

An aerial photograph of a village nestled in a valley. The village features several multi-story buildings with white walls and red roofs. The surrounding landscape is lush green, with a river winding through the valley. In the background, there are prominent karst mountains under a clear sky.

**THE EUROPEAN INVESTMENT BANK IN**

# **CHINA**

**25 YEARS OF PROGRESS  
ON CLIMATE AND DEVELOPMENT**



**European  
Investment  
Bank**

*The EU bank*



Shandong Coastal  
Shelter Forests Project.

# FOREWORD



**Teresa Czerwińska**

Vice-President  
of the European Investment Bank

Climate change and global warming are challenges without borders. The Paris Agreement created a plan to meet the climate challenge and avoid an environmental catastrophe. The European Investment Bank is a worldwide leader in climate projects. We are aligning all our work with the goals of the Paris Agreement.

Climate action can save our planet and provide a major boost to the global economy. Our climate investments create jobs, reduce pollution and help hundreds of countries around the world. Climate investments have been our priority in China since 2007. We have a shared commitment to reducing energy use, cutting emissions and protecting the environment.

The EIB financing for large areas of forest land in China is a good example of our contribution to climate action. It shows how the European Union and China can work as partners to preserve the planet.

Our projects in China show that we can be the EU climate bank while also helping many other parts of the world at the same time. This reinforces our position as a global leader in the financing of forestry projects and many other climate action programmes.

Looking ahead, China's plans to reach carbon neutrality by 2060 will create exciting opportunities for cooperation. The EIB looks forward to further strengthening this partnership and working on more common goals in the years ahead.



# INTRODUCTION



**Nicolas Chapuis**

Ambassador of the European Union to China

China has been a comprehensive strategic partner of the European Union since 2003. Our dialogue and cooperation cover all areas of international relations: politics, the economy, finance, technology and culture. We consult each other on the most pressing and challenging issues of the day. We trade more than €1.5 billion in goods and services daily. We share a goal to make our relationship even more productive in the years to come as Europe and Asia grow closer.

The European Union's recent work with China has supported major projects and set higher objectives for this partnership. Several important negotiations have taken place recently, including a comprehensive agreement that has been approved in principle. This agreement is an ambitious milestone that will help us intensify our economic relationship and launch more projects to help the climate and development.

The COVID-19 crisis is an opportunity to develop common international approaches that will help Europe, China and many other regions. We can accomplish a lot when we demonstrate mutual support and solidarity. During the pandemic, it is important to help each other end the crisis, but we also must not forget other global challenges, such as the climate emergency.

The European Union and the European Investment Bank have a long-term and comprehensive vision to work with China and many other countries around the world. In China, this vision is based on two important events in 2020: the 45<sup>th</sup> anniversary of the start of diplomatic ties between the European Union and China, and the 25<sup>th</sup> anniversary of the Bank's work in the country.

We look forward with confidence to many years of good projects supported by a strong partnership.



EIB lending in China: **€3 billion** from 1995 to 2020.

Energy projects reduced carbon emissions by **3.4 million** tonnes a year and created nearly **1 700** permanent jobs.

Forestry projects created about **800 000** hectares of forests. They also reduced about **2.5 million** tonnes of greenhouse gas emissions per year and created **120 000** full-time jobs.

# THE EIB'S WORK IN CHINA

The European Investment Bank has been making long-term investments in Asia for over 25 years. Our loan officers, engineers, economists and other experts appraise and develop high-quality projects that help the climate and lift economies. Through our work with other EU institutions and countries, we combine loans and grants to improve the success of a wide range of climate and development plans.

