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THE CLIMATE GROUP



ECO-CIVILIZATION: CHINA'S BLUEPRINT FOR A NEW ERA

Interpreting outcomes from China's latest leaders conference

Insight Briefing | Analyzing the issues that matter to the Clean Revolution

KEY MESSAGES

- The latest meeting, in November, of China's powerful 18th Central Committee of the Communist Party of China produced a set of outcomes that, if fully implemented, could have a profound impact on China's economic and environmental future.
- China has now reached a point where major reform is needed to deal with the economic, environmental and social problems created by the economic model that has delivered its spectacular economic growth of the past 30 years.
- Implementing the government's 'eco-civilization' concept as a cross-cutting element in all areas of reform will be a key part of how China addresses many of its problems.
- High level coordination of reforms (lead by the President); greater use of market mechanisms; and a shift to a more open and less regulated economy are among other important changes.
- A range of policy announcements over the past year underline that the government is already moving to address many critical challenges with a focus on resource conservation, renewable energy development, environmental protection and economic openness.

INTRODUCTION

The 18th Central Committee of the Communist Party of China (CPC) held its Third Plenary Session (Third Plenum) in Beijing from November 9-12, 2013. This important conference attracted considerable domestic attention because of the Committee's powerful role in shaping the country's direction, and because important reform announcements were anticipated. The conference also drew significant international interest as the outcomes provide key insights to the policy guidelines and priorities that China's new leadership are now expected to adopt.

The session put forward a broad reform package covering the economy, politics, culture, society and the new concept of 'eco-civilization'. This coverage of all sectors and subjects--plus an unprecedented

level of detail—puts this 18th Central Committee conference on a par with the historic third plenary session of the 11th Central Committee conference in 1978. This session famously launched the major 'Reform and Opening-up' policy of Chinese leader and reformist, Deng Xiaoping. A thorough implementation of all the reform objectives that were determined by this latest conference, will have a profound impact on the future development of China.

This briefing aims to provide international readers with an overview and interpretation of key resolutions from the conference, ahead of the 'Lianghui' (National People's Congress and the Chinese People's Political Consultative Conference) that will take place in March 2014, where a specific implementation plan will be presented. A more in-depth analysis is planned on the precise approaches and policies for China's comprehensive reforming plan, following the Lianghui.

BOX 1. UNDERSTANDING THE CENTRAL COMMITTEE'S ROLE IN CHINA'S POLITICAL SYSTEM

The Central Committee is the highest authority in the Communist Party of China (CPC), appointing key political leaders, including the Party's General Secretary (who also serves as China's President) and members of both the Politburo (China's highest decision-making body) and the Central Military Commission. The 350-odd member committee is itself elected by the CPC's National Congress, which serves a term of five years, with a set term limit of no more than two. The term of the current and 18th Central Committee runs from 2012-17.

BACKGROUND: DEVELOPMENT IN THE NEW ERA

CHINA'S DRAMATIC CHANGES IN THE PAST 35 YEARS

Thirty-five years ago, China's economy was on the brink of collapse due to the 10-year Cultural Revolution, which by then had barely ended. The number of people suffering from poverty had reached 250 million, creating a huge economic gap between China and developed countries. These challenges made the Chinese government at the time determined that economic development should be the country's priority. In 1978, the historic 'Reform and Opening-up' policy was proposed during the Third Plenary Session of the 11th Party Congress of the Central Committee, which contributed significantly to the rapid development of China's economy.

BOX.2 SIGNIFICANCE OF THE THIRD PLENUMS

Third plenary sessions, or third plenums, are often regarded as important because they take place when new leadership has established power and is ready to focus on presenting an economic and political blueprint. By comparison, the first plenary session is traditionally used to introduce the new leadership, and the second plenary session often focuses on party construction.

The most important third plenum was at the 11th Party Congress in December 1978, at the end of the Cultural Revolution, where the historic 'Reform and Opening-up' policy launched China on its economic growth path. This latest third plenum of the 18th Central Committee was widely anticipated to result in comprehensive reforms owing to previous announcements from top leadership.

Over three decades later, China has seen outstanding developments in its economy. China's GDP has increased from 364.5 billion Yuan (~US\$59 billion) in 1978 to 56,900 billion Yuan (~US\$9.4 trillion)¹ today, making it the world's second largest economy. China's international influence has also greatly increased in parallel with its economic growth.

