GLOBAL VIEWS

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Investing in the future

Green finance has big role to play in ensuring a bio-diverse world

Due to environmental pollution, climate change and economic activities, we are witnessing a rapid loss of rainforest and species that is estimated to be 1,000 times faster than the natural extinction rate. The biodiversity loss threatens human survival in terms of ecosystem degradation and food security. The Global Risks Report 2020 released by the World Economic Forum warns that biodiversity loss will be one of the top risks in the next decade.

However, global governance and resources coordination lag behind the urgency for greater global biodiversity conservation efforts. According to the Global Biodiversity Outlook 5 unveiled by the Secretariat of the Convention on Biological Diversity, despite continued conservation efforts over the past decade, none of the 20 goals of the 2010 Aichi Biodiversity Targets have been fully achieved, and little progress has been made in realizing some of them. The outcomes show the biodiversity conservation cause requires stronger political will and the power of financial capital. History has taught us, without political will, broad participation and implementation, and capital and technological support, such an ambitious goal cannot be achieved.

According to a report by the Secretariat of the Convention on Biological Diversity, the funding gap for biodiversity conservation is estimated to be between $780 billion and $895 billion per year. In terms of global financial needs by 2030, it noted that in addition to direct investment in ecological areas such as protected areas, the sustainability of farmland, pasture, fisheries, agriculture and forestry also faces significant funding gaps. The report also points out that public funds account for 80 percent of the investment in natural capital and that funding needs to be greatly increased. To encourage the participation of commercial financial institutions and private capital, governments should create a sound investment and business environment.

SHI YU / CHINA DAILY

In the current complex and volatile international situation, especially amid the COVID-19 pandemic, green finance, including biodiversity finance, is expected to become a viable force for China's financial supply-side reform under the dual-circulation development paradigm.

The current funding gaps can be transformed into investment opportunities. Financial institutions can stimulate the transition to green growth through investments related to biodiversity and green financial projects. In the current complex and volatile international situation, especially amid the COVID-19 pandemic, green finance, including biodiversity finance, is expected to become a viable force for China's financial supply-side reform under the dual-circulation development paradigm.

On Oct 11, the 15th Meeting of the Conference of the Parties to the UN Convention on Biological Diversity, COP 15, was held in Kunming, Yunnan province. The meeting initiated negotiations on a global biodiversity framework and action plan for the coming decade. The Chinese government, the host of COP 15, announced it would establish a Kunming Biodiversity Fund and take the lead by investing 1.5 billion yuan ($233 million) to support biodiversity protection in developing countries. It also issued guidelines requiring governments at all levels to take an active role in biodiversity conservation. They will introduce methods and policies to encourage the participation of social capital in ecological and environmental governance.

Responding to the series of actions, the International Finance Forum, working with 34 financial, environmental and social institutions and organizations, such as the UN Environment Programme, the World Bank and China's Huaxia Bank, launched the Global Joint Initiative for Biodiversity Financial Partnership on Oct 25 in Beijing. The joint initiative calls on global financial capital to strengthen its participation in environmental governance such as biodiversity conservation, firmly supporting the outcomes of COP 15 and the relevant initiatives of the Chinese government.

The 26th UN Climate Change Conference (COP 26) also achieved significant progress after six years of discussions. But some problems remain unsolved, such as financial issues, which are a core concern of developing countries, affecting political trust in the multilateral climate governance. A pledge by developed countries to provide $100 billion a year by 2020 has not been met, and developing countries demand action to honor it.

As a responsible participant, China is playing a vital role in addressing climate change and promoting negotiations at COP 26. The major developing country has issued a number of documents and put forward its "1+N" (1 representing a general guideline and N specific action plans for different industrial sectors) climate action plan, which sets a strong, overarching policy framework for the peaking, and subsequent constant reductions, of its carbon emissions.

The practice and innovation of green finance will usher in fresh opportunities for development and serve as a tool for promoting global environmental governance. Here are three suggestions on how green finance can further support biodiversity conservation and the fight against climate change.

First, it is necessary for financial institutes to accelerate the establishment of diversified partnerships with stakeholders of biodiversity protection and climate change. Different parties should actively participate in the negotiations on the post-2020 biodiversity framework and put forward investment and financing goals and plans before the second phase of COP 15 in April 2022.

Second, considering the problems of developing economies in advancing industrialization and urbanization, countries should jointly explore a more coordinated mechanism to protect biodiversity, address climate change and control pollution. That would be conducive to improving global environmental governance, and supporting developing countries in their efforts to solve ecological and environmental problems during their pursuit of social and economic development.

Third, governments should enhance their support for the reform and innovation of green finance, to encourage financial institutions to explore related services.

