

# 2019

## 中国进出口银行绿色金融和社会责任白皮书

WHITE PAPER ON GREEN FINANCE AND SOCIAL RESPONSIBILITY

THE EXPORT-IMPORT BANK OF CHINA

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# Foreword

The relationship between the financial sector and the economy is like blood and body. When the economy is robust, the financial sector prospers, and when the financial sector is vibrant, the economy thrives. As one of the key players in the financial industry, banking institutions play an important role in China's economic system. While bearing the responsibility of serving the real economy and promoting economic development, they also undertake the environmental responsibility of conserving resources, protecting the natural environment, improving the ecological environment and boosting green and sustainable development, as well as the social responsibility of safeguarding public interests, supporting public goods, providing public services and promoting social harmony and progress. The 19th CPC National Congress ushered China into a new era of socialism with Chinese characteristics, and put the Chinese economy on a transition from high-speed growth to high-quality development. The old model of economic development featuring high investment, high pollution and high energy consumption can no longer meet the requirements of economic and social development in the new era. It is therefore imperative to shift the growth model, optimize the industrial structure and foster new growth drivers to enhance the quality and efficiency of China's development.

Under the new circumstances, in order to fulfill its

economic, environmental and social responsibilities, the banking industry must, while focusing on its main purpose of serving the real economy, seek to achieve “innovative, coordinated, green, open and shared” development, perform its function of promoting optimal allocation of resources, keep to the direction of serving structural reform on the supply side, and channel more economic resources from inefficient sectors to efficient sectors of the real economy. It is imperative to translate the concept of green finance into concrete actions, increase support for green development, low-carbon economy and circular economy, and build a bridge for private investors to contribute to green investment and green economic transformation. The banking industry should also make greater efforts to develop inclusive finance, support poverty alleviation and the development of small and micro businesses, and contribute to public welfare to promote economic and social development with higher quality.

China Eximbank takes serving the real economy as its founding mission, attaches high importance to environmental protection and ecological progress, values its social responsibility, and stays committed to becoming a responsible financial institution.

Over the years, China Eximbank has embedded the concepts of low-carbon and green development,



environmental protection and biodiversity protection in its medium and long-term development plans, business philosophy and credit policies, and made continuous efforts to improve the green credit system, accelerate the adjustment of credit structure, strengthen environmental and social risk management, and expand the portfolio of green financial products and services. A large number of green financial projects have been launched worldwide, providing a remedy and catalyst for environmental protection, and making important contribution to building a beautiful China and ensuring harmony between mankind and nature.

Over the years, China Eximbank has stepped up support for key areas of the real economy by duly performing its business functions. Building on its professional expertise, the Bank has contributed to the stable growth of foreign trade, supported the adjustment of foreign trade structure, and played an important part in the building of a strong trading nation. To serve the implementation of structural reform on the supply side, the Bank has taken targeted steps to support the five priority tasks of cutting overcapacity, reducing excess inventory, deleveraging, lowering costs, and strengthening the weak links, promote the optimization and upgrading of industries, and cultivate new drivers of growth. The Bank has increased the input of resources to support the coordinated development of Beijing, Tianjin and

Hebei, the Yangtze River Economic Belt, and the Guangdong-Hong Kong-Macao Greater Bay Area, and promote coordinated and balanced development across different regions. The Bank has also provided a package of financial services to support the “going global” of Chinese enterprises, opening a new chapter of international cooperation.

Over the years, China Eximbank has focused its efforts on enhancing the inclusiveness of financial support and playing a more effective role in shoring up the weak links. Overcoming the difficulties of limited number of institutions and personnel, the Bank has explored innovative mechanisms and models of services, expanded the business of inclusive finance, and promoted financial services in support of small and micro businesses, agriculture, rural areas and farmers, targeted poverty alleviation and in other fields. Through these efforts, the Bank has extended the benefits of financial services to tens of thousands of villages and towns across China.

To present the full picture of the efforts made by China Eximbank to fulfill its environmental and social responsibilities, the Bank has prepared this White Paper in both printed and electronic editions. The printed edition is available in the Bank’s headquarters, and the electronic edition can be accessed on its official website ([www.eximbank.gov.cn](http://www.eximbank.gov.cn)).



## Message from the Chairman



Hu Xiaolian Chairman

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General Secretary Xi Jinping has stressed on multiple occasions that the financial sector shall play its due role in serving the real economy and improve its capability to do so. Guided by the vision that lucid waters and lush mountains are invaluable assets, we in China Eximbank have made vigorous efforts in developing green finance products and services to help protect the environment and ecosystem and facilitate high-quality social and economic development.

To this end, we have made great efforts to establish a system of inclusive finance, promote targeted poverty alleviation through financial means, improve the availability of financial services for small and micro businesses, and step up financing to the agricultural sector, rural and remote areas and farmers. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, we always keep in mind the mission of the Bank and take it as the unshirkable responsibility of a financial institution to serve the real economy and support green development.

Since the Bank's inception in 1994, we have remained committed to serving the real economy and fulfilling our environmental and social responsibilities. We have reformed the Bank's systems and institutions and put in place a system for green financial services to channel more financial resources to the key and weak sectors in economic and social development and ensure such financing is both effective and efficient. As such, all the projects we have financed reiterate the Bank's role in promoting green and sustainable global growth and the high quality development of the real economy.

The year 2019 marks the 70th Anniversary of the People's Republic of China and the 25th Anniversary of China Eximbank. In the new era of opportunity and promise, we are ready to take on new tasks. Standing at the new starting point, we are prepared to adapt to new changes and requirements in economic and social development, and make proactive efforts to deliver our mission and grow our business in a way that serves the real economy and promotes international economic cooperation. With more professional, diversified and sustainable financial products and services, we will continue to inject fresh impetus into sustained and steady economic and social development.

A handwritten signature in black ink, consisting of three Chinese characters: 胡晓梅 (Hu Xiaomei).



# About the Bank



The Export-Import Bank of China is a state-funded and state-owned policy bank with the status of an independent legal entity. It is a bank directly under the leadership of the State Council and dedicated to supporting China's foreign trade, investment and international economic cooperation. With the Chinese government's credit support, the Bank plays a crucial role in promoting steady economic growth and structural adjustment, supporting foreign trade, and implementing the "going global" strategy. It is committed to reinforcing financial support to key sectors and weak links in the Chinese economy to ensure sustainable and healthy economic and social development. By the end of 2018, the Bank had 32 domestic branches and one domestic representative office in Hong Kong, four overseas institutions, namely, the Paris Branch, Representative Office for Southern and Eastern Africa, St. Petersburg Representative Office, and Representative Office for Northern and Western Africa.

## The Export-Import Bank



has the Chinese government's credit support



plays a crucial role in promoting steady economic growth and structural adjustment, supporting foreign trade, and implementing the "going global" strategy



reinforces financial support to key sectors and weak links



ensures sustainable and healthy economic and social development

The Bank's main mandate is to facilitate national development, and build a policy bank which has clear-cut market positioning, well-defined business portfolio, unique functions, sufficient capital, good governance, strict internal control, safe operation, high quality service and sustainable development capability. Its financial support goes to foreign trade, cross-border investment, the Belt and Road Initiative, international industrial capacity and equipment manufacturing cooperation, science and technology, cultural industry, "going global" endeavors of small and medium enterprises, and the building of an open economy.



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# Business Scope

- 01 Short-term, mid-term and long-term loans approved for foreign trade and the “going global” endeavors, including export credit, import credit, loans for offshore contracts and overseas investment, Chinese government concessional loans and preferential export buyer’s credit;
- 02 Special loans designated by the State Council;
- 03 On-lending loans (donations) from foreign governments and international financial institutions whose risks are undertaken by the Bank as well as related Renminbi counterpart loans;
- 04 Deposit taking from credit customers;
- 05 Issuance of financial bonds;
- 06 Domestic and international settlement service and foreign exchange sale and purchase;
- 07 Other forms of trade finance, including letter of guarantee, letter of credit and forfeiting;
- 08 Entrusted loans related to foreign trade;
- 09 Guarantees related to foreign trade;
- 10 Approved foreign exchange business;
- 11 Bond trading (or on a commission basis) and underwriting;

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12 Inter-bank borrowing and lending and balances with banks;

13 Credit record investigation, consultation, evaluation and witness services related to finance;

14 Bill acceptance and discount;

15 Agency collection and payment, and insurance agency;

16 Trading in financial derivatives and/or on a commission basis;

17 Asset-backed securitization;

18 Corporate financial advisory services;

19 Organizing or participating in syndicated loans;

20 Banking operations of overseas branches permitted by local laws and with the authorization of the Bank;

21 Equity investment and leasing business through subsidiary companies as duly approved;

22 And other businesses approved by the banking regulatory authority under the State Council.

# C1



## Developing Green Finance to Boost Sustainable Development



### 1

#### Philosophy and Measures

Green finance serves as an important impetus to drive green development. The 19th CPC National Congress has clearly outlined the goals of building a system of market-oriented green-technology innovation and developing green finance in support of industries of energy conservation, environmental protection, clean production and clean energy. China Eximbank, as a financial institution that supports the development of China's foreign trade, overseas investment and international economic cooperation, has integrated green development philosophy into its pursuit of sustainable development, kept improving its system and procedures of green credit, introduced new products and services to enhance its green finance business, so as to provide a strong backing for advancing green development.

## **(1) Keeping Abreast with the Times and Fostering a Green Development Culture**

China Eximbank is among the first banks in China to develop a green credit strategy. Over the years, it has actively implemented the philosophy of green development and taken strengthening green finance as an important long-term strategy. In such areas as the establishment of the credit system, procedures management, business innovation and its own performance, the Bank has stepped up green finance across the board. With active support to green industries and special attention to the prevention and control of environmental and social risks, the Bank has ensured the simultaneous growth of economic, social and ecological benefits. In implementing its reform plan and deepening renovation of its institutions and mechanisms, the Bank seeks to achieve “innovative, coordinated, green, open and shared” development and acts in firm commitment to the requirements of the five-sphere integrated plan. It has made it clear in its 13th Five-Year Plan that the transition of the Bank’s development approach must be guided by green development concept, the green finance concept must be actively implemented, the green finance business must be vigorously developed through multiple means such as green credit, environmental protection funds, carbon finance and green bonds, strong support should be given to green industries, low-carbon and circular economy, and “going-global” enterprises in undertaking green projects and fulfilling their due responsibilities in environmental protection, so as to promote global green growth.

## **(2) Taking a Holistic Approach to Improve the Green Credit System**

In line with the Green Credit Guidelines and Key Performance Indicators of Green Credit Implementation issued by the China Banking and Insurance Regulatory Commission (CBIRC) and other relevant policies, rules, and regulations, the Bank has formulated its guidelines on green credit, which clearly defines the contents, goals, principles and key elements of implementing green credit and identifies the direction and specific requirements for building the green credit system in such areas as credit culture, categorized management, institutional building, procedures management, innovation on products and services, performance review mechanism and capacity building.

