

# China's New Green Catalogue

## Harmonizing Standards

---

Jun. 1<sup>st</sup>, 2020

## China's new green catalogue: harmonizing standards

GUO Peiyuan, LIU Yujun, WU Yanjing, Grace GUAN

SynTao Green Finance

On May 29, 2020, the China **“Green Bond Endorsed Project Catalogue (2020 Edition)” Consultation Version** (hereafter referred as “2020 Catalogue”) was jointly released by the People's Bank of China (PBOC), the National Development and Reform Commission (NDRC) and the China Securities Regulatory Commission (CSRC) for public consultation. The draft catalogue classifies green projects into 6 level-I industry categories: Energy-saving and Environmental Protection Industry, Cleaner Production Industry, Clean Energy Industry, Eco-environment Industry, Green Upgrading of Infrastructure, and Green Services, thereafter, followed by 25 level-II, 48 level-III and 204 level-IV categories.

**Table 1: Framework of the 2020 Catalogue**

1. Energy-saving and Environmental Protection Industry	2. Cleaner Production Industry	3. Clean Energy Industry
1) Energy-efficiency improvement 2) Sustainable building 3) Pollution prevention and control 4) Water saving, and non-regular water resources utilization 5) Comprehensive utilization of resources 6) Green transportation	1) Pollution prevention and control 2) Green agriculture 3) Comprehensive utilization of resources 4) Water saving, and non-regular water resources utilization	1) Energy-efficiency improvement 2) Clean energy
4. Eco-environment Industry	5. Green Upgrading of Infrastructure	6. Green Services
1) Green agriculture 2) Ecological protection and construction	1) Energy-efficiency improvement 2) Sustainable building 3) Pollution prevention and control 4) Water saving, and non-regular water resources utilization 5) Green transportation 6) Ecological protection and construction	1) Consulting services 2) Project operation management 3) Project evaluation, audit, and verification 4) Monitoring and testing services 5) Technical product certification and promotion

Compared to **“Green Industry Guiding Catalogue (2019)”** and the **2015 “Green Bond Endorsed Project Catalogue (2015 Edition)”** (hereafter referred as “2015 Catalogue”), the 2020 Catalogue shows three main characteristics.

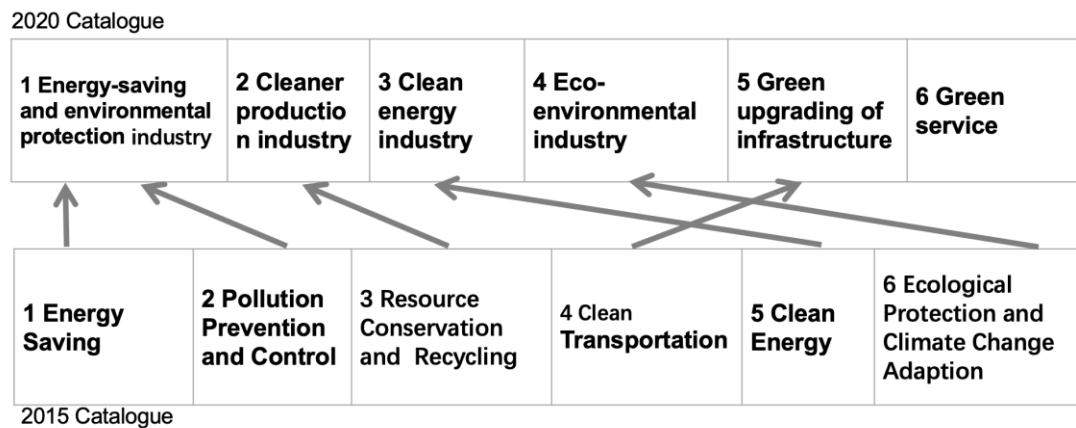
First, the 2020 Catalogue assumes the structure of **Green Industry Guiding Catalogue**. The number and description of the projects are quite close. Only the classification method of level II & III categories was adjusted. The differences are shown in the table below.

**Table 2: Comparison of 2020 Catalogue and Green Industry Guiding Catalogue**

Deletion	Addition
Manufacturing of comprehensive utilization of sludge disposal in urban sewage treatment plants (1.3.9) Ultra-low emissions retrofits of coal-fired power plant (2.3.2) Clean fuel production (3.3.1) Clean utilization of coal (3.3.2) Manufacturing of non-regular oil and gas exploration and development equipment (3.1.6) Manufacturing of offshore oil and gas exploration and development equipment (3.1.7) Manufacturing and operation of extraction and utilization facilities of coalbed methane (coal mine gas) (3.2.6) Renovation project and operation of peak shaving for coal-fired generator sets (3.4.4) Comprehensive treatment of coal mining subsidence area (4.3.11)	Construction and operation in carbon dioxide capture, utilization and storage (3.2.3.6) Clean heating in rural areas (5.1.2.1)