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DING LONG

Middle looks from West to East

Countries in the Middle East are working with China to elevate strategic cooperation to a higher level

MA XUEJING / CHINA DAILY

Despite the complicated international situation and daunting challenges brought about by the COVID-19 pandemic, China's political relations and strategic cooperation with Middle East countries maintained strong momentum in 2021. The Middle East region has greater significance in Chinese diplomacy, and regional countries are more inclined to adopt a "Look East" policy.

As a result, the two sides have strengthened high-level exchanges, bilateral cooperation has become more institutionalized and anti-pandemic collaboration has become a stellar example of the two sides building a China-Middle East community with a shared future. Actively fulfilling its commitment of making COVID-19 vaccines a global public good, China has donated and exported 440 million doses of vaccines to Middle East countries, providing a material guarantee for their anti-pandemic efforts.

Last year also marked an important step toward more institutionalized development of China-Middle East relations. Based on existing cooperation mechanisms such as the China-Arab States Cooperation Forum, China and Middle East countries have successfully established a number of new cooperation platforms.

The "Look East" policy of Middle East countries reflects the ongoing adjustment of foreign policy based on their own development demands.

Strong economic complementarity is the foundation for deeper bilateral cooperation between the Middle East countries and China. China's enormous energy demand and economic complementarity to Middle East countries have laid a solid foundation for partnership. On average, China imports nearly 5 million barrels of oil from the Middle East each day, among which 40 percent is from Arab states. In 2020, the trade value between China and Gulf Arab states exceeded $160 billion. China has been Saudi Arabia's largest trading partner for 10 consecutive years with bilateral trade hitting $67 billion in 2020, and Saudi Arabia has become China's largest trading partner in the Middle East region. Oil imports from Saudi Arabia are crucial to China's energy security, while Saudi Arabia needs such a big oil importer as China amid severe competition in the global oil market.

China is also helping Middle East countries with their economic restructuring. Reducing reliance on oil to diversify their economies is yet another goal of Middle East countries. For instance, Saudi Arabia's Vision 2030 strategic framework aims to reduce the country's dependence on oil by diversifying its economy. Gulf Arab states including Saudi Arabia, the United Arab Emirates and Oman are actively seeking to align their development strategies with the Belt and Road Initiative proposed by China, in an attempt to attract more investment from China to facilitate their domestic economic transformation. Apart from bilateral cooperation under the framework of coordinated development strategies, China and Saudi Arabia are exploring third-party market cooperation in countries such as Pakistan.

The developed European nations and the United States used to be the destination for the majority of investments made by the Gulf Arab states, while nowadays, Saudi Arabia, the United Arab Emirates and Qatar are reinforcing cooperation with China in emerging areas including technology, manufacturing, fisheries and nuclear energy. Also, China has become an important source of investment in Arab states.

The alliance between Middle East countries and the US has been significantly undermined. The alliance between oil-exporting Middle East nations and the US, based on "cheap oil in exchange for American protection", used to be the cornerstone of their diplomacy and security strategies. However, since the US realized energy independence, that alliance has been shaken to the core. Asian countries including China and India have now become the largest markets for Gulf states' oil exports.

Furthermore, the US' focus is no longer on the Middle East. A number of incidents — including the Arab Spring, the attack on Saudi Aramco's petroleum tank farm and the turmoil in Afghanistan — have caused a crisis of confidence among the US' partners in the region. The "value-based alliance" touted by the Joe Biden administration has put great pressure on Middle East countries, which have long been criticized by the US for alleged human rights abuses. Iraq was the only Arab country invited to the US' so-called Summit for Democracy. Therefore, Middle East countries are betting on both sides amid the China-US competition, so as to avoid the risk of relying only on the US.

The US, on its part, is trying to make the Middle East a new arena in which to contain China's development, with more evident measures aimed at ostracizing and suppressing China in the region. The US has been pressuring regional countries to pick sides against China amid the China-US tensions, in an attempt to undermine their strategic cooperation with China, forge an anti-China alliance in the Middle East, and rigorously prevent China from "filling up the strategic void" created by the US' strategic shift in the Middle East.

Since President Biden was sworn into office, the US has sought to maintain its influence in the Middle East without continuing to invest resources in the region. In sharp contrast, China and Middle East countries have scored notable achievements in energy, technology, medical collaboration, among other areas. Regional countries are clearly aware that economic dependence on China and security dependence on the US will continue to exist for a long period to come.

Promoting peace through development and cooperation is the guiding principle of China's Middle East policy. China attaches great significance to Middle East countries' development concerns and is committed to aligning the Belt and Road Initiative with their development strategies, placing equal significance on improving the regional economy and people's livelihoods and its own economic benefits.

In 2021, China and Middle East countries strengthened their traditional friendship and bolstered pragmatic cooperation. In the future, bilateral relations will usher in brighter prospects with greater development.

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