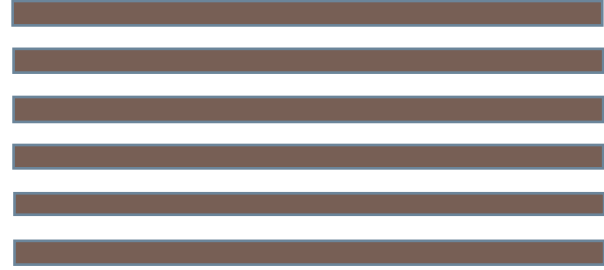


China Sustainability Newsletter

Issue No. 8 | October 2023 – December 2023

EVALUESERVE



Highlights

- Following the revision of **Management Regulations for Greenhouse Gas Certification and Inspection Organizations** in October, Taiwan revised **National Action Plan on Climate Change** in response to the international agreements, emphasizing both mitigation and adaptation.
(→ [Regulation & Disclosure News](#))
- The China carbon markets experienced a boom over the past quarter.
 - The closing price of China Carbon Market reached a record high of **81.67 yuan/ton** on October 20.
(→ [Carbon-related News](#))
 - Taiwan launched the **International Carbon Credit Trading Platform** in December. HKEX signed agreement with CEEEX Shenzhen to advance the Greater Bay Area's carbon market ecosystem. The Mainland is about to relaunch the **China Certified Emission Reduction** program soon.
(→ [Carbon-related News](#))