In line with national environmental protection policies and features of different industries, the Bank has formulated and published its industry-specific credit policies on a yearly basis and put forward green credit standards and management requirements on environmental and social risk of different industries. In its newly-released lending policies in 2018 in relation to such industries as coal, chemical, non-ferrous metals and coal-fired power generation, the Bank has furthered green development concept and put forward comprehensive requirements on environmental and social risk management of its clients and projects to transform the Bank’s credit structure in a way that favors green development. In energy-consuming or highly-polluting industries and industries with excess production capacity, the Bank has acted in line with the State Council guidelines on the upgrading and restructuring of the manufacturing industry and adopted differentiated credit policies of maintaining support in some areas while reducing support in others, so as to improve the Bank’s credit structure. For instance, the Bank has exercised rigid measures and applied list-based management to clients from industries with excess production capacity such as iron and steel, electrolytic aluminum, cement,

flat glass, ship building and photovoltaic industries so as to control environmental risks from the source. Support has been given to industries like coal and non-ferrous metals for projects such as green mining, development of circular economy in mining areas, R&D and upgrading of washing and dressing technologies and equipment to enhance raw material conversion efficiency, increase economic returns, and better protect the environment.

The Bank has endeavored to establish and improve a green credit statistical system. Through system renovation in 2018, the Bank incorporated green credit labeling into its credit system that enables automatic data capture, which has enhanced the Bank's capacity of green credit statistics management. In the meantime, quarterly statistics have been collected on supporting energy conservation and pollution reduction, on monitoring whether the Bank's loans are misused to support enterprises that violate environmental laws or fail to cut their excess production capacity so as to urge them to correct their malpractices.

### **(3) Incorporating Green Credit Standards into the Entire Process of Credit Business**

To effectively prevent and control environmental and social risks in credit business and push for better implementation of green development concept and green finance system, the Bank has developed a set of green credit standards covering the entire business process. In 2017, the Bank revised rules and regulations regarding due diligence investigation, loan disbursement and payment verification to keep strengthening management on environmental and social risks in all links of business process.

At the stage of pre-loan investigation, the Bank requires a comprehensive assessment on the environmental and social risks faced by its clients and relevant projects. At the stage of credit review, the Bank takes into full consideration the social effects and environmental compliance of candidate projects and makes impact evaluations on borrowers and projects, vetoing any project that fails to meet environmental standards. The Bank can under no circumstances support enterprises that do not comply with the national industrial or environmental policies and those who are blacklisted for environmental violations. At the stage of signing loan agreement, the Bank includes in the agreement specific clauses on environmental protection and social responsibility to supervise and restrain the behaviors of borrowers. At the stage of loan disbursement, the borrower's performance on environmental and social risks management is taken into account as an important factor influencing disbursement. For approved projects, the Bank exercises environmental and social risk assessments during the entire process of project construction, including project designing, preparation, construction, completion, operation and closing. If there are major risks and potential dangers, the Bank may suspend or even cancel disbursement. At the stage of post-loan management, the Bank carries out supervision and on-site checks on the construction and operation of projects in strict compliance with evaluation results of their environmental and social impact. For those clients and projects that are not up to environmental standards or those in violation of relevant national regulations, the Bank has put in place an exit mechanism for such loans. In the meantime, the Bank requires its business departments and branches to consider environmental and social risks as a major factor in making asset risk classification, loan-loss provision and bad loans' write-off.

The Bank has established an environmental and social risk accountability mechanism. It has acted in strict accordance with relevant regulations of the State Council and CBRIC in disbursing loans and managing credit extended to industries with environmental and social risks and held accountable the entities and persons in charge that violate the rules for loan disbursement and prudent operation and fail to address risks that cause credit losses and environmental and social damages.

#### (4) Innovating to Build a Green Finance Service System

The Bank has proactively implemented the green development concept in business development and innovation. It has tapped into market demands for green finance, sped up innovation and developed multiple well-targeted green finance products based on local realities and in keeping pace with the times. As a result, a comprehensive service network has been put in place with loans as the mainstay and coordinated development of other services such as investment, bonds and advisory services, providing all-dimensional financial services for the development of green industries.

**Green Credit.** After years of practice, the Bank has fully leveraged its business strengths, by offering a host of green credit products such as on-lending facilities, loans for energy conservation and environmental protection and loans for transformation and upgrading, to provide greater support to key areas such as clean energy, energy conservation, emission reduction, environmental protection, and transformation and upgrading of outdated production capacity. Meanwhile, by using its traditional competitive products such as concessional loans and loans for offshore contracting and overseas investment to support Chinese companies' endeavor to carry out international economic cooperation. The Bank has taken green development as top priority and worked hard to achieve the three-pronged target of supporting green enterprises to go global, promoting global green growth and boosting its own sustainable development. On the one hand, the Bank has put great emphasis on the ecological effects of its loans, strictly implemented green credit standards and worked in conformity with relevant requirements for environmental protection. On the other hand, the Bank has allocated its credit resources in a coordinated manner to support a large number of green projects in areas as renewable and clean energy, green transportation, energy conservation and environmental protection services and circular use of resources. Such endeavors have not only facilitated the "going global" efforts of competitive Chinese green industries, but also helped facilitate sustainable development of the world economy.



## Green Credit Products of the Export-Import Bank of China

### Loans for Energy Conservation and Environmental Protection

This type of loans, aimed at improving environmental standards of Chinese products and promoting energy conservation, pollution reduction and environmental protection, is a special credit facility of the Bank in support of green development. This type of loans focuses on supporting construction and operation activities that comply with the national guidelines and requirements of energy conservation and environmental protection and provide solid foundation and technical guarantee for ensuring ecological progress. Such loans mainly support energy efficiency projects and industrial development projects for energy conservation and environmental protection, covering all parts and links of such projects. Given substantial funding requirements, long investment payback period and less evident short-term economic returns in the field of energy conservation and environmental protection, the Bank provides all-dimensional financial services ranging from mid- and long-term loans to short-term working capital loans to fully support projects and enterprises in this sector.

### Loans for Transformation and Upgrading

This type of loans, as an innovative product developed by the Bank in support of green development, is aimed at supporting transformation, upgrading and technological renovation of enterprises to enhance their innovation capabilities and international competitiveness. These loans mainly support resource-based enterprises producing steel, coal and glass to reduce energy consumption, increase efficiency and pursue innovation, as such enterprises often shoulder heavy tasks in saving energy, reducing pollution and transforming and upgrading its business models. This type of loans also goes to support such industries of new energy, energy conservation and pollution reduction.

### On-lending

The on-lending business is a traditional competitive credit product of the Bank in support of green development. In specific, it supports various energy-conservation projects such as technological upgrading projects for traditional industries, energy efficiency projects with contract-based energy management mechanism and highly energy-efficient projects (including those for reducing emissions) so as to cut energy consumption and increase energy efficiency. It also supports such projects as environmental treatment and improvement, integrated use of resources and industrial development of circular economy, with a view to improving environmental quality, guarding against environmental risks and facilitating ecological progress across the board. The Bank also on-lends to support enterprises in new energy and new-energy automobile sectors by bridging their funding gap for fixed asset investment including factory building, renovation, expanding, rebuilding and equipment purchasing as well as day-to-day operation and M&As.

**Green Investment.** The Bank has initiated or participated in the establishment of several equity investment funds, providing diversified financial services such as equity investment, guarantees and investment advisory services for enterprises to go global and engage in international economic cooperation and implement the concept of green development throughout the process. For instance, in order to strengthen China-Japan cooperation in energy conservation and environmental protection, enhance learning of state-of-the-art technology and managerial expertise and boost the innovation capabilities of Chinese enterprises in energy conservation and environmental protection, the Bank, together with Japan Bank for International Cooperation and Mizuho Bank, jointly initiated the China-Japan Energy Conservation and Environmental Protection Investment Fund. This is a special fund established by the Bank in support of industries of energy conservation and environmental protection. The Fund has a total size of RMB 1 billion with the Chinese and Japanese sides contributing 50% respectively. By the end of 2018, the Fund supported 10 projects through equity investment with a total volume of nearly RMB 800 million, covering such fields as clean energy, water treatment, soil rehabilitation, IT application in environmental protection and sanitation, energy conservation, environmental protection equipment, solid waste treatment and new energy and material. As the whole country is vigorously promoting green development and ecological progress, the Fund has performed well in its areas of expertise and achieved sound investment returns, and given full play to its role of guiding private capital and financial institutions to support energy conservation and environmental protection enterprises. It is firmly committed to offering expertise and cooperative platforms for strengthening technological exchanges between enterprises of China and Japan in energy conservation and environmental protection sectors, and serves as a strong boost to the building of a green finance service system, and to the green and sustainable development of the two countries.

#### 2018 China-Japan Business Event for Energy Conservation and Environmental Protection Projects

On 31 October 2018, the China-Japan Energy Conservation and Environmental Protection Investment Fund held the 2018 China-Japan Business Event for Energy Conservation and Environmental Protection Projects. The event attracted nearly 40 enterprises in clean energy, solid waste treatment, energy conservation and pollution reduction, environmental protection equipment, IT application in environmental protection and sanitation and energy conservation, building a sound platform for enterprises to enhance exchanges, mutual trust and practical cooperation.

Other cooperation funds set up by the Bank have also actively implemented the concept of green development and prioritized their investment in green, low-carbon, energy-efficient and environmental friendly industries and projects. Among the 13 projects invested by the China-Central and Eastern Europe Investment Cooperation Fund, 7 projects involve clean energy and are expected to cut carbon dioxide emissions by nearly 2 million tons annually in the host countries, easing their reliance on energy imports. The China-LAC Cooperation Fund participated in the Brazil Hydropower Franchises Bidding Project, helping the country renovate its hydropower facilities and supporting the San Simao Hydropower Station to continue its integrated role in flood and drought prevention, disaster reduction, irrigation and shipping.

Outstanding Issuer  
of Sample Bonds of  
Green Bond Index

Green Bonds

- 2016** After the official launch of China's green bond market in 2016, the Bank responded promptly and took quick actions in successfully issuing the first green finance bonds worth RMB 1 billion in December 2016, winning the prize of Chinese Policy Bank's First Green Bond Issuance awarded by the Climate Bonds Initiative.
- 2017** In 2017, the Bank continued its efforts and successfully issued the first tranche of green finance bonds of RMB 2 billion of the year. All the funds raised through the Bank's green bond issuance were used to support projects of green industries listed in the Catalogue of Green Bond Endorsed Projects complied by Green Finance Committee of the China Society for Finance and Banking.
- 2018** In 2018, as its stock of green bonds weighed much in the formation of green bond index, the Bank was awarded by China Central Depository and Clearing Co., Ltd. as an outstanding issuer of sample bonds of green bond index. The successful issuance of green bonds has furthered the Bank's funding channels and lowered financing costs for green industries and enabled the Bank to play an even greater role in supporting the green sector.