However, after 30 years of rapid economic development China is now confronted with complicated challenges. Due to the worldwide financial crisis China has been gradually losing the comparative advantage of its economic expansion model, which is focused on large resource consumption and inexpensive labor. It is difficult for an economy based on government investment, a high percentage of bank saving and labor-intensive exports to sustain long-term development. The previous extensive

¹ At current US-Yuan exchange rate of approximately 0.1645

economic growth also caused severe domestic environmental pollution and has driven a huge consumption of resources. As a result, economic development has been restricted by domestic resource and environmental capacity, and people's lives and health have been severely impacted. Income inequality and the wealth gap have also grown, and social problems such as corruption are yet to be resolved. Today, China is like a giant with wounds and tumors all over its body – future development will only be achieved through healing its wounds and removing the tumours.

THE MANY CHALLENGES NOW FACING CHINA

- **Economic transformation:** Economic growth continues to rely on increasing investment of resources, instead of an increase in economic efficiency; the industrial sector is structured around heavy industry with excess capacity; industries are 'big rather than strong' and at the lower end of the global value chain; a lack of innovation in technology is restraining the transformation towards a low carbon economy.
- **Energy resources:** Insufficiency of energy resource per capita has led to a situation where domestic resources fail to support the huge demand created by consumption; resource efficiency is low and strategic resources are highly dependent on imports; the demand for energy resources will continue to increase in the future, and fossil fuels look set to remain the main resource to satisfy the demand for energy.
- **Ecology and environment:** Existing pollution problems have not been effectively addressed yet and remain a serious problem in China; a mixture of new and old problems have led to the worst environmental situation in China today; carbon emissions per capita keep increasing, while the peaking of emissions has been delayed by dependence on high carbon industry and technology, resource inefficient manufacturing and increasing levels of consumption; further, rapid urbanization in the future might also cause increasingly severe environmental constraints.
- **International burden-sharing:** As China's position has undergone a change in the global economy, so too have the international community's expectations regarding China's shouldering of more global responsibility; in the absence of reform, the problems relating to energy resources and the environment caused by China's current economic growth model will continue to have a negative impact on global sustainable development.

THE ROAD TO 'ECO-CIVILIZATION'

The Chinese government is faced with the challenge of discovering new economic growth points and overcoming domestic environmental resource restraints, in order to achieve economic transformation and sustainable development. For this reason, China has started to explore a concept it calls 'eco-civilization'.

The concept of eco-civilization was first presented at the 17th CPC National Congress in 2007. It was then incorporated into the CPC Charter at the 18th CPC National Congress in 2012, indicating that it has been elevated to the center of China's national development strategy. The core aim of eco-civilization is to balance the relationship between humanity and nature, which includes economic development, population, resources and the environment. The former leader of China, Hu Jintao, has provided his own interpretation about what it means to build an eco-civilization:

"...the essence of the construction of ecological civilization is building a resource-saving and environment-friendly society based on the environmental carrying capacity of resources, the laws of nature and sustainable development..."²

At the same time, the 18th CPC National Congress also established the goal of building 'Beautiful China'. Metrics for this goal include: doubling GDP and the income per capita of urban and rural residents by 2020 relative to 2010; substantially decreasing energy use and carbon dioxide emissions per unit of GDP; significantly reducing total emissions of major pollutants; and increasing the rate of forest cover.

² Hu Jintao's speech at the Seminar on Studying and Carrying Out the achievements of CPC's 17th National Congress. http://webcast.china.com.cn/webcast/created/12644/152_1_0101_desc.htm

CONFERENCE OUTCOMES: A COMPREHENSIVE REFORM PLAN FOR THE NEW ERA

China's government understands that achieving an 'eco-civilization' is not an easy mission to accomplish and will require deeper reforms. The Central Committee conference in November, was the first opportunity for the new leaders of China to present their reform agenda. As the most comprehensive reform plan since the historic 11th Committee conference of 1978, the plan represents 'a new historical starting point', which reflects the Chinese government's determination to resolve its problems. Among these, ending malpractice in existing institutional mechanisms, and institutional reform and innovation will play key roles in developing the potential for economic growth and addressing resource and environmental issues.