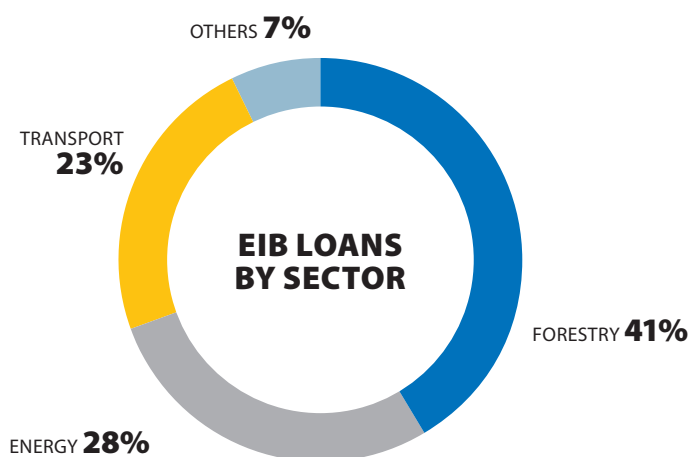
The Bank's recent work in China is guided by the EU-China 2020 Strategic Agenda for Cooperation and other joint statements on climate cooperation. The latest climate statement came from the 21<sup>st</sup> EU-China summit, held in 2019 in Brussels. At this time, the two sides agreed to work together on sustainable development and multilateralism, as well as the three pillars of the United Nations system, namely peace and security, development and human rights.

This EU-China 2020 Strategic Agenda is helping us focus on climate change, environmental protection and sustainable development. The Bank has made climate action a priority in China. The aim is that all our lending in China supports the climate and the environment.

We have invested more than €3 billion in China over the past three decades. This has mobilised €9 billion to improve forestry, energy, transportation and other sectors. The projects are spread across more than 20 administrative regions in all corners of China.

In Asia, we mainly work with governments, national banks and state-owned companies. We occasionally work with commercial banks and businesses. In China, we sign deals directly with the government's Ministry of Finance.

Our financing in China and other parts of Asia acts as a catalyst to attract funding from the private sector and help countries meet the United Nations Sustainable Development Goals.



# PROJECTS IN CHINA OVER 25 YEARS

(in millions of euros)	EIB loan	Total project cost	Year signed
Forest rehabilitation of Horqin Sandy Land in Tongliao City, IMAR	300	600	2020
Yangtze River Afforestation	200	417	2019
Jiangxi Water Transport I	200	639	2019
Baotou Energy Efficiency	100	350	2019
Hunan Forestry	100	204	2018
China Climate Eximbank Framework Loan	300	600	2017
China Forestry Framework Loan	225	469	2012
China Climate Change Framework Loan II	500	793	2010
Sichuan Forests and Reservoirs Reconstruction	119	263	2009
China Climate Change Framework Loan	474	1 028	2007
Beijing Airport Expansion	433	2 509	2005
Guangxi Roads Development	56	521	2001
Chengdu Bot Water	25	100	1999
Ping Hu Oil and Gas Development	55	770	1995
<b>Total</b>	<b>3 087</b>	<b>9 263</b>	





Chinese provinces with EIB projects, and distribution of forestry operations.

## MAJOR TRADING PARTNERS

The European Union and China are two of the largest economies and trading partners in the world. From 2015 to 2020, China went from being the fifth-largest trading partner with the European Union to the largest. The European Union became China's second-biggest trading partner.

Today, the European Union and China play a major role in each other's sustainable growth and prosperity, and both sides are committed to a comprehensive partnership, as explained in the EU-China 2020 Strategic Agenda for Cooperation. When we sign loans with the Ministry of Finance, China uses this money to help regional governments and other public entities across the country.

The Chinese Ministry of Finance and the National Development and Reform Commission work together to find the best ways to use the EIB loans and manage the projects. They guide and supervise regional governments and other public entities to help make the projects a success.



A before-and-after look at the forest rejuvenation programme in Zhucheng, Weifang, Shandong Province.



# CASE STUDIES

## IMPROVING FORESTS AND BIODIVERSITY

The European Investment Bank is a major investor in forestry restoration across China, with €1.3 billion invested in the sector. These investments help China meet its goal to build a society that cares about ecology and the environment.

One of these forestry projects helped turn around barren land in an eastern part of China on the Yellow Sea, covering more than 36 000 hectares of Shandong Province. The goal is to improve this degraded forest land so it can withstand the harsh climate in an area prone to marine disasters. The Bank signed a €33 million loan to substantially widen the amount of land that is covered by trees in 15 counties. This increased the forest coverage rate in China by 1.5%. This not only helps reduce the effect of greenhouse gas emissions through carbon sequestration and the release of oxygen, but it also reduces storm surges, conserves water, improves the soil and preserves biodiversity.