Part 1

Carbon Trading Trend

Part 2

Policy Tracker

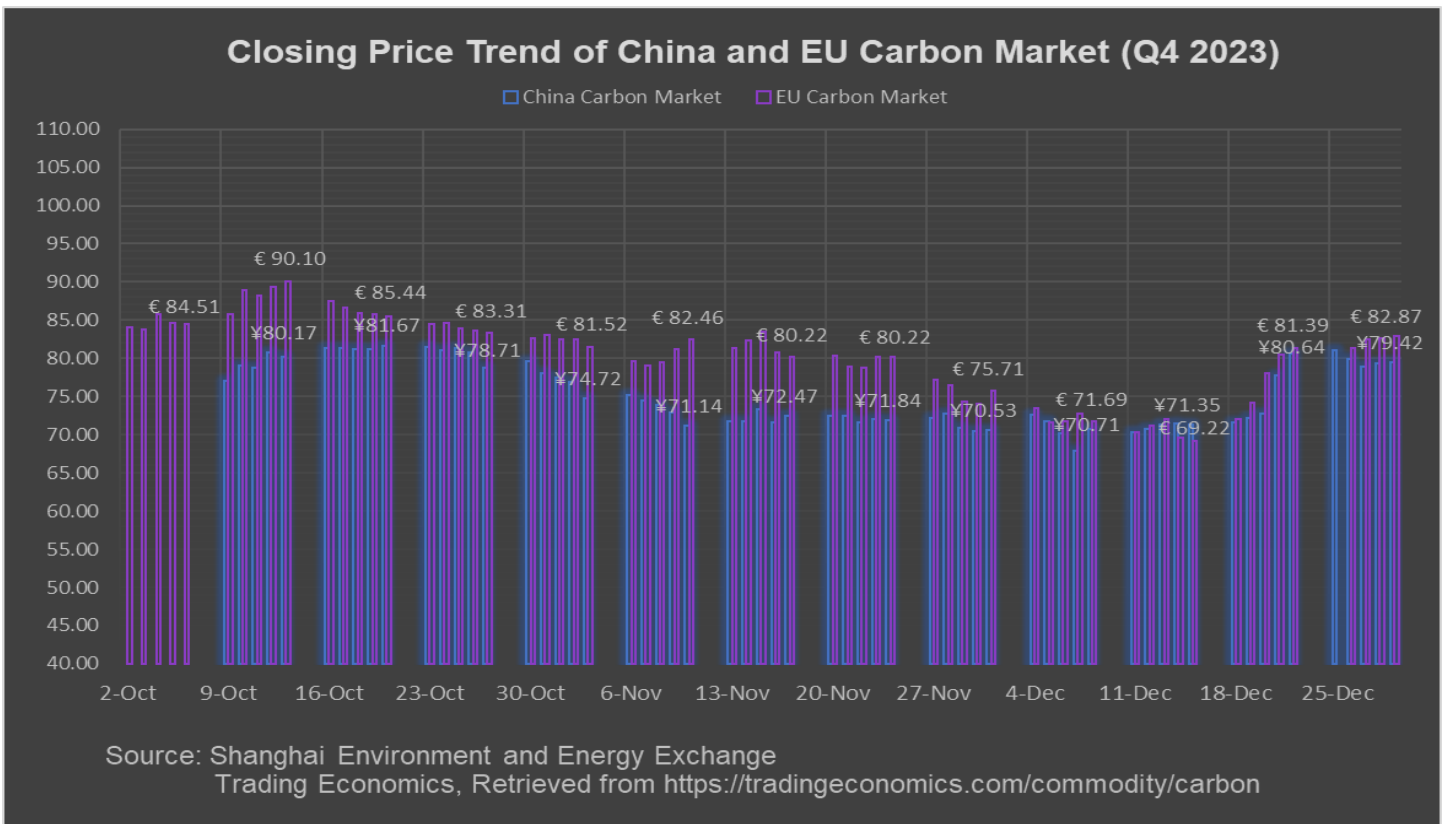
Part 3

News

Carbon Trading Trend



- The second compliance cycle of China carbon market ends in last December. The closing price of China carbon market reached a record high of **81.67 yuan/ton** on October 20, 2023. The average transaction price throughout the year was **68.15 yuan/ton**, an increase of **23.24%** from the average price in 2022.
- Compared with the prosperity in the first half of this year, the EU carbon market in Q4 showed a downward trend. Throughout Q4, the highest carbon price was **90.10 euro/ton**, lasting for one day only in the price range above 90 euro/ton. The lowest price reached **69.22 euro/ton**, marking the lowest value in 2023.



Note: The chart is generated from the daily closing price from October to December of 2023, with the closing price on each Friday as a marker. Due to public holidays, there is missing data for the China Market (2nd Oct to 6th Oct) and EU Market (25th Dec).

Date	6-Oct	13-Oct	20-Oct	27-Oct	3-Nov	10-Nov	17-Nov	24-Nov	1-Dec	8-Dec	15-Dec	22-Dec	29-Dec
China Carbon Market	-	€ 10.25	€ 10.44	€ 10.06	€ 9.55	€ 9.09	€ 9.26	€ 9.18	€ 9.02	€ 9.04	€ 9.12	€ 10.31	€ 10.15
EU Carbon Market	€ 84.51	€ 90.10	€ 85.44	€ 83.31	€ 81.52	€ 82.46	€ 80.22	€ 80.22	€ 75.71	€ 71.69	€ 69.22	€ 81.39	€ 82.87

Note: This is a comparison table of the China Carbon Market and the EU Carbon Market after converting the closing price of the China Market into Euros.

Source: <https://www.xe.com/>



Policy Tracker

Ministry of Ecology and Environment

1. [Measures for the Administration of Greenhouse Gas Voluntary Emission Reduction Trading \(Trial\) \(Chinese\)](#)
Date: 2023/10/19
2. [Methane Emission Control Action Plan \(Chinese\)](#)
Date: 2023/11/7

National Development and Reform Commission

1. [National Carbon Peak Pilot Construction Program \(Chinese\)](#)
Date: 2023/10/20
2. [Deepening Green Transformation of Express Packaging Action Plan \(Chinese\)](#)
Date: 2023/11/23

Ministry of Industry and Information Technology

1. [Guidelines for the Construction of a Green and Low Carbon Standard System for the Communications Industry \(2023 Edition\) \(Chinese\)](#)
Date: 2023/12/14
2. [Catalogue of Major Environmental Protection Technologies and Equipment Encouraged by the State \(2023 Edition\)](#)
Date: 2023/12/25
3. [Guidelines for Construction of Data Security Standard System in the Industry \(2023 Edition\) \(Chinese\)](#)
Date: 2023/12/29

