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Re: Supporting “High Quality” Construction on the Belt and Road – How Chinese Entities Can Protect People and the Environment in a COVID-19 World

Dear Minister Zhong Shan,

We represent [x] organizations from across the world. Although we may come from all corners of the globe, we share the same goal of protecting people and safeguarding the environment. In light of the global crisis posed by COVID-19, we believe that now is the time for all stakeholders – government, business, finance, civil society, and the public – to come together and find common ground more than ever. The COVID-19 pandemic lays bare the fact that international cooperation and transparency are crucial to ensure and maintain a healthy planet.

Supporting “High Quality” Construction on the Belt and Road. In February, China’s Ministry of Commerce and the China Development Bank (CDB) jointly issued a “Notice on the COVID-19 Pandemic Situation and Development of Financial Services in Supporting the High Quality Joint-Construction of the Belt and Road”.¹ The notice states that MOFCOM and CDB will facilitate financial relief to overseas projects in order to minimize the impact of the pandemic, as well as better serve the high-quality joint-construction of the Belt and Road and the overall situation of domestic economic and social development. The Ministry of Commerce is currently developing a list of projects negatively impacted by COVID-19 and in need of financial support, which it will pass on to the CDB. In turn, we understand that the CDB will provide additional support, through for example, low-cost loans, special working capital loans, foreign exchange and extended grace periods, for overseas projects deemed to be “high quality”. As Chinese companies seek to re-start overseas projects that have been impacted by the COVID-19 pandemic, we expect that other Chinese policy and commercial banks will begin to also step up support to offset losses and move these projects forward.

Healthier ecosystems lead to healthier societies. In light of this, we believe it is important to share with Chinese authorities our concern that certain projects, some of which directly impact local environments, communities, and livelihoods, should not be eligible for COVID-19 financial support due to pre-existing risks or controversies which were apparent long before the onset of the pandemic. If pursued, some of these projects would harm and or destroy forest, marine, desert, river, or other increasingly fragile and remaining intact ecosystems, and the people who depend upon them. COVID-19 has painfully highlighted how climate change and biodiversity loss hamper humanity’s ability to effectively combat pandemics, and it is clear that preemptively protecting the natural world plays a critical role in controlling future outbreaks.²

Defining and identifying “high quality” projects. We agree that projects eligible for COVID-19 financial relief should be “high quality”. It is encouraging to see the Ministry of Commerce take steps to promote financial support according to whether a project meets high standards and expectations. In qualifying

¹ 商合函【2020】61号 《关于应对新冠肺炎疫情 发挥开发性金融作用支持高质量共建“一带一路”的工作通知》

² John Scott, “How biodiversity loss is hurting our ability to combat pandemics”, World Economic Forum, arch 9, 2020. <https://www.weforum.org/agenda/2020/03/biodiversity-loss-is-hurting-our-ability-to-prepare-for-pandemics/>; Under-Secretary-General of the United Nations and Executive Director of the UN Environment Programme Inger Andersen, “UNEP Statement on COVID-19”, United Nations Environment Programme (UNEP). <https://www.unenvironment.org/news-and-stories/statement/unep-statement-covid-19>;

projects as “high quality”, we believe that the following ten environmental and social issues should be considered:

1. Local community consultations are done according to free, prior, informed consent (FPIC) standards, per the United Nations Declaration on the Rights of Indigenous Peoples
2. Environmental impact assessments are robust, credible, comprehensive, transparent, assess full range of available alternatives and account for cumulative impacts
3. Project developers and financiers institute robust, accessible, and clear channels of communication with all relevant local stakeholders
4. All relevant project information, such as pre-feasibility assessments, environmental impact assessments, project information, or other relevant information, should be disclosed (in the appropriate local language) to affected communities and stakeholders and allow for public feedback and participation starting from the earliest-planning phases to allow for better inclusive decision-making.
5. Projects should comply with international norms and best practices, including existing Chinese green finance policies such as the Green Credit Guidelines
6. Projects should not negatively impact internationally (i.e. those protected by international conventions such as World Heritage, Ramsar, etc.) or national protected areas, key biodiversity areas, and old growth or primary forests
7. Projects should not block free-flowing rivers or migratory routes of animals listed by conventions on migratory species (i.e. Bonn Convention)
8. Projects should not contribute to the extinction of threatened species (i.e., per the IUCN Red List)
9. Projects should not trigger or exacerbate political, ethnic, religious, or resource-sharing domestic or transboundary conflicts
10. Projects should not result in mass or involuntary displacement of local or indigenous communities, and should not encroach on cultural and religious sites

Avoiding high-risk projects. For your reference, we include below a list of projects which we believe should either not be eligible for COVID-19 financial support, or should only be eligible if all concerns related to design and implementation are appropriately and effectively addressed to the satisfaction of local communities or stakeholders. At its core, this list of projects is based on criteria identified in the Ministry of Commerce and CDB announcement, that projects are “high quality”, comply with local laws, and have “controllable risks”.³ Furthermore, we believe this list can ultimately support the efforts of the Ministry of Commerce and Chinese financial institutions to identify and distinguish projects whose existing, on the ground impacts may differ from those reported on paper.

