2017		Brazil		State Grid Corporation of China	
147	Cambodia Sihanoukville Special Economic Zone	industrial park	signed in 2010		Cambodia	Sihanoukville	Jiangsu Taihu Cambodia International Economic Cooperation Investment Co., Ltd	
148	Hinkley Point C Nuclear Power Project	energy	signed in2016		UK		China General Nuclear Power Group	
149	purchase Swiss Syngenta	agriculture	2016	149 million US\$	Swiss		China National Chemical Corporation	
150	Pakistan Port Qasim power project	energy	Inaugurated in 2013		Pakistan		Power Construction Corporation of China	



Key aspects in energy cooperation

The energy investment in BRI is reflected in the following four interconnections

1. Infrastructure Construction
2. Industry Chain / Integration.
3. Financial System
4. Sustainable development & climate / green finance
5. Regional Cooperation & Multilateral Governance

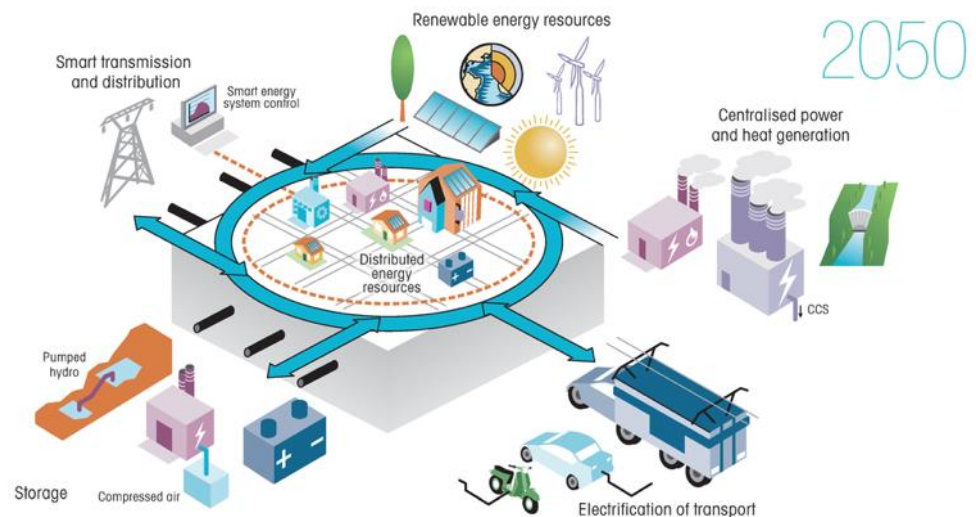


1. Infrastructure

- BRI priorities infrastructure, especially energy ones
- Oil and gas pipelines, refineries, power transmission corridors, solar panel, roads and ports connected to energy facilities
- project proposal looks more attractive if it includes ports
- Let Chinese companies do the construction
- Energy investment is not just about energy facilities
- It also includes roads and ports
- Investment is in a package of infrastructure
- **In ASEAN countries, demand of infrastructures (power plants..)**

2. Industry Chain / Integration

- Extend, diversify and integrate the value chain
- Chinese enterprises are encouraged to adopt various practices, including direct investment, mergers and acquisitions, public-private partnerships (PPP), and EPCs.
- Promote related industry: fertilizers, road, ports
- Regional markets → Free trade area, → Intl' geostrategic partnerships.
- **In ASEAN, the opportunity of related industries (ports agricultural...)**