Ministry of Science and Technology

1. [Approach to Ethical Review of Science and Technology \(Trial\) \(Chinese\)](#)
Date: 2023/10/08
-



Energy-related News

China's Power Sector Investments May Top \$13.7 Trillion By 2060

China's investments in its power sector may exceed 100 trillion yuan (\$13.7 trillion) from 2020 to 2060, the official Xinhua news agency reported, citing utility behemoth State Grid Corp. of China.

EU Energy Chief Urges China to Commit to Renewables Target, Methane Pledge

The European Union's top energy official urged China to commit to renewable energy and methane reduction targets in talks in Beijing this week, but stopped short of calling on the Asian superpower to be more ambitious in cutting its carbon emissions.

Car Dealer Inchcape Aims to Reach 100% of Sales from EVs by 2033, 2 Years Before Hong Kong's Full-Electric Deadline

London-based Inchcape Group aims to garner 25 per cent of Hong Kong's passenger car market by 2030, according to CEO Duncan Tait. EV adoption is fast rising in Hong Kong, with outstanding units on the road surging 91 per cent to 62,056 at the end of July from a year ago.

China's Tsingshan Plans \$233 Million Lithium-Related Investment in Chile - Chile's President

China's Tsingshan Holding Group will invest \$233.2 million to set up a plant in Chile to produce lithium iron phosphate (LFP), used to power electric vehicles, Chilean President Gabriel Boric said on Monday.

China to Set up Coal Production Reserve to Stabilize Prices

China will establish a back-up coal production system by 2027 to stabilize prices and secure coal supply, the state planner said on Wednesday, even as it aims to start phasing down coal use in the second half of this decade.

Sinopec Q3 profit up 34% on higher refinery output, fuel sales

China's Sinopec Corp on Thursday reported a 34% rise in third-quarter net profit to 17.86 billion yuan (\$2.44 billion) as higher refinery output and strong fuel sales offset lower realized oil and gas prices.

Stellantis to Become a Strategic Shareholder of Leapmotor with €1.5 Billion Investment and Bolster Leapmotor's Global Electric Vehicle Business

Stellantis N.V. and Leapmotor today announced that Stellantis plans to invest ca. €1.5 billion to acquire approximately 20% of Leapmotor, making Stellantis a significant shareholder. The deal also outlines the formation of Leapmotor International, a 51/49 Stellantis-led joint venture that has exclusive rights for the export and sale, as well as manufacturing, of Leapmotor products outside Greater China.

China Plans Pilot Projects to Boost Use of Biodiesel

China will launch a series of pilot projects to spur domestic production and consumption of biodiesel, the National Energy Administration (NEA) has said, beefing up environmental efforts in an area where the country lags other big economies.

ACWA Power, Powerchina Break Ground on Green Hydrogen Plant In Uzbekistan

China is looking to develop its nuclear power sector as part of a broader push on renewables and domestic energy security. Nuclear is expected to contribute about 10 percent of power generation in the country by 2035 and 18 percent by 2060, with a total generation capacity of 400 gigawatts (GW) by 2060.

China Starts Up World's First Fourth-generation Nuclear Reactor

China has started commercial operations at a new generation nuclear reactor that is the first of its kind in the world. Compared with previous reactors, the fourth generation Shidaowan plant in China's northern Shandong province is designed to use fuel more efficiently and improve its economics, safety and environmental footprint.

China Raises Tech Specs for EV Tax Breaks with the Aim of Boosting Development, Competition

China has raised the technical thresholds for new energy vehicles (NEVs) eligible for tax exemptions, requiring higher driving range and energy density from mid-2024, in a move the government said would boost competition and development in the sector amid growing adoption.

Brazil's \$4.4 Billion Energy Auction Sees Chinese State Grid Take Top Project

State Grid Corp. of China was the biggest winner at Brazil's auction for 21.7 billion reais (\$4.4 billion) in transmission lines on Friday, which will help connect renewable-power projects to major population centers.