The reform plan includes:

COMPREHENSIVE REFORM OF 'TOP-DOWN DESIGN'

- **Establishment of a high-level institution to guarantee the effective implementation of reform:** Due to the fact that various reform tasks require multi-sectoral collaboration, the conference has determined to establish a Central Leading Team for "comprehensively deepening reform". This will involve standardizing the deployment of major national reforms and co-ordinating efforts in all sectors in order to ensure effective implementation of comprehensive reform. The Central Leading Team is to operate as China's highest deliberative organ, led by Chinese President, Xi Jinping. This will provide an institutional guarantee for the smooth implementation of the reforms and the accomplishment of objectives.
- **A clear road map for reform:** The Conference proposed that, "decisive results must be achieved in key sectors, and a well-developed, scientific, procedure-based and effective framework must be in place by 2020." This supports the general objective of 'Beautiful China'. It also responds to the statement made in 1978 by Deng Xiaoping during the 11th Central Committee conference that, "...by 2020, China would form a set of more well-established and mature institutions in all sectors...". This clear road map has demonstrated that the Chinese government has been steadily pursuing reform, and also shows its confidence in successful reform in the future.
- **Rebuilding a government performance indicator system:** GDP has long been used as China's main indicator of local development performance. But this has contributed to the current situation, where major damage to resources and the environment has been caused by local governments' pursuit of rapid economic growth for short-term gain. The Central Committee has proposed that the performance evaluation system based on economic growth alone needs to be abandoned, and in the meantime, new indicators including resource consumption, environmental damage, eco-efficiency, excess capacity and technology innovation should be given more importance in the evaluation process. By changing the performance indicator system, growth models adopted by local governments can be normalized. This would allow local governments to make better use of their own resources and environment, gradually isolating environmental pressure from economic growth and achieving regional development through technology innovation. At the same time, the Central Committee has proposed that a natural resources balance sheet should be created, and that government officials should be audited for natural resource assets when they leave office. An eco-environmental damage accountability system has also been proposed to create a strict system of environmental accountability.

MARKET'S 'DECISIVE' ROLE

Economic development continues to be the top priority of the Chinese government. Unsurprisingly, the conference has underlined that economic reform is to be the focus of the comprehensive plan proposed. Economic reform is intended to drive reforms in other sectors, so that all can move forward together and maximize impact. At the core of this reform, is allowing markets to play the 'decisive' role in resource allocation, rather a 'basic role' as previously defined. This has a number of important implications.

The government, for example, will eliminate a number of administrative examination and approval processes. It will reduce administrative intervention in markets, to maximize the productive potential of labor, knowledge, technology, management and capital. Prime Minister Li Keqiang, for example, has promised to reduce the items that require administrative approval from departments of the State Council by more than one-third. The government will also focus on providing more public services, including environmental protection, instead of directly participating in economic activity.

The government will also make greater use of market mechanisms and means to improve the efficiency of resource allocation (scarce resources, in particular), and maximize economic benefit in accordance with market rules and market competition. The government plans to motivate communities to improve resource efficiency by pursuing price reforms in water, oil, gas, and electricity sectors. This will internalize, at least partly, the environmental costs of resource extraction and utilization. Other plans include establishing market systems that attract social investment into eco-environmental protection by promoting energy conservation, carbon emissions and water rights trading systems. The introduction of third-party governance for environmental pollution is also planned.

ESTABLISHING THE ECO-CIVILIZATION SYSTEM

As noted earlier, the Central Committee has proposed institutional reform in five major areas: the economy, politics, culture, society, and eco-civilization. This is the first time that eco-civilization has been elevated to such a high-level, not only in parallel with, but also cutting across economic, political, cultural, and social systems. The establishment of a system for achieving the eco-civilization goal includes a number of elements:

In terms of resource protection and conservation:

- **Establish property rights institutions and use regulation systems for managing natural resource assets.** These are the fundamental pillars of the eco-civilization system. In China, natural resource assets are owned by the State. However, the user rights of some natural resource assets have not been clearly defined, which could lead to ‘Tragedy of the commons’-style mismanagement and overexploitation. By establishing property rights institutions for natural resources, the ownership of water, forests, mountains, grasslands, wasteland, beaches and other natural spaces should be clearly registered for purposes of effective supervision and tracing accountability over the development and utilization of these assets.
- **Establishing a system for paid use of resources.** The low price of resources in China does not properly reflect market supply and demand, resource scarcity, ecological and environmental damage or the costs of repair. This has inevitably caused over-exploitation and wasted resources. By reforming the prices of resources by imposing resource taxes, and other incentives or disincentives, unreasonable demands for resources will be reduced. The cost of resource development will increase accordingly, which can contribute to a more rational and orderly exploration and use of resources.

