

Report: China is the world's second largest source of labelled green bond issuance with USD44bn issued in 2020

China Remains a Green Bond Market Leader Despite Pandemic Curtailing Growth

London / Beijing: 29/09/2021: 00:00 BST / 07:00 CST Climate Bonds Initiative (CBI) & China Central Depository & Clearing Co. Ltd Research Centre (CCDC Research), with the support of HSBC, have today launched the China Green Bond Market 2020 Research [Report](#). The report analyses key developments in China's green bond market in year 2020, focusing on policy development, market segmentation, use of proceeds & issuers profile, and a wider market consisting of social and sustainability bonds, and unlabelled climate-aligned universe. Available in [English](#) & [Chinese](#); it's the fifth in an annual series from Climate Bonds.

Total green bond issuance from China during 2020 reached USD44bn (RMB289.5bn), a 21% decrease from the USD55.8bn (RMB386bn) achieved in 2019. The COVID-19 pandemic had clear implications for the green finance universe: China's overall issuance witnessed a pronounced slowdown in H1 2020, but in the second six months it picked up the momentum. The US, China, and Germany led the annual country rankings by the total amount of labelled green bonds (**See Figure 3 below**).

Late May 2020 saw the release of a consultation draft of China's 2020 Green Bond Catalogue, which removed clean coal related projects and brought China and EU Taxonomy into closer alignment. The final draft was published in April 2021 and has improved the prospect of taxonomy harmonisation.

As of Dec 2020, the total amount of Pandemic bonds (excl. sovereign issuance) issued from China reached USD210bn. China was positioned as the number one emerging market economy in GSS issuance.

2020 report highlights:

- Of USD44bn (RMB289.5bn) worth of green bonds issued in 2020, USD23.8bn (RMB157.5bn) worth was aligned with both Chinese & CBI green [definitions](#). (**Figure 1**)
- Beijing Jingneng Clean Energy is the largest Chinese issuer in 2020. This was the first time that a non-financial corporate became the largest issuer.
- The total volume of green bonds that carried any form of external reviews dropped drastically from 78% to 61%.
- Low Carbon Transport remained the largest theme (30%), followed by Energy (29%). Proceeds going to low carbon building assets have seen a big surge in both absolute values and shares. (**Figure 5**)
- 2020 saw new developments in China's profiles of issuer types. The volume of green bonds issued by government-backed entities represents 38% of the total.
- China remains one of the largest global sources of bonds certified under the [Climate Bonds Standard](#) (Certified Climate Bonds). In 2020, Chinese issuers brought four new Certified deals to the market, totalling USD3.6bn.
- China has one of the largest offshore green bond markets.
- By the end of 2020, the total outstanding amount of China's domestic green bond market stood at USD139bn (RMB917bn).
- A total of USD111bn (RMB732.6bn) worth of green bonds in China reach maturity in the next 5 years, representing 80% of the total outstanding.
- With USD325bn of climate-aligned bonds outstanding, China accounts for 36% of the overall climate-aligned universe identified by Climate Bonds Initiative.

Policy recommendations for scaling up China’s green bond market

Going forward, the government’s role in providing consistent and credible policy signals will continue to be paramount for the sustained and orderly growth of China’s domestic green bond issuance volume, yet the market stakeholders will need to keep abreast of the rapidly evolving and proliferation of debt instruments.

The [report](#) identifies a number of themes to watch for understanding the further development of one of the world’s most important green financial markets:

- Transition finance is becoming a prominent theme
- A China sovereign green bond is expected
- Carbon neutrality bonds expected to expand China’s green bond market and bring it closer to international green definitions
- Sustainability linked-bonds to fuel transition finance

Sean Kidney, CEO, Climate Bonds Initiative:

“China’s market is playing a huge part in the green finance revolution that is unfolding. We have already seen incredibly positive steps in 2021 with China’s collaboration with Europe on a Common Ground Taxonomy. This progressive attitude can help its green bond market emerge even stronger from last year’s pandemic.”