BYD to Build A New Energy Passenger Vehicle Factory in Hungary for Localised Production in Europe

BYD announces the next stage of its European strategy with the construction of a brand-new manufacturing and production center in Szeged, Hungary. The state-of-the-art facility will be the first of its kind built by a Chinese automotive company in Europe and will have the advanced car production line. The factory will be built in phases and is expected to create thousands of local jobs, boost the local economy and support local supply chains.

Indonesia to Seek China's Help to Develop Renewables at Belt and Road Forum

Indonesia will seek China's help for renewable energy and infrastructure projects when President Joko Widodo attends the upcoming Belt and Road Forum in Beijing.

Maersk Enters Deal for Half A Million Tonnes Of Green Methanol Annually

Maersk (MAERSKb.CO) announced it had entered into the shipping industry's first large-scale agreement for green methanol from China's Goldwind (002202.SZ), and said production of green methanol was high on the political agenda in China.



Carbon-related News

China Closer to Relaunch of Certified Carbon Emission Reduction Program

The ministry publicized the methodologies that will be used to quantify net emission reductions or removals for four types of projects: forestation, solar thermal power, offshore wind power generation and mangrove revegetation.

Entering AI Era, Taiwan Chip Industry Urges Renewables Push

Taiwan's chip industry is ready to work with the government to achieve its 2050 net-zero goal but development of renewable energy sources needs to be hastened as demand for artificial intelligence booms.

China Climate Envoy Reaffirms 2030 Target for Peaking Carbon Emissions

China's special climate envoy Xie Zhenhua has reaffirmed 2030 as the target year for reaching peak carbon and for when absolute emissions in the country begin to fall.

China Aims to Build More than Half the World's Cleaner-fuel Ships by 2025

It did not give any estimates of the number of ships involved. But the guidelines said China would build more vessels powered by lower-carbon fuels such as methanol and liquefied natural gas, part of Beijing's push to become carbon neutral by 2060.

Shanghai Electric, Johnson Controls Forge Alliance to Advance Zero-Carbon Industrial Parks

Shanghai Electric announced to ink the "Carbon & Digital" Joint Laboratory Strategic Cooperation Agreement with Johnson Controls Inc. (Johnson Controls) during the China International Import Expo (CIIE) 2023, a move that will strengthen the pair's synergy as they endeavor to fuel innovation for urban sustainability.

Starting from Mangrove Forests the Marine Commission is actively developing the "Blue Carbon Methodology"(Chinese)

The Marine Commission has commissioned the National Chung Hsing University to research and develop a standardized procedure for the measurement of blue carbon remittance and a GHG mitigation methodology, which will serve as a basis for the calculation of blue carbon remittance and the implementation of the GHG mitigation plan.

Hong Kong to Host Climate Change Forum for US and Mainland China, Focusing on San Francisco Bay Area and Greater Bay Area, Underscoring City's Bridge-Building Role

New China-California Bay-to-Bay forum will serve as platform for policy and research exchange between San Francisco's Bay Area and China's Greater Bay Area. Move unveiled during event hosted by the Institute for Climate and Carbon Neutrality, where California Governor Gavin Newsom spoke during rare visit to city.

Power Generators and Large Manufacturers Targeted for Carbon Fee Collection for Now

Recently, much attention has been focused on the progress of the carbon fee collection plan and the formulation of relevant subsidiary laws. The MOENV pointed out that the current plan targets the power generation industry and large-scale operators in the manufacturing industry with annual emissions exceeding 25,000 metric tons. Starting from 2024, the annual greenhouse gas emissions of these industries will be included in the pricing.

China Signals Reboot of Suspended Voluntary Carbon Market is Near with Release of Draft Guidelines, Regulations

The guidelines provided examples of carbon reduction activities in 16 industries, and included use of renewable energy and carbon capture. New project registration has been suspended since 2017 due to low trading volume and a lack of standardization in carbon audits.