**Carbon Finance Services.** The Bank's current carbon finance services mainly include carbon asset advisory and carbon asset credit enhancement. The carbon asset advisory business is based on the cooperation between the Bank and qualified advisory institutions. In the international market, such business focuses on helping enterprises carry out projects related to Clean Development Mechanism (CDM), including domestic approvals (or approvals in host countries), UN registration, obtaining Certified Emission Reductions (CER) and finding buyers to complete carbon transactions. In the domestic market, it focuses on helping enterprises carry out carbon asset investigation, providing enterprises with carbon asset management consulting services and helping them conduct China Certified Emission Reductions (CCER) projects. In terms of carbon asset credit enhancement business, the Bank provided Hubei Yihua Chemical Industry Co., Ltd with the largest single carbon emissions pledge loan in China. In advancing the aforementioned business, the Bank has proactively explored businesses such as carbon bond underwriting, carbon factoring and carbon funds based on carbon emission quotas and CCER so as to put in place an integral carbon finance business system and further improve its green finance service system.

## 2 International Practice

The Belt and Road Initiative, launched by China, has been proposed with a global vision for advancing China's reform and opening-up, mobilizing various resources in regions concerned and promoting mutually beneficial cooperation and common development with its neighboring countries. At the symposium for promoting the BRI, President Xi underlined that focus must be put on building a green, healthy and peaceful Silk Road. In the Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road, it is also pointed out that efforts should be made to promote green and low-carbon infrastructure and its operation management, taking into full account the impact of climate change; that emphasis should be put on promoting ecological progress in conducting investment and trade; and that cooperation should be enhanced to conserve eco-environment, protect biodiversity, tackle climate change, and jointly build a green Silk Road. At the Belt and Road Forum for International Cooperation in May 2017, President Xi emphasized again that China would implement the new concept of green development. It is therefore evident that green development concept should play a steering role in overseas investment under the BRI and green finance should be fully leveraged to promote overseas investment in green sectors. To combine green finance with the BRI will not only help realize China's goal of sustainable economic and social development, but also contribute to the building of a community with a shared future for mankind featuring harmonious coexistence.

The Export-Import Bank of China and the Development Research Center of the State Council jointly released a report entitled Green Finance for the Belt and Road—China's Approaches and Practices on 23 April 2019. The report analyzes, from both macro and micro levels and the perspectives of a think tank and a bank, China's approaches and practices of green finance under the Belt and Road Initiative (BRI), presents the outcomes achieved in this endeavor, and encourages Chinese enterprises and financial institutions to support more financial development projects and play an active role in the building of a community with a shared future for mankind.



Part One of the report focuses on the experience and path in developing green finance both at home and abroad, and green finance development under the BRI, thus providing policy suggestions and good practices for China to develop green finance under the BRI.

Part Two of the report presents the achievements made in this endeavor by taking China Eximbank's practice in implementing the concept of green finance as an example and studying the cases of a number of typical projects, and discusses the trend and prospects of green finance cooperation under the BRI.

## (1) Giving Greater Credit Support to Boost Green Belt and Road Development

By leveraging its own mandate and functions, the Bank has focused on the BRI development, established a working mechanism for implementing the BRI and improved relevant internal policies to render greater credit support for the successful implementation of BRI projects. By the end of 2018, the outstanding balance of loans extended by the Bank in support of projects along the Belt and Road exceeded RMB 1 trillion. In advancing these projects, the Bank has always borne green development in mind and paid close attention to ecological and environmental protection, and sustainable development in areas along the Belt and Road. Subjected to supervision of competent local authorities and international institutions, the Bank has strictly adhered to the guidance and restrictions of green finance standards. It has also made better allocation of its funding resources so as to fully realize their economic and environmental benefits. Strong support has been given to green projects in areas such as new energy, renewable energy and low-carbon economy to help areas along the route realize green and sustainable development.

### Case

### Karot Hydropower Station Project in Pakistan

The 720MW Karot Hydropower Project in Pakistan, a project signed in the presence of the two heads of state of China and Pakistan, has been included in the list of the first batch of priority projects under the China-Pakistan Economic Corridor. The Bank led a syndicated loan to finance the project together with China



Development Bank, Silk Road Fund and International Financial Corporation (IFC). The project marks major milestones including the first hydropower station invested and constructed by the Three Gorges Group in Pakistan, the first project invested by Silk Road Fund since its inception and the first project supported by a syndicated loan under international cooperation between Chinese financial institutions, the World Bank and IFC. The project has by far been the largest greenfield hydropower investment project constructed by Chinese enterprises overseas, setting an example for the “going global” endeavor of Chinese hydropower technologies and standards.

The Karot Hydropower Station project is a major cascade engineering project indispensable for the wise use of water resources in the Jhelem River basin. During the construction period, the project created directly and indirectly more than 2,000 local jobs each year. Once completed, it will generate over 3.1 billion kWh of clean energy for Pakistan every year, significantly promote the coordinated development and upgrading of the local power supporting industries, thus contributing to Pakistan’s economic growth and bringing real benefit to the local people. This project has showcased the vision of openness, inclusiveness, complementarity, risk-sharing and mutual benefit. It has attracted worldwide attention and been awarded Hydro Deal of the Year 2017 in the Asia-Pacific issued by IJGlobal Awards, a world-leading institution in the field of energy infrastructure.

Case

Production Line Project of Photovoltaic Cell and Photovoltaic Module in Penang, Malaysia

This project undertaken by Jinko Solar Co., Ltd is the first of its kind invested and built overseas by a Chinese photovoltaic company and also the first project that produces solar energy products under the cooperation between China and Malaysia. This project, in active response to the BRI, represents one of the largest investments in the manufacturing



industry of Penang in recent years. The Bank has provided integrated financial services in its whole process of investment and construction. In the early stage of project planning, the Bank was committed to offering professional financial planning advice. The Bank has provided loans to bridge the funding gap in different stages including initial expenses in the early days of construction, fixed asset investment during the construction and working capital for production and operation after completion, guaranteeing the smooth implementation of the first large-scale overseas investment project by Jinko Solar Co., Ltd with all-dimensional financial services.

In 2009, the Malaysian government released the National Renewable Energy Policy and Action Plan. According to the Plan, it was anticipated that in 2015 the renewable energy could take up 6% of the total installed amount and 5% of the total electricity output of the country, and the above targets are expected to be doubled by 2020, with the share of photovoltaic sector accounting for about one third of the installed capacity of renewable energy. By the end of 2018, the installed capacity of photovoltaic cell and photovoltaic module of the project reached 3500MW and 2300MW respectively. This helped enlarge the proportion of clean energy production in Malaysia. The factory has recruited 7,000 workers, among which nearly 80% are locals, giving a strong boost to local employment.

Case

Lower SE SAN 2 Hydro-Electric Project in Cambodia

The Lower SE SAN 2 Hydro-Electric Station is the first cascading power station after the convergence of San River and Sleibok River. The reservoir of the project has a water storage level of 75 meters, a corresponding capacity of 1.793 billion cubic meters and an regulated storage capacity of 330 million cubic meters. The project is constructed for power generation with an installed capacity of 400MW. It jointly operates with other power stations located at the upstream of San River to supply power to the whole country once completed.



Cambodia is abundant in water resources, yet due to limited capacity in developing such resources, the country faces power shortages and is largely dependent on imported electricity. The Lower SE SAN 2 Hydro-Electric Project could provide 1.97 billion kWh of clean energy each year. After completion, the project is expected to help save 690,000 tons of standard coal and cut emissions of carbon dioxide by 1,379.9 thousand tons, nitrogen oxide by 3,400 tons, sulfur dioxide by 8,200 tons and dusts by 4,600 tons per year. In addition, it has facilitated infrastructure development in the surrounding areas, and it is of great significance for accelerating the utilization of hydropower resources in the Mekong River basin, improving energy structure and promoting economic and social development of Cambodia.

Case

CMA CGM's 9 Mega Container Ships Project

The 22,000TEU mega container ships ordered by CMA CGM and built by China State Shipbuilding Corporation Limited (CSSC) are the largest vessels in terms of loading capacity in China. The Bank, together with four French banks, provided syndicated loans to support the project. With independent R&D and design by CSSC and the adoption of WinGD W12X92DF engines developed by Winterthur Gas & Diesel Ltd, a company wholly owned by CSSC, the ships are currently the state-of-the-art container vessels in the world.



The International Maritime Organization has adopted stricter regulations on carbon emission in recent years, thus making vessels powered by liquefied natural gas (LNG) a more attractive choice for international shippers. The vessels are the first of their kind to adopt the diesel/LNG dual-fuel system, with every energy consumption and emission indicator reaching international standards. Compared with other vessels with similar fuel tank, the 22,000TEU Mega container ships fueled by LNG emit 20% less carbon dioxide, 80% less carbon monoxide and 98% less particulate matter per voyage. CMA CGM believes the building and delivery of these environment-friendly container vessels marks a key milestone and will surely champion the shipping industry in the future.

Case

The Project of Digging Wells for Water Supply in Villages in Senegal

Financed by the Bank, the project has helped build 181 water supply systems in villages and townships in 12 major districts of Senegal and renovate 70 existing water wells.

Once completed, the project will meet the demand of over 2.2 million local people, ease water shortage that has plagued the rural areas of Senegal for years and improve the drinking water quality and living conditions of the local residents. It will also provide over 3,000 jobs, train a number of engineers and technicians and further the country's rural development.



## **(2) Strengthening Social and Environmental Risk Management of Chinese Enterprises in Their Pursuit of Green Development Overseas**

The natural environment in parts of the Belt and Road is complicated featuring biodiversity damage, frequent natural disasters, accelerated desertification and serious air, water, soil and sea pollution, leading to increased environmental and social risks for enterprises investing overseas. To support and lead enterprises in their efforts to effectively ward off the above-mentioned risks and promote the green development of the Belt and Road, the Bank has exercised comprehensive management on environmental and social risks of overseas projects, which not only contributes to local sustainable development, safeguards the rights and interests of the local people, but also helps enterprises effectively control the risks.

The Bank has made it clear that the laws and regulations of host countries should be followed in evaluating and managing environmental and social risks of overseas projects. If host countries lack a sound environmental protection mechanism or relevant policies and standards on environmental and social impacts, the Chinese standards or international conventional practice should be observed instead. The equipment and procedures of projects must meet environmental requirements. Impacts of projects concerning such factors as the local ecology, culture, safety and immigration must be evaluated. Borrowers and project operators must adopt targeted measures and plans to ward off environmental risks. If necessary, the Bank would include in the loan agreement relevant requirements on environmental and social responsibilities to supervise and restrain behaviors of borrowers. For projects associated with major environmental and social problems during construction and operation, borrowers or project owners will be required to take immediate measures to stop damages. For projects that fail to do so, measures such as suspending disbursement or recovering loans in advance can be taken based on the terms of loan agreement.