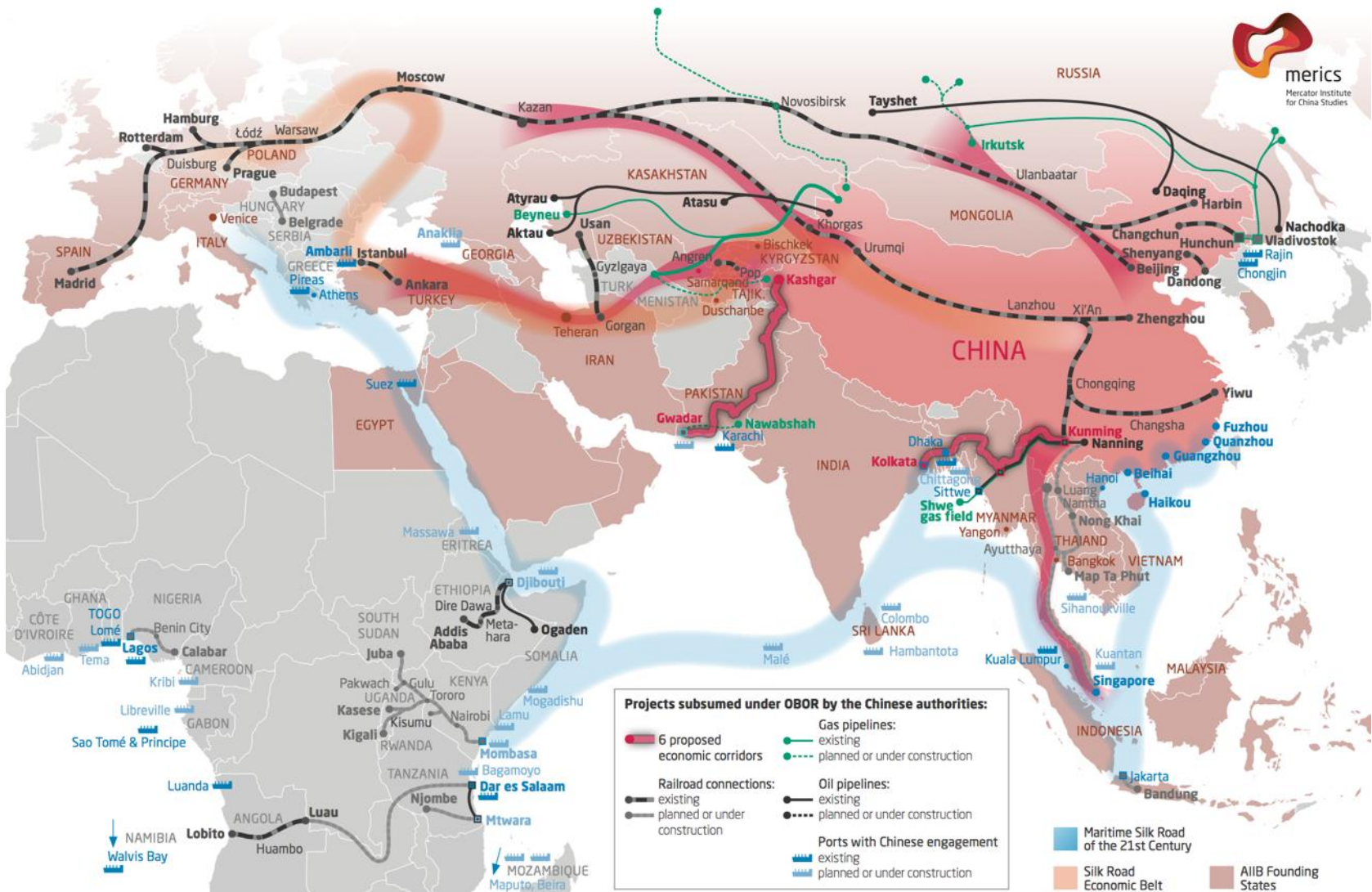
3. Financial System

- China “will enhance the involvement of financial institutions in the lifecycle of energy cooperation projects.”
- Projects > Fund > Companies with no money has to get the loan
- Chinese financial institutions are at the center of BRI and have financed a wide range of Chinese infrastructural investment overseas
 - Funds are loans from CDB, AIIB, SRF, etc
- Combine infrastructural development policies with commercial strategy
- Raise the scale of RMB use in oil and gas trade
- In ASEAN, the opportunity of transaction hubs