The TCX International Carbon Credit Trading Platform Officially Launched

To achieve the net-zero goal by 2050 in Taiwan and provide domestic enterprises with access to international carbon credits, the Taiwan Carbon Solution Exchange (TCX) held the launch ceremony of the International Carbon Credit Trading Platform at the Hilton Taipei Sinban on Dec 22nd, officially announcing the launch of the International Carbon Credit Trading Platform, and holding the certification ceremony for the initial purchase enterprises.

Carbon Credit Trading: TSMC Investment Layout (Chinese)

Carbon trading on the horizon, TSMC also invested in carbon rights layout, it is reported that in July this year, TSMC has obtained the Ministry of Environment for the first time officially issued a total of about 570,000 tons of domestic carbon rights.

HKEX Commits to Carbon Neutrality by 2024 and Net Zero by 2040

Reflecting the Group's long-standing convictions, and commitments to advancing the sustainable development of global markets and the broader communities in which the Group operates, HKEX is pleased to confirm its plans to achieve Group carbon neutrality by 2024, and net zero by 2040.

HKEX Signs Agreement with CEEEX Shenzhen to Advance the Greater Bay Area's Carbon Market Ecosystem

Under the MOU, HKEX and CEEEX Shenzhen will jointly explore opportunities in cross-border carbon market connectivity and climate finance, as well as work together to increase awareness of developing the voluntary carbon market in the Greater Bay Area. This collaboration is focused on creating a vibrant sustainable finance ecosystem in the region, supporting China's efforts to peak carbon emissions by 2030 and reach carbon neutrality by 2060, and in driving the growth of the green-finance industry in Asia.



Green Finance News

Hong Kong's First Green Loan for Logistics Sector, Worth US\$1.13 Billion, Will Finance Cold Storage Facility in Kwai Chung

The five-year loan clinched by ESR Group and Chinachem will finance the construction of the seven-storey Kwai Chung Cold Storage Logistics Centre. The facility will have sustainable features such as a water recycling system and electric vehicle charging points in the car parks.

China's SPIC Plans \$5.9 Billion Investment Turning Green Hydrogen into Fuel

China's State Power Investment Corp announced a 42 billion yuan (\$5.85 billion) investment plan in northeast China to produce fuel from hydrogen produced from wind power, according to a company official and a local government report.

Capacity-building Alliance of Sustainable Investment (CASI) Launched, HKGFA Joined as a Member

HKGFA is a proud member of CASI and excited to continue our current work in delivering high quality and high impact sustainable finance capacity building programs and further extend to Emerging Markets and Developing Economies.

MAS Launched the Singapore-Asia Taxonomy for Sustainable Finance

On 3 December 2023, the Monetary Authority of Singapore (MAS) launched the Singapore-Asia Taxonomy for Sustainable Finance (Singapore-Asia Taxonomy), which sets out thresholds and criteria for defining green and transition activities that contribute to climate change mitigation across eight sectors.

HKEX Signs Agreement with China Beijing Green Exchange to Promote Green Finance and Sustainable Development

Hong Kong Exchanges and Clearing Limited (HKEX) is today (Tuesday) pleased to announce that it has signed a Memorandum of Understanding (MOU) with the China Beijing Green Exchange (CBGEX) to explore cooperation in a number of areas, including building an ESG ecosystem, promoting green and sustainable finance and contributing to the green development of the Belt and Road Initiative (BRI).

HKMA Sets Standards for Sale of Green & Sustainable Investment Products

RIs should comply with the expected standards set out in this Circular as soon as practicable and in any case not later than 12 months from the date of issuance of this Circular.

Chinese Bank Unveils Green Bond in London

The London branch of the Agricultural Bank of China launched its first green bond on the London Stock Exchange on Wednesday, with the aim to facilitate an equitable transition to a low-carbon economy.



Regulation & Disclosure News

Hong Kong Postpones Implementation of Mandatory Climate Disclosures to 1 January 2025

The Hong Kong Stock Exchange (HKEX) announced on 3 November 2023 that the implementation date of the Listing Rule amendments on mandatory climate disclosure will be postponed to 1 January 2025.