## **(3) Issuing Green Belt and Road Bond to Attract Green Finance Resources**

To expand and diversify financing channels to meet the funding demands for green Belt and Road development, the Bank has made a breakthrough and achieved positive results in its fund raising efforts through green Belt and Road bond issuance in 2017. Approved by the People's Bank of China, the Bank successfully issued the first tranche of "Bond Connect", a green financial bond worth RMB 2 billion at the CCDC Shanghai headquarters by way of book-building. The funds raised would be used for green industrial projects with priorities placed on green credit projects along the Belt and Road. This was the first green financial bond issued by the Bank and the first book-building issuance of green "Belt and Road" bonds to global investors in a market-oriented manner, winning high recognition from investors of China, Singapore and European countries.

The successful green bond issuance marked a significant effort made by the Bank to attract international investors to the green Belt and Road development. By fully leveraging the "Bond

Connect” mechanism and its strengths for bilateral and multilateral cooperation, the Bank was able to mobilize international financial resources to facilitate the development of domestic green bond market and secure the investors’ return on green investment. To ensure the appropriate use of the fund raised by bond issuance, the Bank made prudent project selection and rendered support to key green Belt and Road projects. The Bank has engaged with independent third-party evaluation institutions for green projects accreditation to ensure the fund is used for green Belt and Road projects in strict compliance with relevant regulations. In addition, the issuance of the bond in Shanghai, one of the international financial hubs, has also demonstrated the Bank’s full commitment to a green Belt and Road through international cooperation under the principle of joint contribution for shared results.

#### **(4) Strengthening International Exchanges and Cooperation to Create Synergy for Green Finance**

Based on platforms such as the on-lending business, the Bank has established sound cooperation and exchange mechanisms with international financial institutions such as the World Bank, Asian Development Bank and KfW Group of Germany, and jointly supported a large number of green industrial projects in the areas of building materials, chemicals, iron and steel, wind power, biomass power generation, solar energy and small hydropower stations.

In 2008, China Eximbank and the World Bank jointly initiated the China Energy Conservation Financing Project and On-lending Project (Phase-III) for Energy Conservation. By the end of 2018, a total of 75 projects had been implemented by using the World Bank energy conservation loans with contractual value of USD 300 million and RMB 6.2 billion and with outstanding loan balance of USD 56 million and RMB 3.2 billion respectively. These projects have contributed to the green industries and provided opportunities for Chinese enterprises to learn from core green technologies and managerial expertise of developed countries.

In 2009, China Eximbank started on-lending businesses under China-Germany Financial Cooperation of Energy Efficiency and Renewable Energy Project. By the end of 2018, a total of 129 projects had been implemented, with disbursement of loans from Germany and counterpart funding from China reaching RMB 10.8 billion and loan balance standing at RMB 3 billion. These projects have helped raise the energy utilization ratio of Chinese industrial enterprises and reduce greenhouse gas emissions. The cooperation with international multilateral financial institutions has provided the Bank with a great opportunity to draw on the internationally advanced concepts on green development, and policies and enforcement standards of environmental evaluation. The Bank often invites experts from international financial institutions to conduct training in China in the forms of themed lectures and seminars for business exchanges to keep improving its international practice and managerial expertise in green finance.



Chairman Hu Xiaolian Attending the Second Senior Executive Training Program for China Eximbank's Major Cooperative Partners

In international exchanges and cooperation, the Bank has placed high importance on strengthening green development capacity for its cooperative partners. The Chairman of China Eximbank Hu Xiaolian attended the 4th Silk Road Forum held in Paris on 7 December 2018. Chairman Hu introduced the Bank's successful practices in implementing the concept of green and low-carbon development under the BRI, and elaborated on the concrete actions taken by the Bank to integrate the green development philosophy into its own development strategy, enhance the building of green finance system and establish a diversified financial service system. Chairman Hu pointed out that advancing BRI, together with the green, low-carbon and sustainable global economy could not be realized without the joint efforts of all parties. As the driving force for economic development, financial institutions shall proactively take the responsibility to promote green development, mutual understanding and practical cooperation through sharing experience and practices in supporting green development so that more social resources will be allocated to this area.

On 19-26 October 2018, the Bank and the United Nations Industrial Development Organization (UNIDO) jointly held the Second Senior Executive Training Program for the Bank's Major Cooperative Partners, with representatives from 18 countries and international organizations such as South Sudan, Burundi, Nigeria, Ethiopia, Uganda and UNIDO. The Program organized a series of activities such as themed lectures, seminars, field research, business visits and cultural tours, introducing to the participants China's experience of reform and opening-up for the past 40 years and its new development theories, helping them better understand and think further about how Africa can achieve independent and sustainable development. The Program also reached out to local governments and enterprises and organized on-site visits to Guangzhou Environmental Protection Investment Co., Ltd, and other institutions that well represent the theme of the program to demonstrate to the participants China's technology and good practices in such areas as new materials and environmental protection. The participants could see by themselves the practical results of China's new development philosophy and were motivated to explore a path of green development suited to their national realities through multilateral platforms and by unleashing impetus for innovation and

market vitality. The participants all agreed that national transformation and development, capacity building and the new round of industrialization are the primary concerns of African countries when formulating their respective development strategies. The Program had precisely focused on such needs to pool wisdom and offer solutions, providing new ideas and pathways to help African countries break development bottlenecks and realize sustainable development.

### 3 Domestic Practice

By the end of 2018, its outstanding loan balance in support of projects and services of energy conservation and environmental protection exceeded

**250** RMB billion



reduced the use of nearly

**41.46** million

tons of standard coal

cut the emissions of

**72.01** million

tons of carbon dioxide

**150,000** tons

of sulfur dioxide

**40,000** tons

of nitrogen oxide

saved

**6.29** million tons

of water

The top priority for financial institutions is to serve the real economy. In particular, financial institutions are duty-bound to focus on serving the key areas and weak links in the real economy. In recent years, the Bank has concentrated its efforts on supporting the supply-side structural reform with the aim to promote sustained and sound economic and social development. It has strictly followed the differentiated lending policies of maintaining credit support in some areas while controlling and reducing support in others, giving greater support to green and environment-friendly industries while limiting support to industries featuring high energy consumption, high pollution and excess production capacity, so as to create favorable conditions for green, coordinated and sustainable economic development.

On the one hand, the Bank has played an important role in promoting the development of new energy, new materials and industries of energy conservation and environmental protection. By the end of 2018, its outstanding loan balance in support of projects and services of energy conservation and environmental protection exceeded RMB 250 billion. Such funding mainly goes to such sectors as renewable and clean energy, green transportation, recycled use of resources, energy and industrial water conservation and environmental protection. Projects supported by green credit have in total reduced the use of nearly 41.46 million tons of standard coal, cut the emissions of 72.01 million tons of carbon dioxide, 150,000 tons of sulfur dioxide and 40,000 tons of nitrogen oxide, and saved 6.29 million tons of water, delivering notable environmental and social benefits. In the ranking of green banks in 2017, the Bank was awarded the prize of Outstanding Progress in Green Banking.

On the other hand, the Bank has strictly controlled its lending scale to high energy-consuming or polluting industries and industries with excess production capacity. The Bank carries out systematic management that

covers credit access for new clients, categorization of existing clients and exits of low-quality clients. A list-based management mechanism has been put in place to render credit support to those enterprises in above-mentioned industries that comply with the national industrial policies and environmental requirements and core enterprises engaged in transformation, upgrading and technological renovation. For instance, the Bank has supported projects in line with requirements of national industrial policies such as production of high-tech steel products, export of high-end steel, going global of domestic steel enterprises, and M&As and technological renovation of steel enterprises. The Bank has reduced or strictly controlled credit support to enterprises that violate environmental laws and fail to reach standards of energy consumption and emission reduction, and those with outdated management method and undesirable development prospects.

### Case

### Preservation and Rehabilitation Project of Hengshui Lake National Nature Reserve

Hengshui Lake, located in the south rim of Beijing, Tianjin and Hebei, is a national nature reserve and demonstration zone of ecotourism. Hengshui Lake National Nature Reserve has unique natural landscapes and multiple bio-systems such as marshland, waters and forests. Experts have found that there are 383 types of plants, 310 types of birds, 34 types of fishes, 416 types of insects, 17 types of amphibious reptiles and 20 types of mammals. Its biodiversity and



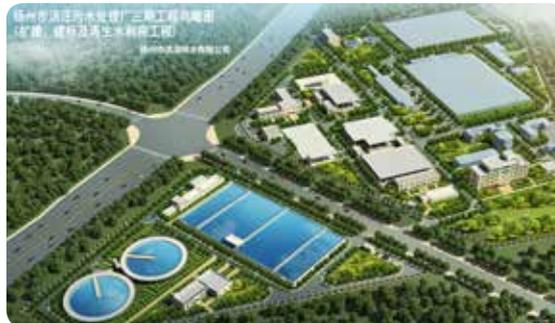
complete ecosystem of inland freshwater wetland ranks among the top in North China and it is therefore renowned as the kidney of North China. The project was supported by the Bank through on-lending loans from the German government. The loan support mainly focused on old watercourses rehabilitation, wetland ecosystem management and scientific researches and monitoring on the wetland. Specific efforts include river dredging, backfilling and dike protection, plant restoration, species breeding and releasing and grass cleaning, as well as building facilities for environmental improvement, facilities for scientific monitoring of the wetland ecosystem that covers air, water quality and temperature, soil physicochemical properties and features for animal and plant communities and facilities for scientific education and publicity to raise people's awareness.

The completion of the project will expand the wetland area in Hengshui Lake, meet the needs for protecting biodiversity, effectively maintain and restore the integrity of the wetland ecosystem and protect the ecological environment and eco-security in North China. In the meantime, Hengshui Lake Nature Reserve will have an advanced and integrated monitoring system for innovative management on its wetland ecosystem and water body. The Nature Reserve will be able to continue environmental education and improve and upgrade its eco-tourism infrastructure with effective co-management from local communities. As a result, protection and management of the Nature Reserve will be greatly enhanced, making it a model project for wetland preservation and rehabilitation.

Case

**Tangwang Sewage Treatment Plant (Phase III) in Yangzhou, Jiangsu Province**

The project is about the upgrading and renovation of Tangwang Sewage Treatment Plant (Phase III) utilizing advanced technology, core equipment and development philosophies from Germany. The project mainly includes the construction of 80,000 m<sup>3</sup>/d sewage treatment facilities for Phase III, the upgrading and renovation of 180,000 m<sup>3</sup>/d sewage treatment for Phase I and Phase II, the construction of 52,000 m<sup>3</sup>/d recycled water project and the renovation of existing discharge pipes to reach the capacity of 260,000 m<sup>3</sup>/d.