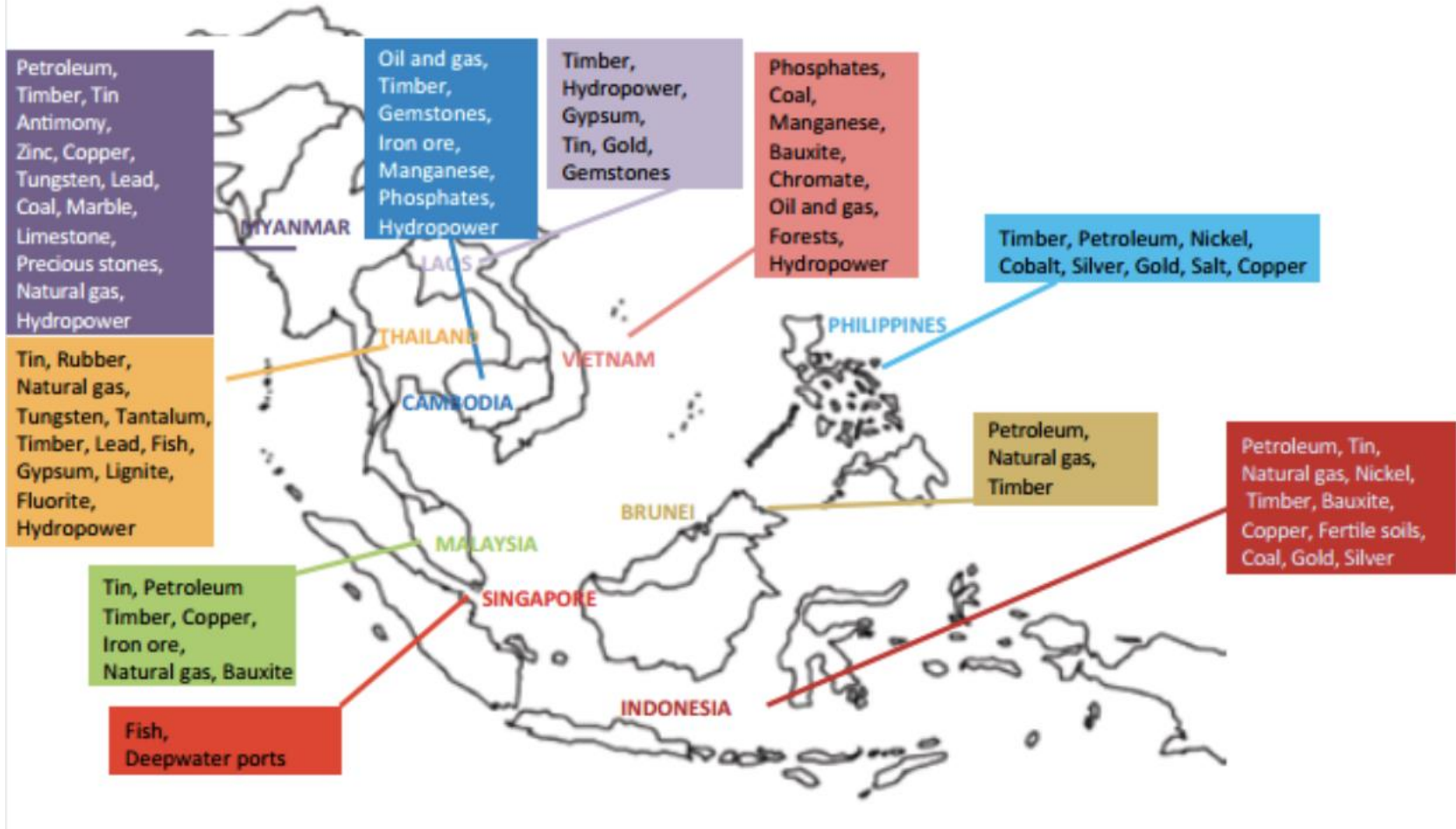
4. Sustainable development and climate finance

- The Chinese government claims that BRI is green and efficient.
- Paris Agreement + BRI = green investment in BRI
 - BRI energy cooperation has to “attach great importance to the issue of environmental protection in the process of energy development, and strive to encourage the efficient development and utilization of clean energy.”
 - China claims that it “will strictly control the emission of pollutants and greenhouse gases, raise energy efficiency and contribute to green and efficient development in all countries [that participate in BRI].”
- This implies that certain environmental conditions might be included
 - AIIB \leftrightarrow coal power investment?
- South-South Cooperation Fund on Climate Change with US\$3.1 billion
- Green / climate finance is a relatively new concept for China.
- A number of Chinese banks are still financing the expanding coal-fired power industry overseas.
- **In ASEAN, cooperation between developing countries in sustainable networks**