In terms of eco-environmental protection:

- **Establishing a system for developing and protecting China’s geographical space.** Resource and environmental carrying capacity, refers to the scale of economy and population that the resource endowments and ecosystem within a certain geographic space can support in a steady state. In some parts of China, the scale of economy and population have gone beyond the limits of its resource and environmental carrying capacity. Under the current growth model the development of geographical space is out of control, eco-space and agricultural land are shrinking, groundwater has been over-extracted, and pollutant emission levels are beyond the self-purification capacity of the environment. Under the supervision of the system for developing and protecting China’s geographical space, a functional zoning strategy will be formulated based on the resource and environmental carrying capacity of the region. This is in order to implement differentiated environmental protection policy in different functional areas. Monitoring and early-warning mechanisms for the carrying capacity of resources and environment will also be established. When the carrying capacity of resources and environment in a region are reached, a warning will be issued and restrictive measures will be taken to prevent serious irreversible consequences caused by resource exploitation.
- **Drawing ecological ‘red lines’.** This means ensuring the strictest eco-protection is in place in important ecological functional zones, sensitive terrestrial and marine areas and other designated vulnerable areas. So far, the government has not provided a standardized interpretation for the concept of red line. The Ministry of Environmental Protection and other ministries will complete a nationwide ‘ecological red line’ review in 2014.
- **Implementing eco-compensation mechanisms in major ecological functional zones, and establishing ecological compensation systems across regions.** This is based on the nature of the public goods and externality of eco-products, and is in accordance with the ‘polluter pays’ principle that “whoever benefits from it should compensate others”. With eco-compensation,

all levels of government will purchase eco-products in order to finance ecological environment protection and rehabilitation, as well as regional development.

- **Strictly controlling environmental pollutant emissions and establishing a control system for all enterprises.** The control system includes targets for total emissions from major pollutants according to their total land capacity. The emission reduction targets for major pollutants specified in national development plans will be broken down and assigned by local governments to all regions, and then assigned to the enterprises that will produce pollution. At the same time, the central government will also directly specify the total quota for emission reduction of state-owned and central enterprises.

CONSTRUCTION OF 'OPEN' ECONOMY

The government's main function is to carry out macroeconomic regulation and control. The Central Committee has agreed that a mechanism to participate in international macroeconomic policy coordination should be established, in order to improve global economic governance structure. By putting this forward the Chinese government has demonstrated an increasing willingness to participate in international economic governance, and assume greater international responsibilities in the future.

In addition, a series of measures have been proposed to make the economy more open and enhance international economic cooperation. This includes:

- standardizing laws and regulations for both domestic and foreign investments;
- maintaining the stability, transparency and predictability of policies for foreign investment;
- easing the market-access restrictions for foreign investment into general manufacturing and service industries, and granting more opportunities to foreign investment;
- reforming the foreign investment approval process;
- encouraging Chinese enterprises to collaborate with foreign investment in innovative ways;
- strengthening intellectual property rights protection and establishing the intellectual property court to encourage technological innovation and industrialization;
- building free trade zones;
- advancing the progress of negotiations on issues such as environmental protection and investment protection, in order to form a high-standard international free trade network; and
- establishing developmental financial institutions, in order to construct infrastructures in collaboration with neighbouring countries and regions.

EXISTING INITIATIVES

The November 2013 conference of the 18th Central Committee provides a comprehensive framework for reform, but details and the timetable for reform initiatives are yet to be determined. These are likely to be provided in the government's work report to National People's Congress and the Chinese People's Political Consultative Conference in March 2014.

However, there are existing initiatives that show the government's strong determination to take action to pursue reform. It is already possible to see from the government policies and actions introduced since the 18th CPC National Congress (inaugurated at the end of 2012) that the priorities for the reform are resource conservation, renewable energy development, environmental protection and economic openness (see table 1).