China Eximbank, as the agent bank, on-lent German promotional loans and provided financial services to the project. The project has facilitated cooperation between Yangzhou City and the German government and financial institutions in environmental protection and helped upgrade the sewage treatment technology in Yangzhou, making it more energy-saving and less polluted. The implementation of the project has greatly improved the water environment in the city and played a key part in reducing pollution, protecting local water quality and maintaining ecological balance. The project also contributed to the investment environment and the sustainable economic and social development of Yangzhou.

Case

**CATL New Energy Lithium Power and Storage Battery Production Project in Fujian Province**

The project includes two sub-projects for lithium power and storage battery production with annual production of 3GWh and 14.7GWh respectively. The total construction area reached 389,100 square meters. The project adopted internationally advanced designing and manufacturing technologies for producing ternary lithium power and energy storage batteries and utilized advanced equipment and testing facilities from both home and abroad such as anode film coating machines, cathode film coating machines, thickness measurement system, cathode powder system and anode powder system. With the completion of 28 internationally advanced automatic production lines, the project is able to produce 17.7 GWh of new energy lithium power and storage batteries.



The completion and operation of the project has effectively made up for the shortfall of high-end lithium power batteries in China and promoted the development of new-energy automobile industry. The project has added RMB 30 billion to the local GDP and created over 8,000 jobs, and thus boosting economic growth and improving people's lives.

Case

HTGD New-Generation Optical Fiber Preform Project in Jiangsu Province

The project aims at building a new factory producing optical fiber preforms with a total area of 78,000 square meters, with additional 355 sets of major production equipment for deposition, sintering, oxidation and welding. After completion, the factory will be able to produce 800 tons of optical fiber preforms per year.

Compared with traditionally made optical fiber preforms, the new-generation of optical fiber preforms are produced with faster deposition,

higher raw material utilization efficiency, lower fuel consumption and zero pollution. The new-generation optical fiber preforms are truly environment-friendly in terms of designing, material selection, production procedures and green end-products. The project is the first of its kind in China to use environment-friendly and organic silicon materials in place of chlorine-containing SiCl<sub>4</sub> for the production of optical fiber preforms, which effectively lowers production costs while solving environmental problems.



Case

Nanri Island Offshore Wind Farm (Phase I) Project in Fujian Province

Wind power generation is currently the most mature way of utilizing renewable energy with the most promising prospect for large-scale development and commercial use. Offshore wind power enjoys the advantages of richer wind energy resources, zero land use, zero impact on people's daily life and greater closeness to the center of electric load. Nanri Island, where the project is located, lies in the middle of the Taiwan Straits with a high annual average wind speed

(average wind speed at the altitude of 90 meters is 9.8 m/s) and stable wind direction and is therefore one of the areas with the richest wind resources in China. The offshore areas in Fujian Province are close to the center of the electric load with good conditions in power grids and transportation. These favorable conditions make the area a perfect one for building offshore wind farms and generated large-scale offshore wind power.

Once the project becomes fully operational, it is estimated to generate 1.415 billion kWh of electric power per year, equivalent to the burning of 450,000 tons of standard coal. The wind farm will help save 4.39 million tons of water and reduce 1.17 million tons of carbon dioxide emission and 169,000 tons of ash slag each year. It will also lessen Fujian's reliance on primary energy import from other parts of China, diversify its power supply, improve the energy structure of its electrical system and meet the demand for coordinated development of both energy and the environment.



# C2

## Supporting the Real Economy, Serving High-quality Development



Focusing on its main business functions, in keeping with the general principle of maintaining steady progress, and based on the overall goal of serving high-quality development of the real economy, China Eximbank has fully played its role in supporting foreign trade, regional economic development and “going global” of Chinese enterprises. The Bank has increased support for key sectors and weak links, and aimed for the best performance in financial services. By the end of 2018, the Bank’s outstanding balance of loans amounted to RMB 3.38 trillion equivalent.

By the end of 2018, the  
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**3.38** RMB  
trillion  
equivalent

## 1 Capitalizing on Its Professional Expertise to Promote Stable Growth and Structural Adjustment of Foreign Trade

For more than 20 years since its establishment, the Bank has played the “vanguard” role of supporting China’s foreign trade. It has made flexible use of its diversified financial products and services to support the transformation and upgrading of foreign trade and help China grow into a strong trading nation. The Bank has supported Chinese enterprises to improve the quality, sophistication and added value of their exports, and helped Chinese industries move up the global value chain. The Bank has supported the central, western and northeastern regions to undertake processing trade businesses relocated from other regions, increased support for border trade and cross-border economic cooperation zones, and contributed to the improvement of regional structure of foreign trade. It has also supported the imports of advanced technologies and equipment, key components and parts and high-quality consumer goods to promote balanced growth of import and export. In the meantime, the Bank has enriched and extended its foreign trade services. It now provides not only financial services for traditional import and export, but also services covering both the upper and lower ends of the industrial chain, from R&D and manufacturing to logistics, marketing and services, all for the purpose of making Chinese industries more competitive in foreign trade.

### (1) Improving the Network of Products and Services Based on Deep-Rooted Strengths

The Bank has set up a network of diversified financial products and services to improve the quality and efficiency of foreign trade services.

**Traditional Credit Business.** Credit products such as export seller’s credit, export buyer’s credit and import credit are the Bank’s flagship products in the area of foreign trade. The Bank uses these products to support domestic and foreign entities to conduct trade in goods and services. For example, it uses export seller’s credit to support domestic enterprises in exporting mechanical and electrical products, complete-set and high-tech products, ships, agricultural produce and cultural products; it uses export buyer’s credit to support foreign borrowers in importing Chinese products, technologies and services; and it uses import credit to support domestic borrowers in importing goods, technologies and services



By the end of 2018,  
the outstanding balance of  
loans extended by China  
Eximbank to support trade in  
goods exceeded



needed in the country's economic development. By the end of 2018, the outstanding balance of loans extended by China Eximbank to support trade in goods exceeded RMB 1 trillion, of which about RMB 480 billion supported export and RMB 570 billion supported import.

**Trade Finance and Capital Market Operations.** In addition to credit support, the Bank has extended its financial services to the whole process and all aspects of import and export, which leverages its expertise in trade finance and capital market operations. For example, during the stage of seeking trading partners in trade negotiations, the Bank provides consulting and credit investigation services to build the bridge between supply and demand; after the contract is signed, the Bank provides trade finance products such as performance guarantee and advance payment guarantee to ensure the effectiveness of the contract; during the stage of transport and delivery, the Bank provides products like customs guarantee and shipping guarantee to facilitate customs clearance; during payment and settlement, the Bank provides intermediary services such as import letter of credit, export letter of credit, import collection, inward and outgoing remittance as well as financial market services such as optional foreign exchange settlement and sale and foreign exchange swap to help companies improve the efficiency of capital operation and prevent and manage exchange rate risks.



During the first China International Import Expo, the Bank developed a tailor-made financial solution, Zhong Bo Rong, by forming a synergy among its products and services while focusing on its advantages. With a package of products and services covering the whole process of import trade, from consulting and financing to payment and hedging, the financial solution aims to enhance the core competitiveness of enterprises by meeting all their financial needs.



China Eximbank Holds Press Conference on the Launch of Zhong Bo Rong

### Case

### XCMG Whole-Set and High-Tech Product Export Project

This project not only facilitates the export of the company's hoisting machinery, pavement construction machinery and mechanical parts, but also helps it build an overseas sales network covering 177 countries and regions. It has boosted XCMG's status as a world-renowned engineering machinery enterprise, and contributed to the overall development and growing international competitiveness of China's construction machinery industry.



### Case

### XEMC Product Import and Export Project

Through export credit and import credit, China Eximbank provides XEMC with the support needed for importing critical components of technical equipment, expanding overseas market share of mechanical and electrical products, and promoting the localization of major equipment. The project has showcased the positive role the Bank has played to support the company's endeavor to go global, enable it to make more efficient use of resources both at home and abroad, explore both domestic and international markets, and achieve strategic transformation of its business.



Case

**Project on the Export of Electric Locomotives and Railway Electrification Renovation in Belarus**

This project, which mainly includes the electrification renovation of two railway lines and the export of 30 electric locomotives, is a major component of the Railway Planning and Development Program of Belarus. By introducing modern, high-power, heavy-duty, pollution-free and high-speed electric locomotives, the project lowers the transportation cost of the Belarus railway system, reduces environmental pollution, and increases the foreign exchange revenue of railway transit, thus contributing to the economic and social development of Belarus. At the same time, the project has helped bring China's locomotive equipment and railway electrification technology to the European market. According to the arrangements of the commercial contract, China Eximbank has provided flexible financing support for the project with six batches of loans as well as matching services of the relevant trade finance products, playing an important role in supporting the project's implementation.



**(2) Working Actively to Serve Economic Diplomacy with Higher Political Awareness**



China Eximbank has taken the opportunities of supporting major diplomatic activities to help build a public platform for global trade development, which creates impetus and space for countries around the world to export goods, services and technologies to China, and provides the platforms and opportunities for Chinese enterprises to explore overseas markets based on their strengths. During the first China International Import Expo, China Eximbank signed agreements with 19 enterprises, supporting more than RMB 20 billion of imports. The Bank has given full support to the Beijing Summit of the Forum on China-Africa Cooperation and its side events, and played a coordinating role in the implementation of the USD 5 billion special fund for financing imports from Africa. Through participation in the first Intra-African Trade Fair, the Bank has made its contribution to the economic development, trade and investment of Africa and all-round development of China-Africa economic cooperation and trade.

From 3 to 4 September 2018, Chairman Hu Xiaolian of China Eximbank attended the Opening Ceremony of the High-level Dialogue Between Chinese and African Leaders and Business Representatives as well as the Sixth Conference of Chinese and African Entrepreneurs, and the Opening Ceremony of the Beijing Summit of the Forum on China-African Cooperation, and joined other Chinese and African business representatives at the Sixth Conference of Chinese and African Entrepreneurs for a discussion on the theme of “deepening trade cooperation and seeking common development”.



## 2

### Supporting Supply-side Structural Reform to Cultivate New Growth Drivers

The Bank has taken targeted steps to support the five priority tasks of cutting overcapacity, reducing excess inventory, deleveraging, lowering costs, and strengthening the weak links

To serve the implementation of structural reform on the supply side, China Eximbank has taken targeted steps to support the five priority tasks of cutting overcapacity, reducing excess inventory, deleveraging, lowering costs, and strengthening the weak links, boost the quality and efficiency of services to the real economy, promote the transformation and upgrading of traditional industries, support the development of information industry, cultivate new growth drivers, and facilitate the optimization and upgrading of the economic structure.