Second, the 2020 Catalogue is an adjustment and expansion of the 2015 Catalogue, where the Energy-saving, and Pollution Prevention and Control sessions are integrated into the Energy-saving and Environmental Protection Industry in 2020 Catalogue; Resource Conservation and Recycling are largely corresponding to the Cleaner Production in 2020; Clean Transportation to Green Upgrading of Infrastructure, and 2) Ecological Protection and Adaptation to Climate Change to Eco-environment Industry respectively. The 2020 Catalogue adds a level-I category of Green Services in taking the framework of **Green Industry Guiding Catalogue**, which is not included in the 2015 Catalogue.

**Table 3: Comparison of 2020 Catalogue and 2015 Catalogue**



Third, the 2020 Catalogue eliminates the clean utilization of coal, and remove some level-III projects directly related to fossil fuels, such as clean fuel oil production, clean coal production, and ultra-low emission renovation of coal-fired power plants etc.

SynTao Green Finance believes that the 2020 Catalogue is of great significance to China green bond market. **In the first place, it harmonizes domestic standards and accelerated the domestic market integration.** The issuers and intermediaries do not have to benchmark on two standards. Any bond issuance could be recognized as green bond if it meets the criteria of 2020 Catalogue, no matter in which markets it is issued and what type of bonds it is. This will certainly accelerate the integration of the domestic green bond market, and further, serve as a meaningful move for the integration of the domestic bond market.

**Secondly, harmonizing with international standards is conducive to obtain recognition from international market.** The removal of coal from the 2020 Catalogue is to solve the major technical obstacles lying in the consistency of green bond standards at home and abroad for a long time. On one hand, it shows China's strong willingness to work with the international community to promote green development and respond to climate change; on the other hand, this can boost the confidence of international investors and increase their willingness to buy Chinese green bonds.

**Thirdly, project coverage is greatly broadened, thus, to expand the green bond market.** Compared to the 2015 Catalogue, the level-III categories is extended from the previous 38 to 204 in the 2020 Catalogue, which suggests that more green projects could be identified as green bond projects, conducive to the expansion of green bond market.

**Fourthly, it contains rich technical details, and thus puts higher requirements for third-parties.** With the expanded categories, there are more technical specifications or conditions in the 2020 Catalogue, requiring that green bond projects meet the national and industrial standards relating to quality, safety, technology, and environmental protection. This puts higher requirements on the third-party verification of green bonds.

**Appendix: Comparison of categorization in three catalogues**
**“Green Bond Endorsed Project Catalogue (2020 Edition)” Consultation Version**

Level-I	1. Energy-saving and Environmental Protection Industry	2. Cleaner Production Industry	3. Clean Energy Industry	4. Eco-environment Industry	5. Green Upgrading of Infrastructure	6. Green Services	Subtotal: 6
Level-II	6	4	2	2	6	5	Subtotal: 25
Level-III	14	8	4	5	11	6	Subtotal: 48
Level-IV	62	19	26	28	38	31	Subtotal:204

**“Green Industry Guiding Catalogue (2019)”**

Level-I	1. Energy-saving and Environmental Protection Industry	2. Cleaner Production Industry	3. Clean Energy Industry	4. Eco-environment Industry	5. Green Upgrading of Infrastructure	6. Green Services	Subtotal: 6
Level-II	7	5	4	3	6	5	Subtotal: 30
Level-III	63	20	32	29	36	31	Subtotal:211

**“Green Bond Endorsed Project Catalogue (2015 Edition)”**

Level-I	1. Energy Saving	2. Pollution Prevention and Control	3. Resource Conservation and Recycling	4. Clean Transportation	5. Clean Energy	6. Ecological Protection and Climate Change Adaption	Subtotal: 6
Level-II	4	3	6	7	7	4	Subtotal: 31
Level-III	6	3	7	11	7	4	Subtotal: 38



SynTao Green Finance is a professional consultancy in China, focusing in providing green finance solutions and responsible investment services. With both international perspective and rich local experiences, we provide ESG data analysis and rating, green bond verification, research and consulting in responsible investment and green finance. SynTao Green Finance has developed a constructive relationship with Chinese and International authoritative organizations.

SynTao Green Finance is a founding member of the Green Finance Committee (GFC) of China Society of Finance and Banking, and a signatory to the UN Principles for Responsible Investment (PRI).

SynTao Green Finance also initiated China Social Investment Forum (China SIF), devoting to a responsible capital market in China.

**Website:** [www.syntaogf.com](http://www.syntaogf.com)

**E-mail:** [contact@syntaogf.com](mailto:contact@syntaogf.com)