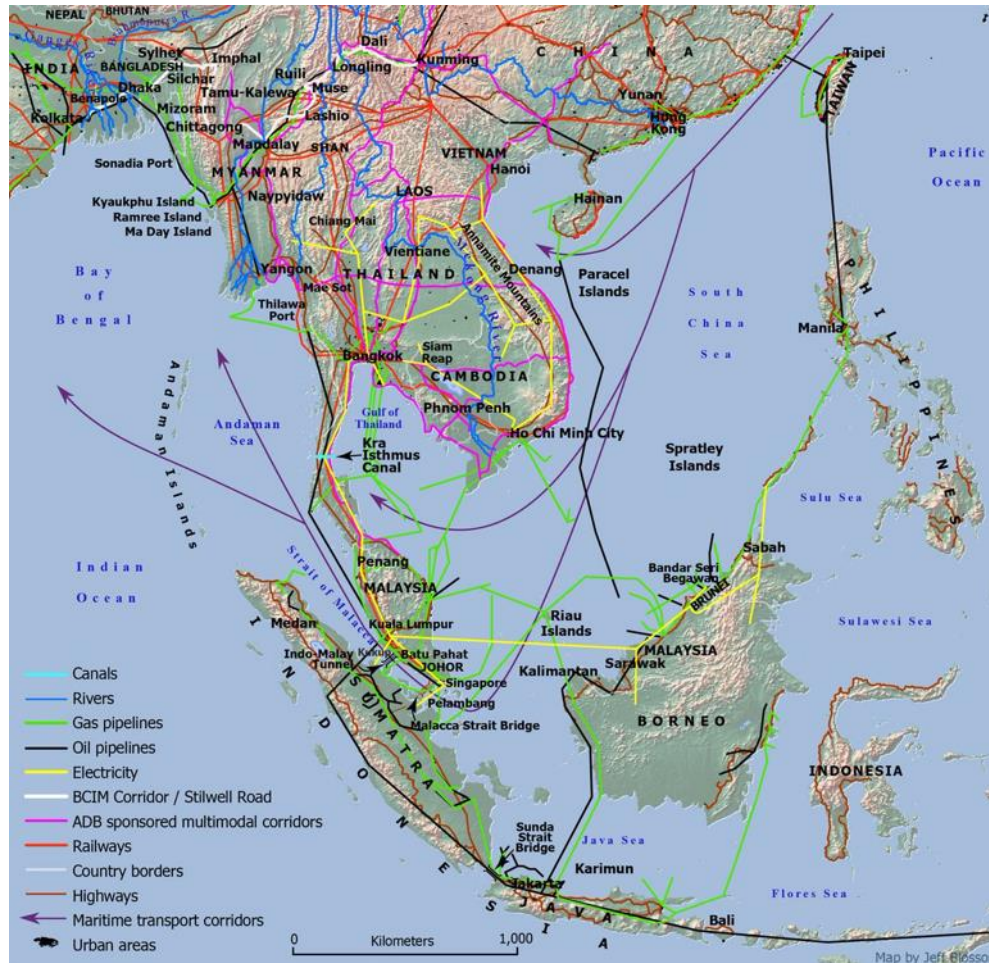
A pan Eurasian energy infrastructure network



ASEAN-China green cooperation in BRI = Infrastructure integration + Sustainable development