The outstanding balance of loans received by the five industries, as a share of the total, has dropped year by year

**Cutting Excess Capacity.** The Bank has taken active steps to eliminate ineffective supply, introduced quota management and list management to the five industries with excess capacity, i.e. iron and steel, coal, cement, electrolytic aluminium and plate glass, and continued to reduce the scale of loans. As a result, the outstanding balance of loans received by the five industries, as a share of the total, has dropped year by year. At the same time, the Bank has supported Chinese enterprises to join the Belt and Road Initiative, take part in international cooperation on production capacity and equipment manufacturing, explore overseas markets and enhance international competitiveness, and bring Chinese products, mature technologies and standards to the world.

**Reducing Corporate Costs and Boosting Business Efficiency.** The Bank has provided high-quality yet low-cost financial services to enterprises in keeping with the principle of maintaining break-even while seeking moderate profits and on the premise of financial sustainability and market operation. First, to address the difficulties faced by small and micro businesses in accessing affordable finance, the Bank has lowered the funds transfer pricing (FTP) of the on-lending loans applicable to these businesses. Second, following the requirements of the State Council on cutting business fees and charges, the Bank has notably reduced the number of chargeable items by streamlining and combining existing items to further lower the burden on enterprises.

**Shoring up the Weak Links.** The Bank has given vigorous support to



the transformation and upgrading of manufacturing industries and the development of advanced manufacturing industries. The Bank has supported manufacturing enterprises in their efforts to enhance independent R&D capabilities, introduce technologies for assimilation, absorption and re-innovation, and seek the application, transformation and industrialization of scientific and technological achievements, facilitated the transformation and upgrading of machine tools, communications, aviation and other industries, and helped bring up a number of enterprises with innovation capabilities and international competitiveness. Focusing on advanced manufacturing, the Bank has contributed to the development of power equipment, new energy vehicles, new materials, high-tech vessels, information technology and other advanced manufacturing industries, and encouraged more private investment in the high-quality development of manufacturing industries.

Case

Kunlong Aircraft Project

AG600, code named Kunlong, is a large fire/water rescue amphibious aircraft independently developed by the Aviation Industry Corporation of China. It is the first large special-purpose aircraft developed in accordance with the airworthiness regulations of CAAC and the world's largest amphibious aircraft under research. China Eximbank has provided financing support for the R&D of the aircraft. The success of AG600's maiden flight, which has filled the gap in the development of large amphibious aircraft in China, is a landmark achievement in the building of an innovative country. The aircraft also represents a major historic breakthrough in China's aviation industry, which is conducive to the high-quality development of China's aviation industry and equipment manufacturing industry.



Case

The First Made-in-China Luxury Cruise Liner Project

With the rapid development of the cruise liner industry in recent years, China has become the second largest cruise liner market in the world, and the market demands for large cruise liners are growing ever stronger. However, due to the complexity and sophistication of the construction technologies, large luxury cruise liners are the only high-tech vessel product that China is still unable to produce. China Eximbank has provided all-round financing and advisory support for Chinese shipbuilding companies to build China's first luxury cruise liner. The project will help improve China's shipbuilding capacity, strengthen the weak links that constrain the long-term development of the shipbuilding industry, bolster the high-end equipment manufacturing industry, and boost the industry of luxury cruise liners to meet the upgraded demands of Chinese consumers.



**Supporting the Private Sector.** Following the instructions of the Party Central Committee on supporting private enterprises and addressing their difficulties in accessing affordable financing, China Eximbank has introduced a host of targeted measures, including strengthening organizational coordination, increasing credit supply, optimizing resource allocation, promoting fee cuts, strengthening internal management, and enhancing service capacity, to boost the quality of financial services provided to private enterprises. The bank has convened a symposium on supporting the development of private enterprises and signed strategic cooperation agreements with 32 private enterprises. Through these concrete actions, the Bank aims to increase support to the private sector, and give them a stronger sense of reaping the benefits.

On 30 November 2018, China Eximbank held the symposium on supporting the development of private enterprises and signing ceremony and the launch of the Twenty-three Measures of China Eximbank in Support of Private Enterprises, with the aim of facilitating the development of private enterprises in both international and domestic markets.



China Eximbank Holds Symposium on Supporting the Development of Private Enterprises

### Supporting the Development of the Private Sector with Innovative Financial Services

In recent years, China Eximbank has actively performed its functions, and increased support for private enterprises through continued innovation in financing channels, product development and service models. The Bank has initiated the “two-factor exporting factoring” business model for small and micro enterprises, and worked with domestic export factoring companies and overseas import factoring companies to provide services covering accounts receivable collection, accounts receivable management, bad debt guarantee, factoring and financing for domestic export enterprises.

The Bank has supported the development of the private sector based on the comprehensive strengths of its multi-layered product system of credit business, equity investment and trade finance. For example, the Bank provided loans to Huapont Life Sciences Co., Ltd. to support the company in increasing exports and accessing financing; the Bank used trade finance to support Chongqing ZhiFei Biological Products Co., Ltd. in the import of high-quality vaccines, the primary measure recommended by the World Health Organization for cervical cancer prevention.

## 3

### Promoting Coordinated Regional Development and All-Round Opening-up

Echoing the regional development strategy of the country, China Eximbank has strengthened the innovation of financial products and services based on the specific needs of financial services in different regions, and given vigorous support to the development of key regions including the Beijing-Tianjin-Hebei Region, the Yangtze River Economic Belt and the Guangdong-Hong Kong-Macao Greater Bay Area, with targeted steps in support of key regional projects.

#### (1) Beijing-Tianjin-Hebei Coordinated Development

Work related to the implementation of the Beijing-Tianjin-Hebei coordinated development plan: in keeping with the practical needs of promoting industrial restructuring, innovation-driven and green development in the Beijing-Tianjin-Hebei region, China Eximbank has invested more resources in such areas as transportation infrastructure, industrial cooperation parks, scientific and technological innovation of the business sector and environmental protection and governance, increased the support for major projects and programs such as intelligent manufacturing, new energy, new materials, energy conservation and environmental protection, and given support to the implementation of a number of demonstration projects, providing strong financial support for Beijing, Tianjin and Hebei to achieve coordinated development based on their comparative strengths.

Work related to the construction of the Xiongan New Area: first, strengthening organizational leadership, the Bank has set up a leading group on financial support for the development of the Xiongan New Area, and sent a task force to work in the New Area; second, advancing strategic cooperation, the Bank has strengthened contact and high-level exchanges with the government of the New Area, and taken the initiative to sign a strategic cooperation agreement with Xiongan; third, providing financing and advisory support, the Bank has utilized its professional expertise to seek low-cost funds for the construction of the New Area, promoted the use of on-lending in support of its construction, strengthened collaborative research in free trade zone finance, cross-border investment and financing and other areas, and improved the reserve of high-quality projects.

### Case

### Beijing-Tianjin Modern Service Industry Transfer Base Project

The relocation of Beijing's apparel industry is an important step for implementing the strategy of coordinated development of Beijing-Tianjin-Hebei region, relieving Beijing of functions non-essential to its role as the capital city, and alleviating the pressure on resources and environment. The goal of this project is to undertake the apparel production and wholesale industries relocated from Beijing, and, on that basis, promote the transformation and upgrading of the apparel industry, and create a nationwide business operation model with integrated functions of designing and R&D, production and processing, wholesale and retail, warehousing and logistics. The project has attracted a large number of people previously employed in the apparel industry in Beijing, and notably reduced the operating costs of apparel merchants relocated from Beijing. It thus plays a significant role in speedily relieving Beijing of its non-essential functions and promoting the coordinated industrial development of the Beijing-Tianjin-Hebei region, and also provides job opportunities and conditions for local residents and laid-off workers to get rid of poverty and earn higher income.

### Case

### Tasly Group Transformation and Upgrading Project

Building on its comparative strengths in the field of international economic cooperation, China Eximbank has provided targeted financing support for Tasly Pharmaceutical Group. The project has boosted the company's capability of technological innovation in modern Chinese medicine, chemical medicine and biological medicine, supported the transformation and upgrading of product R&D and marketing models, promoted the company's internationalization process, and contributed to the development of biopharmaceutical industry in Tianjin.



## (2) Yangtze River Economic Belt

Keeping up with the development process of the Yangtze River Economic Belt, China Eximbank has further increased credit support for key areas, projects and enterprises with a focusing on the main tasks including the construction of the comprehensive transport corridor, the protection of the ecological environment, the transformation and upgrading of industries, and the building of free trade zones, in order to generate sustained driving force for the development of the Yangtze River Economic Belt.

### Case

#### Changsha Maglev Express Project in Hunan Province

Changsha maglev express is the first independently designed, manufactured, constructed and managed medium and low-speed maglev line with full intellectual property currently operating in China. The construction of the express line marks the completion of full coverage of maglev technology from R&D to application, making China one of the few countries in the world to master such technology. It plays a significant role in building an integrated air-rail transport network in Central China and cultivating a new high ground for opening up China's inland regions.



### Case

#### Beihu Sewage Treatment Plant Project

The construction of the Beihu Sewage Treatment Plant serves the dual purpose of water treatment in the Greater East Lake Region of Wuhan City and domestic sewage control in the core cities of the Yangtze River basin. Given the substantial amount of funds required, China Eximbank has provided timely financial support for the project. The sewage treatment plant is not only the largest of its kind in Hubei Province, but also a key project launched by Wuhan City to fulfill its responsibility of “protecting the Yangtze River”, promote the comprehensive management of the environment of the Yangtze River basin, and improve the ecological environment of the Yangtze River. With the completion of the project, the tailwater discharged into the Yangtze River will be able to reach the highest national standard, thus contributing to the restoration of the ecological environment along the Yangtze River.



Case

Chongqing Jiangbei Airport Project

In order to further enhance the transportation capacity of Chongqing's aviation industry, fully leverage Chongqing's advantageous location, and boost the city's role in the entire region, China Eximbank has provided credit support for the construction of Terminal 3 and the expansion of the third runway of Chongqing Jiangbei Airport to build the airport into a comprehensive international aviation hub with an annual throughput of 45 million passengers, cargo and postal throughput of 1.1 million tons, and 373,000 take-offs and landings.



### (3) Guangdong-Hong Kong-Macao Greater Bay Area

To serve the implementation of the construction plan of the Guangdong-Hong Kong-Macao Greater Bay Area, China Eximbank has leveraged its strengths to support the development of the Greater Bay Area in the areas of infrastructure connectivity, international industrial capacity cooperation and RMB internationalization, with the aim of building a world-class bay area and world-class city cluster, and supporting the cultivation of new industrial clusters and innovative industrial systems in the Greater Bay Area.