SFC Supports and Sponsors the Development of An Industry-led Voluntary Code of Conduct for ESG Ratings and Data Products Providers

The proposed VCoC, which will be open for ESG ratings and data products providers to sign up voluntarily, is expected to provide a streamlined and consistent basis for asset managers to conduct due diligence or on-going assessment on ESG service providers.

The First ESG Disclosure Guidance for China's Insurance Industry Released

The Guidance is the first self-regulating document of Mainland China's insurance industry, focusing on ESG disclosure in the insurance industry. The compilation of the document was initiated by the Insurance Association of China, with the assistance of notable insurers led by Ping An, the document was completed in a year and a half.

EU Agrees Mineral Supply Targets to Cut Reliance on China

The European Commission proposed the Critical Raw Materials Act in March, a centrepiece of EU strategy to allow it to compete with the United States and China in making clean tech products. The proposal said the European Union should extract 10%, recycle 15% and process 40% of its annual needs by 2030 for 16 "strategic raw materials".

Taiwan Revised and Published National Action Plan on Climate Change (Chinese)

The "Climate Change Response Law" was promulgated on February 15 this year, and the Ministry of Environment reviewed and revised the "National Action Program for Climate Change" in accordance with Article 9 of the Law, which was approved by the Executive Yuan last week.

China Issues Action Plan to Improve Air Quality

China will "strictly and reasonably" control total coal use and curb high-emissions projects to improve air quality, China's state council said in an action plan. By 2025, China wants to cut the density of hazardous airborne particles known as PM2.5 by 10% compared with 2020, and keep the number of days with severe pollution to less than 1%.

Regulations Announced to Enhance Emission Certification and Inspection Capacities

Keeping track of carbon emissions and their sources is fundamental to greenhouse gas reduction. On 5 October, the MOENV announced the revised Management Regulations for Greenhouse Gas Certification and Inspection Organizations. This aims to enhance inspection capacity while ensuring inspection quality in response to the needs of inspections and verifications from diverse reduction mechanisms on carbon emissions.



Other News

Chinese Business Database Qichacha Passes Beijing's Security Test for Resuming Overseas Operations

Chinese business database Qichacha said Friday it passed a data export security assessment that allows the company to resume overseas operations. The news signals an easing in China's increasingly stringent government controls over data sharing due to national security concerns.

China's Smog-covered North on Highest Pollution Alert as Visibility Drops

Authorities issued their highest warnings for fog and haze on Tuesday as smog enveloped major cities in northern China, warning the public that visibility could drop to less than 50 meters (164 feet).

China's COFCO, Modern Farming Group Sign 'Deforestation Free' Soybean Deal

China's state-run food group COFCO International and Modern Farming Group, which makes milk products, have signed an agreement "to supply and accept soybeans" coming from sustainable areas of production in Brazil, the world's top supplier of the oilseed.

U.S., China to Work Together at Cop28 Summit, Kerry Says

The United States will work with China to make the United Nations climate negotiations that begin in the United Arab Emirates this week a success. Cooperation between the U.S. and China, the world's two biggest emitters of greenhouse gases, is seen as crucial to securing consensus at the Nov. 30 - Dec. 12 summit, known as COP28.

China Warns EU Steel Probe will Push Up Costs

China said on Thursday that European Union plans to investigate its steelmakers over subsidies will disrupt global supply chains and fly in the face of international trade norms. Brussels is reportedly planning anti-subsidy investigations of steelmakers producing excess in countries such as China, as part of a pact with the United States. In return, the U.S. will not re-impose Trump-era tariffs on EU steel and aluminum.

Hong Kong's Archireef Partners with First Abu Dhabi Bank to Restore Marine Ecosystems in The Middle East

Archireef's 3D-printed terracotta tiles will provide a new habitat for 2,400 corals off the coast of Abu Dhabi FAB will finance the installation of 400 such tiles across a 100 square meter area to support the recovery and development of underwater ecosystems.