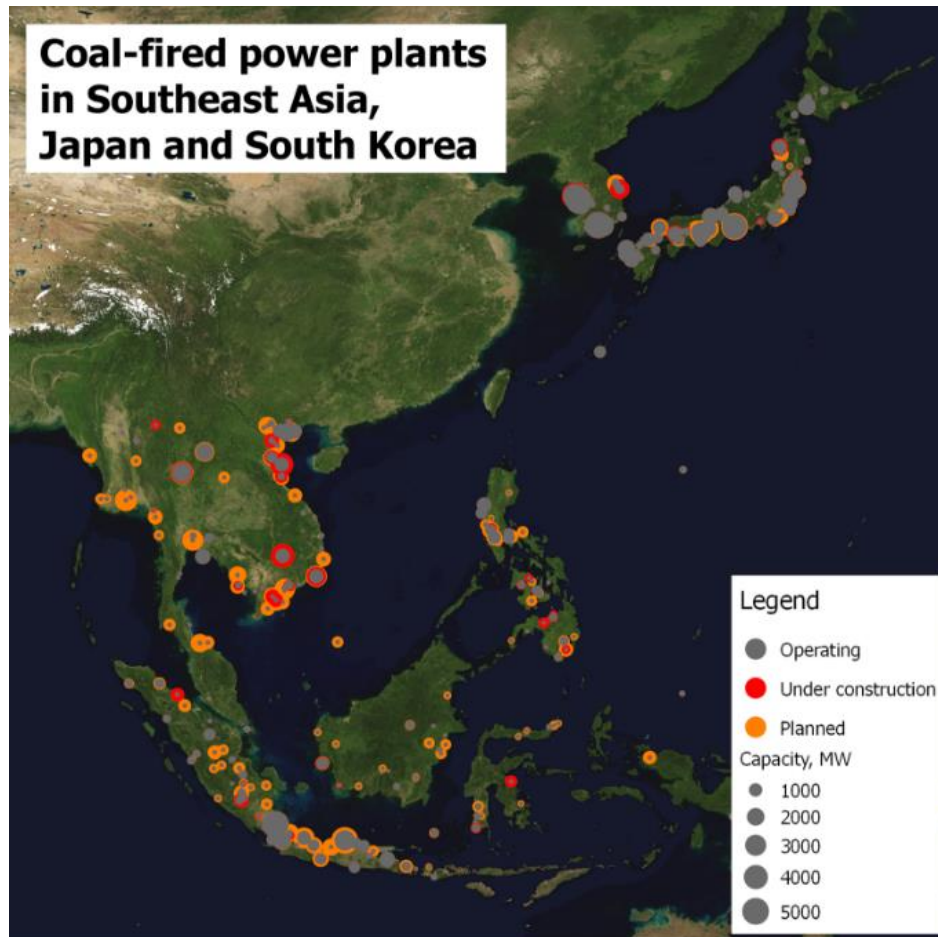


ASEAN-China green cooperation in BRI = Infrastructure integration + Sustainable development



Cooperation on Clean coal

- Coal continues to be a major fuel source in the region





Cooperation on Clean coal

- Coal continues to be a major fuel source in the region
- Clean coal and carbon mitigation technologies which can significantly address both the increase in electricity demand and the need to reduce GHG emissions.
- Continue public financial support for new coal-fired power plants
- Promote policies for clean coal technologies (CCT) including high-efficiency coal- fired power generation
- Contribute to energy supply
- Reduction of GHG emissions
- Upgrading of low rank coal technologies
- Develop the industry in the region
- Launch initiative between China and ASEAN in strengthening communication on policy, intensifying technical exchanges, and reinforcing investment cooperation.



Gas as a bridge in Green transition

- Gas as the bridge to renewables in green transition
- Recognising the important role of natural gas in tackling climate change, enhancing energy security, driving sustainable economic growth
- The developments in the current global and the ASEAN+China gas markets
- Deepen and strengthen collaboration - policy updates, best practices, experiences, technologies on gas production, private sector involvement
- Continued investment in gas development and infrastructure
- Stable market and competitively priced supply
- Growing Asian LNG demand continuously as a centre of the world's LNG market
- Enhancing regional connectivity through the promotion of transparent flexible and competitive gas markets.

