

## **China to establish green development fund**

By Li Lihui from the People's Daily

China will establish a green development fund to invest in environmentally-friendly industries, an official with the country's Ministry of Finance told the People's Daily, adding that the move is a signal for the country's policy on green investment.

After the recent adoption of guidelines concerning a green finance system by the central government's leading team dedicated to "comprehensively deepening reform," China's green finance progress has attracted more attention. The country regards green finance not only as a crucial measure to realize green development, but also an important part of the country's "supply-side structural reform."

The official stressed that while non-government forces are the impetus for green development, the government must, at the same time, work on establishing an equal and effective market environment.

The official added that China continually emphasized environmental sectors. It has not only made environment-friendly sectors part of its central budget, but has also set up specialized funds overseeing energy conservation, emission reduction and renewable energy. Tax policies aimed at encouraging green sectors and restricting pollution have also been introduced.

In order to increase the efficiency of central government funds, capital is usually dedicated to the user-end directly, the official said, citing loans for the quality upgrade of refined oil and interest subsidies for forestry loans as examples.

In a bid to stimulate regional green industries, the central government also encourages local governments to establish regional green development funds together with social capital funds, the official said.

These funds will adopt market-oriented operations, so that they can leverage the input of social capital and thus improve the efficiency of capital usage, he added.

The official concluded by emphasizing the effective implementation of fiscal policies in green finance such as financial benefits and public-private partnerships, as this is the best way to drive the development of green industries and create a favorable policy environment for green finance.