TABLE 1. Reforms and green policies introduced by the Chinese government since the inaugural session of the 18th CPC National Congress in November 2012

SECTOR	TIME	SPECIFIC POLICY MEASURES
Resource conservation	January 2013	The National Development and Reform Commission (NDRC) and the Ministry of Housing, and Urban-Rural Development (MHURD) have introduced the Green Building Action Plan. With the implementation of green building standards as well as integration of the economic instruments of price, taxation and finance, 20% of new urban constructions are expected to meet green building standards by the end of 2015.
	October 2013	The State Council issued guidance on resolving excess capacity in key industries. It has suggested that efficiency of resources will be improved by eliminating out-dated production capacity and providing proper control over the capacity of industries such as iron and steel, cement, electrolytic aluminium, plate glass, and ship building.
	November 2013	The National Plan for Sustainable Development of Resource-based Cities in China (2013-2020) has been issued by the State Council to promote the transformation of resource-based cities, their development, industrial upgrading, and energy conservation and emission reduction.
Renewable energy development	June 2013	The State Council put forward six measures to promote healthy development of the photovoltaic (PV) industry. They specified that expanding distributed PV applications should be prioritized, grid companies should purchase full amounts of PV power generation, and that PV electricity price support policy should be improved.
	July 2013	The NDRC promulgated the Provisional Rules on the Management of Distributed Power Generation in order to promote the development of renewable energy by implementing policy measures. This includes prioritizing grid access for excessive distributed power, purchasing all available distributed power, as well as granting financial subsidies.
Environmental protection	June 2013	The State Council published the Ten Measures for Air Pollution Prevention. These measures include: enhancing the constraining function of the energy-saving environmental protection index; increasing the penalty fee for pollution discharges; making amendments to emission standards for major industries; and suggesting amending the air pollution control law.
	July 2013	The State Council published policy measures to speed up the development of energy saving and environmental protection industries. This is in order to promote economic transformation and improvement, so as to encourage new mechanisms and social capital to participate actively.
	September 2013	The State Council published the Air Pollution Prevention Action Plan in order to strictly control fine particulate matter concentrations in the Beijing-Tianjin-Hebei, Yangtze River Delta and Pearl River Delta regions. The aim is to improve air quality across the nation by controlling total coal consumption through measures such as eliminating out-dated production capacity, industrial transformation, and increasing the use of clean energy.

Open economy	February 2013	The Ministry of Commerce and the Ministry of Environmental Protection formulated and published the Environmental Protection Guide for Foreign Investment. This is designed to provide guidance for Chinese enterprises on environmental protection regulations when cooperating with foreign investors. It is meant to encourage enterprises to assume their social responsibility for environmental protection.
	June 2013	The State Council published financial policies and measures to increase credit support to strategic emerging industries and services and therefore to motivate enterprises to “move forward outside China”.
	September 2013	The State Council introduced the overall plan for the China (Shanghai) Free Trade Trial Zone. The aims of the plan are to simplify the administrative approval process for foreign investment, reform the administrative process for foreign investment, and improve the development of the service industry.

LOOKING AHEAD

The new Chinese leadership are currently sending policy signals to show their efforts to achieve the government's 'eco-civilization' goal. If the resolutions made at the November 2013 conference of the 18th Central Committee are thoroughly implemented, they will have a profound impact on the future development of China. We believe that China's collaboration with the international community in major areas will accelerate the process of achieving the government's eco-civilization and Beautiful China goals, and contribute to global sustainable development.

PROGRESS REQUIRED TO ADDRESS CLIMATE CHANGE

As China has an increasing influence on international affairs, it must be proactive in creating a better environment for future domestic development under the framework of global governance. Post-Kyoto Protocol climate negotiations could serve as a key area for China's participation in the transformation of global governance. China continues to implement national strategies that seek to effectively address climate change, and is striving to maximize efforts in the context of sustainable development. But China should also address global climate change through establishing good multilateral and bilateral relations, and actively participating in bilateral and multilateral international cooperation programs on sustainable development.

CLIMATE FINANCE³

Increasingly complex and critical environmental issues mean more funding is urgently needed. In China, large funding gaps still exist in the areas of environmental protection and climate change. By 2015, China will face a funding gap of 1.2 trillion Yuan (~US\$200 billion) for climate funding, which is 1.88% of 2015's estimated GDP. To bridge this gap China could establish a National Climate Fund or National Green Investment Bank to integrate and leverage multilateral and bilateral international funds and benefit from the collaboration of international and domestic funding. In this way, major areas for tackling climate change and providing environmental protection will be supported through more reliance on market-based instruments and mechanisms. In addition, the domestic investment environment should be improved to attract more international private capital for investment in green and low carbon industries.