Yi Shi, Deputy General Manager of CCDRC R&D Center, China Central Depository & Clearing CO.LTD:

"Under the guidance of the Carbon Peaking and Carbon Neutral target, China's green bond market will move from a stage of rapid development to a new stage driven by both "quality" and "quantity". In 2020, China's green bond market slowed down due to the impact of COVID-19, but it is still one of the most promising markets in the world."

Eddie Ching, Senior Executive Vice President and Deputy Chief Executive Officer, HSBC Bank (China) Company Limited:

“Our investment decisions today pave the road to a net-zero economy in the future. As the world’s second largest source of green bond issuance, China stands out for its dynamic market as sustainable finance continues to grow. HSBC’s extensive experience in green bond underwriting well positions us to support our customers in China as they transition to more sustainable business models. We are glad to be part of the journey and look forward to a more resilient future working together with the business community.”

Download the English version of the report [here](#).

Download the Chinese version of the report [点击下载中文报告](#).

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Notes for Journalists:

About Climate Bonds Initiative: The Climate Bonds Initiative is an investor-focused not-for-profit, promoting large-scale investment in the low-carbon economy. It undertakes advocacy & outreach to inform & stimulate green bond markets, provides policy models & government advice, international development programs, market data & analysis & administers the Standards & Certification Scheme. For more information, please visit www.climatebonds.net. Previous annual China reports can be [found here](#).

About Central Depository & Clearing Co. Ltd Research Centre: China Central Depository & Clearing Co. Ltd. (CCDC) formally established the CCDC Research in July 2017, which aims at giving full play to the role of financial infrastructure, serving China's financial reform and development, financial regulatory development, as well as the company's strategic development, and promoting the construction of a new type of think tank.

About The Hongkong and Shanghai Banking Corporation Limited: The Hongkong and Shanghai Banking Corporation Limited is the founding member of the HSBC Group. HSBC serves customers worldwide from offices in 64 countries and territories in its geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of US\$2,918bn at 31 March 2020, HSBC is one of the world's largest banking and financial services organisations.

Selected Report Images (6):

Figure 1:

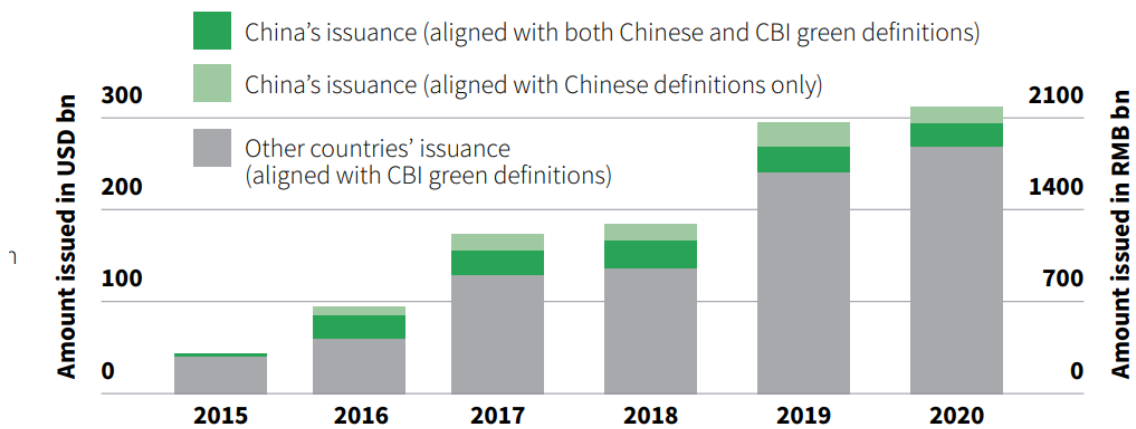
CBI-aligned vs non-aligned green bonds



Source: Climate Bonds Initiative

Figure 2:

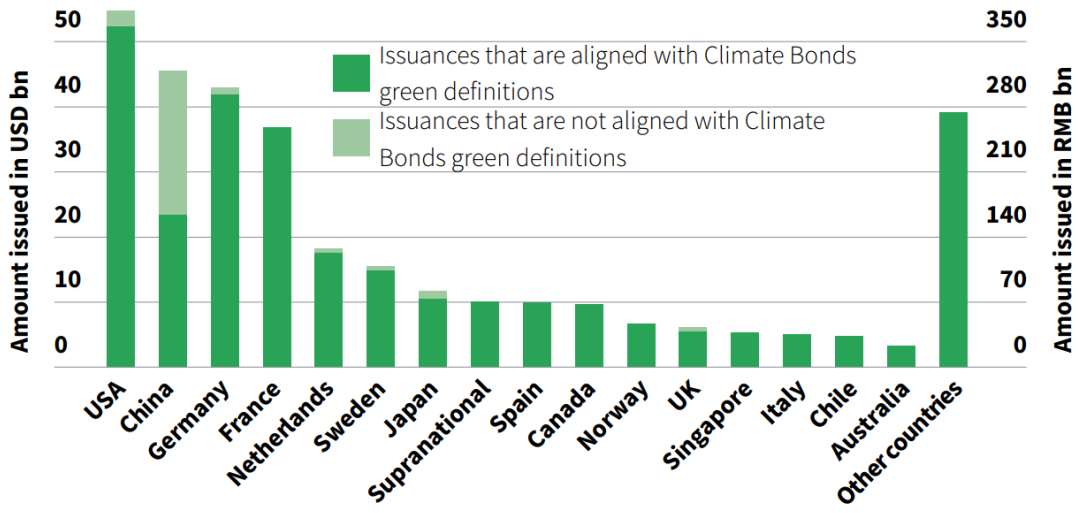
China's green bond market year on year



Source: Climate Bonds Initiative

Figure 3:

China's green bonds in a global context



Source: Climate Bonds Initiative

Figure 4:

The evolution of green bond issuer types

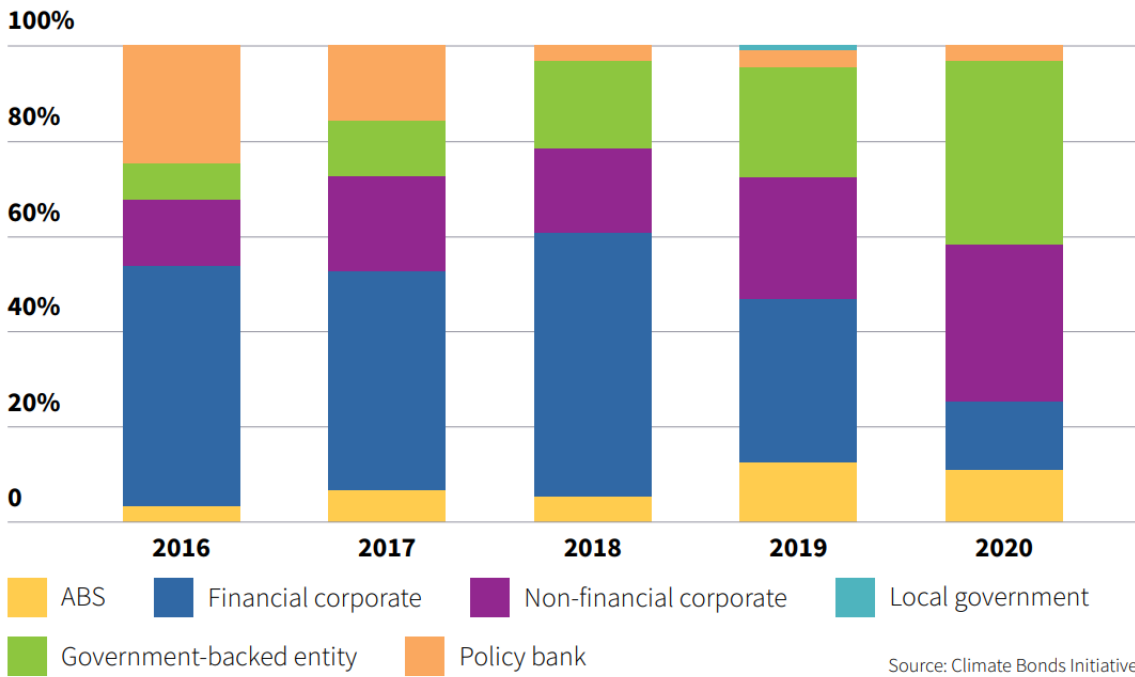


Figure 5:

Use of proceeds (by Climate Bond Initiative definition)

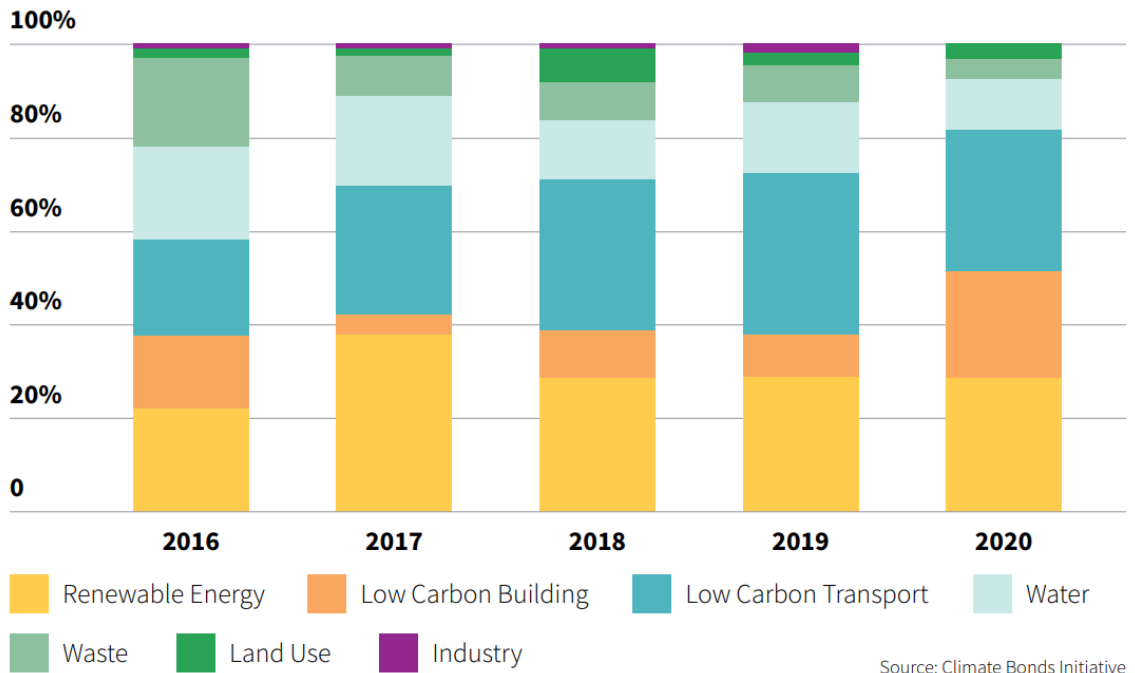
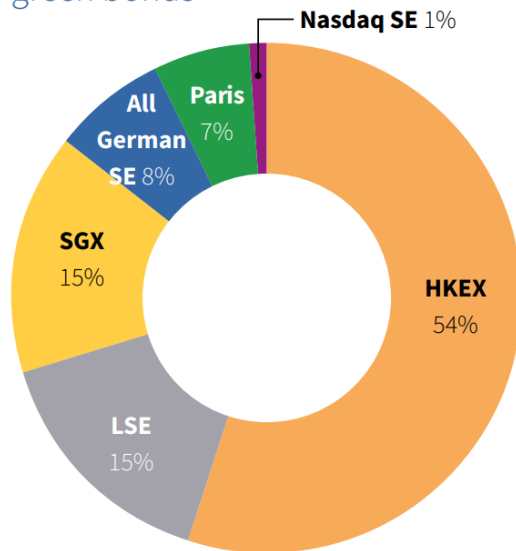


Figure 6:

Listing venue of Chinese offshore green bonds



Source: Climate Bonds Initiative

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