Case

**Project on the Construction of a Production Line for the New G11 TFT-LCD and AMOLED Display Device of Shenzhen China Star Optoelectronics Technology Co., Ltd (CSOT)**

CSOT is a private company that receives support from China Eximbank and a leading company in China's LCD panel industry. With the support of the bank, CSOT's production line for the new G11 TFT-LCD and AMOLED display device has been completed and put into operation, which has helped the company further improve its production network in Shenzhen. The project plays a significant role in promoting the agglomeration of related industries and building Shenzhen into a global production base of the semiconductor display industry, and fully showcases the commitment of China Eximbank to its duty of supporting private companies.



Case

**Hong Kong-Zhuhai-Macao Bridge Project**

On 24 October 2018, the Hong Kong-Zhuhai-Macao Bridge (HZMB) was officially opened to traffic, turning the vast Lingding Sea into a convenient transport thoroughfare. HZMB is a cross-ocean bridge with record-breaking mileage, investment and construction difficulty in China's construction history, and an important landmark and central hub of the Guangdong-Hong Kong-Macao Great Bay Area. The completion of HZMB is of great significance to the development of the Great Bay Area. China Eximbank has actively participated in the construction of HZMB, and mainly supported two projects, i.e. the main construction of the bridge and immersed tunnel, and the Zhuhai link road. Through well-calibrated allocation of funds, the Bank has guaranteed funding for the project, laying a solid foundation for the construction of HZMB.



4

## Supporting the "Going Global" of Chinese Enterprises and Expanding Economic Cooperation with the Rest of the World

By the end of 2018, the outstanding balance of loans issued by China Eximbank in support of the "going global" of Chinese enterprises exceeded

**1** RMB trillion

As one of the first Chinese financial institutions to support the "going global" of enterprises, China Eximbank has provided all-round, specialized financial services to Chinese enterprises, and supported a large number of overseas investment, merger and acquisition, offshore contracting and energy resources projects, which helps enterprises harness international resources and markets, and extends their presence in both ends of the industrial and value chains; the Bank has facilitated the export of Chinese technologies, equipment, standards and services to demonstrate China's capabilities and leverage China's advantages; the Bank has paid attention to support the capacity-building of partner countries, and helped them acquire management experience and technical standards and promote professional training through project construction and operation, thus achieving the goal of "teaching how to fish". By the end of 2018, the outstanding balance of loans issued by China Eximbank in support of the "going global" of Chinese enterprises exceeded RMB 1 trillion.



Case

Geely Auto Plant for Passenger Car Production in Belarus

The project is of great significance in promoting bilateral relations, economic exchanges and trade between China and Belarus. For China, the project is a major initiative in the “going global” of its automotive industry as it uses Chinese technology and Chinese construction company, purchases Chinese equipment, employs Chinese workers, utilizes Chinese funds, takes Chinese parts suppliers into the local market, and sets up a modern automobile assembly plant for Geely in Eastern Europe. For Belarus, the project is its first large passenger car factory, which creates new jobs for the local community and contributes to the development of the country’s automotive industry. After the completion of the project, President Lukashenko personally hosted the ceremony marking the launch of the first vehicle rolling off the production line and commended the plant as “the project that realizes the car dream of Belarus”.



Case

Nigerian Abuja Light Rail Phase I Project

Phase I of the Nigerian Abuja Light Rail project, which was built by Chinese enterprises with the support of China Eximbank, is the first operating light rail line in West Africa. The project uses Chinese standards, technologies and equipment, and receives all-round support provided by Chinese enterprises in its operation, making it a fine example of China-Africa cooperation on production capacity. In the first month of its operation, the light rail carried 20,000 passengers, effectively alleviating the pressure of traffic congestion in Abuja and improving the traffic situation in the capital city. During the construction period, the project provided nearly 3,000 job opportunities for Nigeria, and trained local technical personnel in railway construction, maintenance and operation, laying the foundation for the realization of independent rail line construction and development in Nigeria.



# C3



## Enhancing Inclusive Financial Services to Support Weak Links in the Economy and Society



Driven by its mandate and responsibility, the Bank established the Inclusive Financial Services Department as a platform to fully implement overall arrangements made by the CPC Central Committee and the State Council on financial inclusion development, contribute its own part to developing inclusive finance and step up efforts to design and provide innovative products and services.

By the end of 2018, the Bank's outstanding balance of inclusive finance loans exceeded RMB 670 billion, of which more than RMB 370 billion was channeled towards small and micro businesses, over RMB 360 billion to agriculture, rural areas and farmers, and RMB 20 billion to targeted poverty alleviation programs. In so doing, inclusive financial services provided by the Bank have played an important role in strengthening the weak links in the economy.

By the end of 2018, the Bank's outstanding balance of inclusive finance loans exceeded

**670** RMB billion

**370** RMB billion  
was channeled towards  
small and micro businesses

over  
**360** RMB billion  
to agriculture, rural  
areas and farmers

**20** RMB billion  
to targeted poverty  
alleviation programs.

1

## Innovative Financial Services for Small and Micro Businesses

Financing support serves as an importance impetus that stimulates the vitality of small and micro businesses and drives their growth. Based on its own fundamentals, the Bank continues to innovate its systems and business models, offer quality on-lending services, expand service models to support micro, small and medium-sized businesses in foreign trade, and reinforce capacity building in financing for small and micro businesses.

### (1) On-lending Service

The Bank's on-lending service model provides wholesale low-cost and long-maturity funding to small local commercial banks earmarked for the development of small and micro businesses. Such inter-bank partnership benefits greater number of small and micro businesses as it offsets the Bank's limitation in network and staffing resources and leverages the complementary strengths of the Bank and its local partners.

To promote the growth of such on-lending business, the Bank has developed rules and guidelines, and arranged special working plans and supervision to improve the on-lending services to small and micro businesses. The Bank has cut fund transfer prices for on-lending to small and micro businesses and operationalized an internal coordination mechanism to raise the efficiency of on-lending reviews and approvals.

According to the data provided by partner banks, the Bank's on-lending program has benefited 5,126 small and micro businesses by the end of 2018, with an average financing amount of RMB 5.17 million for each.

#### Qingdao Rural Commercial Bank On-lent RMB 1 Billion to Small and Micro Businesses

In 2018, the Bank granted a credit line of RMB 1 billion to the Qingdao Rural Commercial Bank, which benefited 108 small and micro agricultural businesses through on-lending service. Such cooperation with local banks provides inclusive financial services for the industrialization, urbanization, and agriculture modernization in Chinese counties.

### (2) Government-Bank-Guarantor Cooperation Model

To further the Bank's support to small and micro businesses and play its leading role in boosting trade, the Bank has worked closely with local governments to promote the model of government-bank-guarantor partnership. With foreign trade special funds serving as guarantee against risk, the Bank focuses on cultivating cooperation with integrated foreign trade service providers, through which more lending is channeled to micro, small and medium-sized businesses.

Using the special funds for foreign trade as risk guarantee, the Bank provides credit enhancement and risk compensation for micro, small and medium-sized foreign trade companies and leverage credit resources to support their export. In the coming years, as the funding pool further grows, more companies will stand to benefit and further boost the growth of foreign trade.

### **Tianjin Supports Micro, Small and Medium-sized Foreign Trade Companies through the Government-Bank-Guarantor Partnership**

The Bank formed the government-bank-guarantor partnership with the Tianjin Commission of Commerce, Tianjin Finance Bureau and Sinosure, and jointly formulated the Work Plan on Supporting Pilot Export Financing Projects Undertaken by Foreign Trade Service Companies in Tianjin. Under the recommendation of the Commission of Commerce, the Bank selected Tianjin Free Trade Service Co., Ltd. and NIBS Co., Ltd., two companies that are of considerable size and sound qualifications to undertake the program. In accordance with the Work Plan, the Bank has provided financing worth RMB 160 million to the two companies, meeting the target set with the Commission of Commerce and other relevant local authorities. This initiative produced good social benefits and was highly recognized by the Bank's partners.

## **2**

### **Consolidating Quality Resources to Support Agriculture, Rural Areas and Farmers**

To implement the Rural Revitalization Strategy and the decisions made at the Central Conference on Rural Work, the Bank fully leverages its financial expertise on foreign trade and “going global” and pool its financial resources to support agriculture, rural areas and farmers. Substantial progress has been made in supporting the “going global” endeavors of agribusinesses.

#### **(1) Deepening Strategic Cooperation with the Ministry of Agriculture and Rural Affairs**

The Bank worked with the Ministry of Agriculture and Rural Affairs (MARA) and took part in the road show recommending loan projects for international agricultural cooperation in 2018. The Bank was also actively involved in the inter-ministerial meetings on international agricultural cooperation led by MARA.

The Bank participated in the “10+10” (10 companies and 10 financial institutions) Project Consultation, and promoted relevant policies and products that support “going global” agribusinesses at events in Hefei, Kunming, and Nanchang, contributing its ideas and strengths to overseas

cooperation on agricultural resources development. By the end of 2018, the Bank had provided financing support for 105 agricultural projects recommended by MARA, helping a great number of capable agricultural companies expand their overseas businesses.

## (2) Cultivating Agribusinesses with International Competitiveness

With a focus on working with leading companies in agricultural industrialization, the Bank has given priority support to such sectors as agricultural machinery manufacturing, deep processing of agricultural products, and overseas mergers and acquisitions, in order to help Chinese companies enhance productivity and international competitiveness. For example, the Bank provided trade finance to Shaanxi Hengtong Fruits, which has become a global leading supplier of apple juice concentrate.

By the end of 2018, the Bank had provided financing support for

**105**

agricultural projects recommended by MARA

The Bank also facilitated Shuanghui's acquisition of Smithfield, marking Chinese agricultural companies' growing presence in developed markets such as the US and Europe.

The Bank also supported China National Agrochemical Corporation (CNAC) in its acquisition of Israel-based Makhteshim Agan Industries Ltd. Through this project, CNAC obtained the world's leading technologies on agricultural chemicals, which in turn gave Chinese manufacturers a greater say in global trade of agrochemical products.

## (3) Strengthening Cooperation with Belt and Road Partner Countries in Agriculture and Agricultural Science

In the broad context of the Belt and Road Initiative, the Bank has strengthened agricultural cooperation with Southeast Asia, Central Asia, and Pacific Countries, and supported Chinese companies in exploring markets in regions that enjoy abundant natural and agricultural resources but are in need of foreign investments due to a lack of funding and technologies.

For example, the Bank tapped its advantageous resources in financing, talents and information, and devised integrated financing solutions combining loan, trade finance, and investment funds for Guangdong State Farms Rubber in its going global efforts. The Bank also offered a package of advisory services on local policies, laws and country risks to ensure the support is comprehensive and multi-pronged. The Bank always encouraged Chinese companies to fulfill their social responsibilities in overseas markets

by creating jobs and improving technical know-how for local communities. This Guangdong State Farms Rubber project has created over 10,000 local jobs, paid nearly USD 10 million taxes annually, and benefited over 200,000 local people.