THE CARBON MARKET

In the past, the Clean Development Mechanism (CDM) enabled developed countries to offset their own emissions with low-cost emission-reduction projects in developing countries. China has been an active participant in the CDM, allowing it to secure around US\$9.3 billion in climate finance since 2004. However, participation has also lowered the potential of China's low-cost emission-reduction projects, and furthermore, China was not able to acquire the technology and skills for high-cost emission-

³ Please see detailed analysis in Shaping China's Climate Finance Policy by The Climate Group

reduction projects in the process. China therefore needs to develop a domestic national carbon market and re-explore the potential for relatively low-cost emission reduction projects in order to improve the emission reduction capability of domestic enterprises. Once a mature domestic carbon market has been developed, it can be linked to international carbon markets for international cooperation, in order to achieve emission reductions at least cost and build capacity.

GREEN URBANIZATION

The rapid urbanization of China in the next 10-20 years will continue to place pressure upon resources and the environment. New, high-density, resource and energy efficient 'green towns' need to be built as a result. The good news is that China's urbanization will provide development space and market capacity for green construction, green transportation, and clean production for high energy-consuming industries. It will also contribute to the wide application and reduced costs of new clean energy sources and new clean technologies. China should actively introduce design concepts, management models, technology and financial resources from advanced eco-cities in other countries. It should also look to establish partnerships between eco-cities in China and other countries, in order to promote the development of 'green urbanization' in China and reverse the trend of resource and energy consumption.

CLEAN TECHNOLOGY INNOVATION

China has announced that by 2050, 65% to 70% of primary energy production will come from clean energy sources⁴. China's new energy industries, though fast growing in recent years, still lack core technologies due to the constraints imposed by under-developed independent innovation capabilities. China should promote international collaboration of technology innovation in resource recycling, renewable energy, smart grid and other key areas. Specific examples include:

- putting more efforts on applying global technology resources through international and regional technology exchange and cooperation in various approaches;
- encouraging, initiating and organizing international technology cooperation plans;
- supporting enterprises and research institutions to establish overseas research institutions;
- supporting international academic institutions and multinational corporations to establish research institutions in China, in order to attract global technology talents to start businesses in China;
- encouraging civil technology cooperation, in order to promote clean technology innovation.

GREEN TRADE

Over the past 30 years, while China's GDP has been growing at an average rate of 9.9%, the annual growth rate of China's foreign trade has been even higher at 16.3%.⁵ This impressive expansion in trade has, however, come at a high environmental cost to China. The reason for this is mainly due to the composition of China's exports. The majority of the country's exported products come from industries that are highly polluting and/or highly resource intensive. With the world economy recovering following the global financial crisis and demand for goods increasing, China may experience even greater energy consumption and carbon emissions if it does not change the structure of its exports.

Green trade involves dealing with global divisions of labor, which requires the international community to confront and resolve together. On the one hand, this means China must implement a green trade strategy and accelerate the development of sustainable economic, production and consumption models. On the other hand, China also needs to help build international environment and trade coordination systems together with other countries.

⁴ Zhongying Wang, Director of China National Renewable Energy Centre and Energy Research Institute, NDRC as quoted in 'Expert: China in 2050 the vast majority of energy consumption will come from clean energy', in China News Network, June 19, 2013, <http://finance.chinanews.com/ny/2013/06-19/4947323.shtml>

⁵ Justin (Yifu) Lin, Demystifying the Chinese Economy, 2012. <http://jingji.cntv.CN/20120307/110975.shtml>

GREEN INVESTMENT

The annual direct outbound investment from China has been growing rapidly. China is now ranked first among developing countries and fifth among all countries. It is expected that in the next five years, China's outbound investment will reach US\$500 billion⁶. However, the social and environmental impacts caused by China's overseas investment and cooperation has attracted growing concerns from the international community. In the past, some of China's foreign investment activities have led to environmental or economic damage and invited criticism from the international community. Part of this has been due to the lack of environmental awareness and the necessary experience in management and communication. In the current international context where environmental problems have become global concerns, joint efforts should be made by governments, investors and businesses to establish a stricter and more specific system of green social responsibility for foreign investment. This could include globally unified standards and an inclusion of major industries, in order to regulate enterprises' outbound investments and overseas business activities. This would allow countries to better work together to address regional and global environmental problems.



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⁶ Speech by Xi Jinping at the opening ceremony of the Boao Forum for Asia Annual Conference, April 7, 2013.