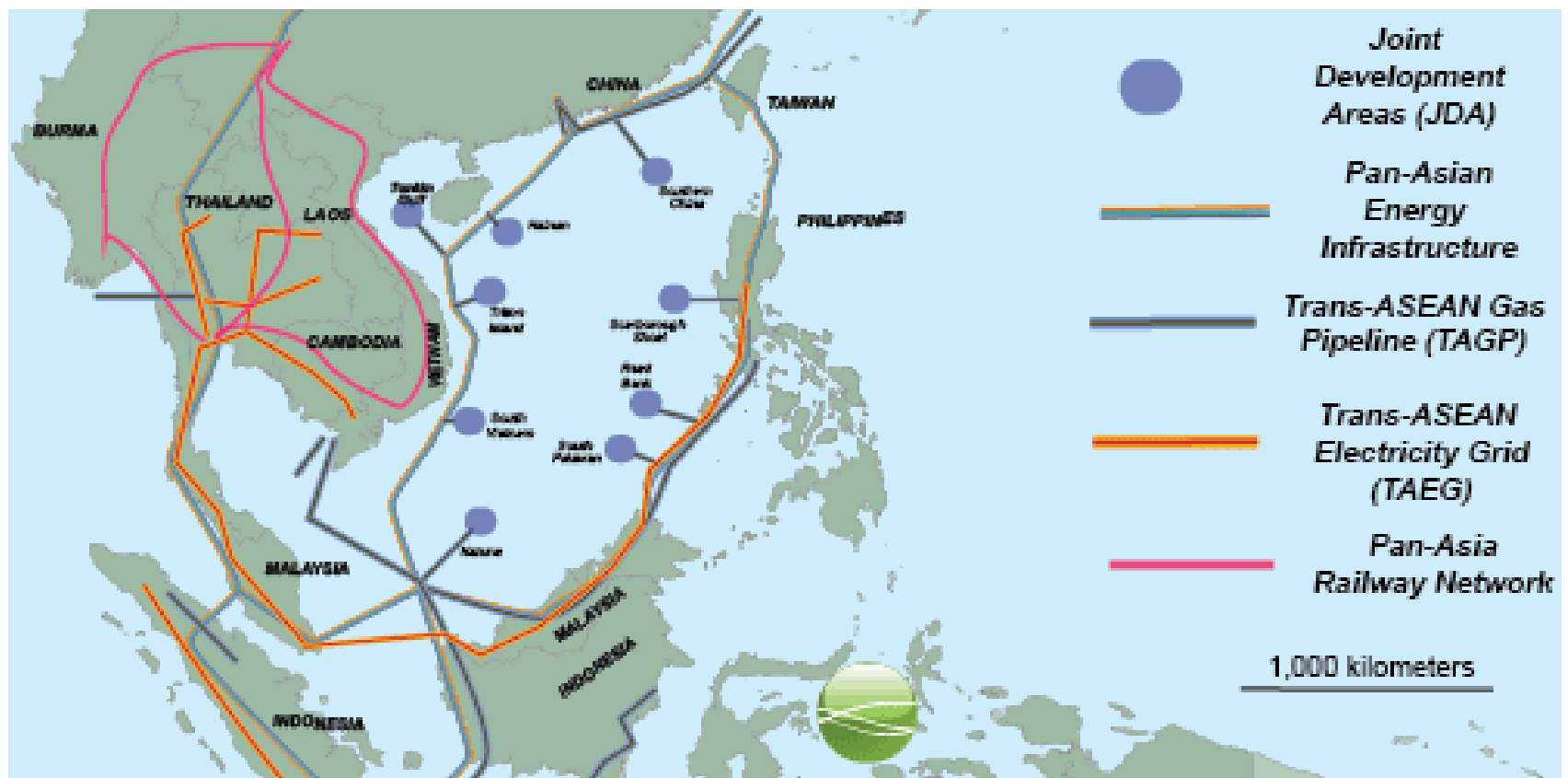


The future: Renewable energies

- China's new initiative: the ASEAN+3 Clean Energy Roundtable Dialogue
- The purpose of the new Forum:
- Boost clean energy development and energy transition
- Promote regional economic integration in ASEAN.
- The programme will cover 5 main areas
 - i) pumped storage
 - ii) wind power
 - iii) solar energy
 - iv) nuclear power
 - v) conventional hydropower

Meanwhile: Energy investment protection

- China-ASEAN energy cooperation lacks investment protection
- Energy charter treaty? New regional framework?





Q&A

Thank You!

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