During the COVID-19 pandemic, President Xi Jinping said that planting trees is a good way to lift the economy, help societies and expedite the return to normal life. He noted that this type of work shows respect for nature and demonstrates harmony between humans and nature.



**€1.3 billion**  
invested in forestry  
restoration



Building 37, Min'an Compound, Harbin, before and after the energy renovations.



# REDUCING ENERGY USE IN BUILDINGS

EIB investments in energy efficiency projects in China date back to 2013. This type of financing supported China's 12<sup>th</sup> Five-Year Plan, which ran from 2011 to 2015. One focus of this plan was the reduction of energy use in buildings across the country. This energy consumption accounts for a major part of China's energy supply.

In areas of China with extreme climate conditions, like provinces in the north, cold weather can last up to six months, with temperatures reaching as low as -40 °C. This causes a substantial increase in energy use and pollution because homes must be heated for long periods.

The Bank approved a €50 million loan in 2015 to make homes more efficient in the Harbin area of Heilongjiang Province in northern China. Between 2013 and 2017, more than 780 buildings and some 5 million square metres of residential space were refurbished in Harbin. Insulation was added to exterior walls of residential buildings, and meters were installed to measure household heat use.

The project was expected to cut heat demand in the buildings by as much as 43% in some cases, saving 250 GWh of energy and cutting CO<sub>2</sub> emissions by 64 000 tonnes a year.

# A BETTER QUALITY OF LIFE IN HEILONGJIANG PROVINCE

Knowledge gained during the project and the EIB's evaluation process helped Heilongjiang Province revise and update its technical regulations for energy refurbishments of residential buildings with heating systems. This improved the standards for achieving energy-saving rates in buildings from 50% to 65%.

# IMPROVED WATER TRANSPORT

Inland waterway transport is among the most cost-effective and environmentally friendly modes of travel today. The EIB works with China to increase the capacity and efficiency of waterways and support sustainable economic growth in the country.

In 2019, the EIB invested €200 million with the Export-Import Bank of China to improve water transport in Jiangxi Province. The project will increase the river's depth and extend the upstream transport period, allowing ships to reach key regional cities such as Shangrao and Yingtan. The waterway will be upgraded to Grade III navigation standards, making it navigable for vessels up to 1 000 tonnes, even in the dry season.

Making water transport cheaper and more efficient will encourage people to move away from more carbon-intensive forms of travel, reducing greenhouse gas emissions and improving the climate.

The total investment in this water project was €600 million. The works included construction of the Bazizui Navigation Hydropower Hub in the lower reaches of the Xinjiang river, one of the five major river systems in Jiangxi. The Hub should be working by the end of 2022, and together with other navigation hubs and lock cascades, will significantly improve navigation on the Xinjiang river.

The Jiangxi Xinjiang Bazizui Navigation Hydropower Hub.





Construction of the first phase of the Jiangxi Xinjiang Bazizui Navigation Hydropower Hub.

## SAFER FISHING AND BREEDING

The Jiangxi project involves two fish passages and one artificial fish breeding station. It also includes works to reduce the impact of the project on the aquatic ecosystem, helping the environment and the economy.

**€200 million**  
to improve  
water transport  
in Jiangxi Province

## ABOUT THE EIB

The EIB is the lending arm of the European Union. We provide finance and expertise for sustainable investment. In the last 60 years, we have invested over €1.2 trillion in more than 12 000 projects in over 160 countries, mobilising up to €3 trillion of investment. Our global priorities are climate action, innovation, environmental sustainability, infrastructure and small businesses.

We are known as the EU climate bank, and are a leading global provider of climate finance. We have around 3 400 employees working in Luxembourg and 50 local offices around the world.

In 2020, we exceeded our climate action target for the 11<sup>th</sup> year running, providing €24 billion to fight climate change. That is 37% of all our financing. We are playing a guiding role around the world in fighting global warming.

Our China team is based in Beijing and Luxembourg. The team assists in the full cycle of EIB operations in China.

In 2013, the EIB opened a regional office in Beijing to represent the Bank and monitor projects in China and Mongolia.



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