Another case in point is the project to support Yunnan State Farms Rubber Investment Co., Ltd. to establish rubber plantations in Southeast Asia. As a replacement of opium poppy, rubber is promoted by local governments as a cash crop and enjoys vast market potential. The plantations construction project has boosted local economy and helped to address sensitive social issues.

The Bank has also supported a full-cycle high-tech agricultural manufacturing project in Belarus, which has brought Chinese equipments, materials and techniques to overseas markets, and promoted local food-processing and high-tech circular industries.

## CASE

### Project of China Animal Husbandry Group (CAHG)'s Additional Investments in Matura Valley Milk, New Zealand

China is a primary consumer of dairy products, while New Zealand has world-leading dairy sources and industrial systems. By supporting CAHG in investing in Matura Valley Milk, the Bank built an example of win-win cooperation between China and New Zealand in animal husbandry.

- ◆ This project has not only boosted local employment, export and economy,
- ◆ but also helped Chinese dairy company enhance its capacity by gaining cutting-edge technologies and quality dairy resources.



### 3 Targeted Poverty Alleviation through Financial Services

By fully exploiting its financing expertise, the Bank has reinforced its poverty alleviation agenda with clear understanding, detailed plans, refined measures and sufficient funding. Concrete progress has been made so far. By working closely with two counties in underdeveloped regions, namely Minxian County in Gansu Province and Yunyang County in Chongqing Municipality, the Bank is proud to see that Yunyang has been officially registered poverty-free; and 43 villages, 5,750 households and 23,942 people in Minxian were lifted out of poverty in 2018, which cut the poverty headcount ratio by 5.7 percentage points.

43

villages in Minxian were lifted out of poverty in 2018

The poverty headcount ratio by

5.7 percentage points

#### (1) Improving Mechanisms and Rules

On mechanism building, the Bank has established its four-tiered management mechanism whereby the Party Committee leads, the Poverty Alleviation Leading Group coordinates, functional departments guide, and local branches implement. Under such mechanism, all parties involved work in synergy with responsibilities clearly defined and efforts concentrated towards bottlenecks.



On rules making, the Bank issued the Rules for the Poverty Alleviation Leading Group of the Export-Import Bank of China, Guideline on Strengthening the Poverty Alleviation Work of Gansu Branch and Chongqing Branch, and specified tasks for its staff assigned to poverty alleviation posts, including deputy county chief on secondment and first secretary of CPC village committees on secondment. These rules and policies make up a poverty alleviation system with clearly defined responsibilities and accountability.



On improving the conduct and work ethics, the Bank's leadership leads by example. Since 2015, Party Secretary and Chairman Hu Xiaolian has made several trips to Minxian and Yunyang to guide the Bank's work in the local community. Under her leadership, officials and staff at all levels have also made field trips to gain first-hand experience and understanding of the local situation so as to better help the local communities get rid of poverty.





▲ Chairman Hu Xiaolian on a Field Trip to Yunyang, Chongqing

## (2) Deepening Cooperation Between the Bank and the Government

Bank-government cooperation is one of the key models adopted by the Bank to carry out targeted poverty alleviation. Since 2008, the Bank has worked in close communication with the State Council Leading Group Office of Poverty Alleviation and Development (the “Office”) in a result-oriented manner. Through signing the Long-term Financial Cooperation Agreement and Financial Services-Enabled Poverty Alleviation Cooperation Agreement, the Bank and the Office has established partnerships, built cooperation platforms, collaborated on industrial development and targeted poverty alleviation, jointly developed key projects, and supported leading businesses to increase income for impoverished households and boost economic development in underdeveloped regions.

The primary focus of such cooperation model is to strengthen collaboration on local projects. Poverty alleviation offices of local government established platforms and mechanisms with the Bank’s local branches to ensure better communication and implementation. As such, the Bank’s financial services are better aligned with actual needs for poverty reduction.

The Bank’s branches also enhanced ties with local poverty alleviation offices to deliver national anti-poverty policies. Credit support has been provided to over 80 small and medium-sized enterprises that works with poor households and rural cooperatives of a certain scale.

In so doing, the Bank has supported a number of poverty alleviation projects through financial services that suit local conditions, reduced financing costs for companies that promote poverty alleviation, and brought into effective play the leveraging role of finance.

## (3) Developing Innovative Models for Poverty Alleviation

### 1) Pursuing Poverty Alleviation and Increasing People’s Income through Industrial Development

To shift the main drive of poverty alleviation from external assistance to the “blood-making” capacity of local community, the Bank focused on facilitating industrial capacity building in those regions. The Bank took initiative in introducing innovative means such as building platforms and bringing partnerships to help enhance capacity building of poor regions through industrial development.

First, fostering industrial chains in accordance with local conditions.

In Yunnan province, the Bank supported the production of agricultural products that match local geographical features such as tilapia, vegetables, and tea. Under a business model involving agricultural companies, production bases, and local farmers, the Bank helped to increase income for farmers in poverty stricken areas.

In Henan, a province endowed with abundant agricultural resources, the Bank gave priority to local leading agribusinesses including Muyuan Foods, Zhong Lan High-efficiency Agriculture, and Yisai Beef in an effort to reduce poverty through agricultural industrialization.

Second, providing tailored services to targeted clients.

In Guangdong province, the Bank partnered with Wen's Food to provide direct support to local registered poverty-stricken households. Lending was also provided to support agricultural photovoltaic projects undertaken by Guangdong Yudean Group to ensure tangible benefits were delivered to local registered poor households.

In Gansu province, the Bank facilitated the cooperation between Minxian Chinese Medicine Company and Jointown Pharmaceutical Group, a listed company based in Hubei Province, to establish a joint venture, Gansu Jiuzhou Tianrun Chinese Medicine, for which the Bank provided financial support based on market principles. Additionally, the Bank identified 8 qualified agricultural cooperatives and assisted them in obtaining GMP verification<sup>①</sup>, which empowered the cooperatives to complete raw materials processing for Jiuzhou Tianrun. In 2018, Jiuzhou Tianrun earned RMB 45.17 million in revenue and employed 60-80 people, curing the prolonged problem of unemployment and poverty in the local county.

Third, building platforms to address financing difficulties for companies through multiple means.

The Bank incorporated projects of financial cooperation for poverty alleviation into its "Credit Growth Plan for SMEs", and launched innovative products and services for poverty alleviation-related SMEs. This way, the Bank achieved the dual objectives of supporting micro and small businesses and facilitating poverty alleviation through financial services.

By leveraging the role of the Chongqing Import and Export Credit Guarantee Company and the Northeast China SMEs Credit Re-guarantee Company, the Bank enhanced collaboration with local governments to build platforms to help poverty alleviation companies obtain loan guarantee.

① : GMP is short for Good Manufacturing Practices. According to the WHO, GMP helps ensure that manufactured products like food, medical devices, and pharmaceutical goods are guaranteed to be safe and of good quality. GMP is mandatory for related businesses.

CASE

GCL New Energy's Photovoltaic Poverty Alleviation Project in Inner Mongolia

The Bank supported GCL New Energy's photovoltaic project in eastern Inner Mongolia to harness the abundant solar resources, and thus facilitated the local government's efforts in reducing poverty, saving energy and cutting emissions. The project has already been put into operation and connected to grids, with an installed capacity of 120 MWp and benefiting 4,801 registered poverty-stricken households. Apart from promoting energy conservation, environmental protection and sustainability, it also establishes new industries for the locals, who are witnessing meaningful changes in their lives.



CASE

Photovoltaic Poverty Alleviation Project in Linyou county, Baoji City, Shaanxi Province

The Bank provided financing support to the PV poverty alleviation project in Linyou county, Shaanxi. In keeping with the local conditions, this project adopted the model of "generating solar power on rooftop and building eco-agriculture inside the greenhouses", creating a sustainable poverty alleviation model that integrates green energy, new agriculture and industrial development. Income from land leases for solar stations is a sustained source of income for local farmers. Moreover, poor families find jobs at the PV greenhouses and local farmers can make additional income as contractors of the greenhouses.



## 2) Public Welfare Program to Build Capacity and Share Knowledge for Poverty Alleviation

First, aiming at improving the literacy of the poorest, the Bank focuses on the weakest links in education for the next generation, which fundamentally helps to remove the root that breeds poverty.

The Bank grants educational funds for the two designated counties in poverty reduction. Assistance has been given to 801 students from registered poor families in Minxian who are attending colleges in their home province or vocational schools in other provinces. The Bank, for three consecutive years, has also supported students from registered poor families of the two counties who are attending college in Beijing. In 2018, 32 students benefited from this scheme, under which 79 students in total had received support so far. Moreover, the Bank has worked with BN Vocational School to provide two-year free vocational training to 24 middle school graduates from poverty-stricken families in Minxian.

Second, the Bank places greater emphasis on training to enhance capacity building.

In Minxian, the Bank organized eight summer sessions for 3,800 elementary and secondary middle school teachers and training programs for 45 village heads, start-up owners and technicians. The Bank also arranged eight local officials to work as secondment at its branches in more developed regions. In addition, a thematic training program was held for 50 township-level officials from Yunyang County at Wuhan University.

Third, the Bank has launched charity campaigns to battle poverty.

The link to on-line shops selling products from Minxian and Yunyang have been posted on the Bank's official WeChat homepage. The Bank also partnered with the Alliance of Charities in China to sell agricultural products produced in the two counties via the Alliance's mobile phone application.

### 3) Delivering Poverty Alleviation Commitment by Amplifying the Impact of Demonstration Projects.

 <p>Infrastructure</p>	<p>The Bank has supported infrastructure projects including paved roads, water conservancy facilities and river bank enhancement to add value to land in the two counties. Altogether 10 kilometers of rural roads have been constructed to benefit over 1,000 local residents in the two counties.</p>
 <p>Resettlement of the Poor Population</p>	<p>The Bank facilitated the relocation and resettlement of severely impoverished residents from Minxian to the Xinjiang Production and Construction Corps.</p>
 <p>Healthcare Services</p>	<p>For three consecutive years, the Bank has supported the Medical Assistance Fund for Patients of Critical Illnesses ran by Yunyang, through which over 3,000 registered poor patients received timely and necessary aid for hospitalization and family rehabilitation services.</p>
 <p>Attracting Investment</p>	<p>The Bank helped to build connections between the government and companies of Minxian and 13 well-known companies, including Gansu Province Power Investment Group, which expressed an interest in providing loan guarantees for featured industries, taking part in the renovation of the local incremental power distribution system, hotel development and operation, and agricultural product procurement. The Bank's priorities also include establishing links between Yuguan Modern Agricultural S&amp;T Co., Ltd., a quality client of the Bank, and Yunyang government and facilitating the construction of Xinrui Group's manufacturing facility for prefabricated building materials in Yunyang.</p>