We recognize that the world currently faces a troubled, uncertain future. We also recognize that there is a collective concern to revitalize the global economy. However, we believe the projects in the attached list will not contribute to a healthy recovery in the global economy, and may even intensify the environmental drivers – such as biodiversity loss, climate change, habitat destruction, loss of primary

³ 商合函【2020】61号《关于应对新冠肺炎疫情 发挥开发性金融作用支持高质量共建“一带一路”的工作通知》

forests, disruption of free flowing rivers – which increase the likelihood of recurring global pandemics in the future.

Given the following projects’ pre-existing environmental, social, or climate risks, we respectfully ask that the following projects be excluded from COVID-19 financial relief, and that finance is targeted to projects that are truly “high quality”.

A call to China’s financial institutions. Lastly, the joint notice of the Ministry of Commerce and the China Development Bank highlights the special role that the CDB may play in providing COVID-19 related financial support. However, a large range of Chinese financial institutions are actively supporting overseas projects and the development of the Belt and Road. We therefore believe that the above criteria for identifying “high quality” projects and the attached list of high-risk projects is relevant to all Chinese financial sector actors, and can be useful for all banks interested in supporting high quality overseas projects that comply with local laws and relevant environmental and social standards. By conducting a thorough assessment of projects seeking financial support to offset the impacts of the COVID-19 pandemic, Chinese state actors and financial institutions can play an important role in realizing China’s commitment to build the “Green Belt and Road” while potentially supporting host countries in meeting United Nations Sustainable Development Goals.

Finally, we welcome the efforts of the Ministry of Commerce to establish a mechanism to direct financing to high quality overseas projects. The issue of transparency is fundamental to ensuring high quality development with shared benefits, and as such we urge the Ministry of Commerce and the China Development Bank to publish the list of projects that will receive financial support through this mechanism, including project details, locations and assessments to date.

As the world continues to reel from the ongoing impacts of climate change, and now COVID19, it is more important than ever for us to find common ground in achieving a mutually beneficial, sustainable future together. We have reached out to you in good faith, and so look forward to any feedback. We hope to encourage an open and reciprocal communication with Chinese stakeholders.

We remain at your disposal should you need any additional information on projects listed here, or if you would like to discuss any other details contained in this letter.

Sincerely,

[Organizational Sign Ons]

Relevant Projects

The following projects were identified by civil society groups as containing major environmental, social, climate, biodiversity, or climate risks prior to the onset of COVID-19. Due to local discontent with the project location, concept, or development, many projects listed below have already become extremely controversial. As such, these projects should not be considered “high quality”, particularly as many of them are not in full compliance with local law, or may have uncontrollable risks. As such, they should not be deemed eligible for financial relief, or should only be eligible if local and affected communities are fully satisfied and involved in any project re-design and implementation.

For further information, we attach an appendix with further details regarding each of the listed projects, and our rationale for their inclusion.

1. Amazar Pulp and Paper Mill, Russia
2. AVIC Forestry Project, Russia
3. Batang Toru Hydropower Dam, Indonesia
4. Bauxite Mining in Atea Forest, Ghana
5. Condor Mirador – Barrancos Hydropower Complex, Argentina
6. Dairi Prima Minerals, Indonesia
7. East Africa Crude Oil Pipeline, Uganda and Tanzania
8. Egiin Gol and Erdeneburen Hydropower Dams, Mongolia
9. Emba Hunutlu Coal Plant, Turkey
10. Hydropower Dams proposed on the Salween River, Myanmar
11. Inga III Hydropower Dam, Democratic Republic of Congo
12. Jakarta Bandung High Speed Rail, Indonesia
13. Koukoutamba Hydropower Dam, Guinea
14. Las Bambas Mine, Peru
15. Mirador Copper Mine, Ecuador
16. Pak Beng Hydropower Dam, Laos
17. Power of Siberia-II Gas Pipeline, Russia
18. Rogun Hydropower Dam, Tajikistan
19. Rufiji/Stiegler's Gorge Hydropower Dam, Tanzania
20. San Carlos Panantza Mining, Ecuador
21. Shivee-ovoo Coal Plant, Mongolia
22. Sombwe Dam, Democratic Republic of Congo
23. Tampur Dam, Indonesia
24. Toromocho Mining, Peru
25. Zashulansky Coal Mine, Russia
26. (Other projects may be added)