



China Moves a Step Closer to Addressing Climate and Environmental Impacts of Overseas Projects and Exported Products

5 January 2022 — Today China’s Ministry of Ecology and Environment and Ministry of Commerce jointly released the [Guidelines on Ecological and Environmental Protection of Foreign Investment and Construction Projects](#) (“2022 Guidelines” or “Guidelines”). The 2022 Guidelines recommend environmental protection practices for China’s overseas investment and construction projects. In particular, the Guidelines aim to reduce pollution, mitigate climate change, and protect biodiversity in China’s overseas investment countries and markets, including those in Belt and Road Initiative (BRI) countries. Specific environmental risk management advice is included in the Guidelines for key industrial sectors, including prioritizing renewable energy projects for the energy sector, controlling emissions of pollutants and greenhouse gases from the petrochemical sector, and strengthening reutilization of solid waste from the mining sector.

The Guidelines encourage Chinese enterprises to comply with prevailing international standards or China’s own standards if the host countries:

- (1) lack environmental standards applicable to the investment and project in question; or
- (2) have in place environmental standards for the investment or project in question that are lower than prevailing international standards or those applied to such investments and projects in China.

The Guidelines also encourage Chinese enterprises to undertake “clean production,” including reducing emissions from enterprise production, service, and product consumption. Further, the Guidelines promote the improvement of the environmental aspects of the Chinese enterprise’s value chain, including through prioritizing enterprise procurement of environmentally friendly products.

The 2022 Guidelines are a positive step toward improving the environmental performance of China’s overseas investment activities, including exported products that do not meet China’s minimum energy performance or other standards. Indeed, the 2022 Guidelines build upon [earlier Guidance, released in October 2021](#), indicating that China will strictly manage the export of high energy-consuming and high-emission products.



With this in mind, more action is needed to address the environmental effects of China’s overseas investments and product exports. Although the Guidelines call out key industries that make up a large share of China’s overseas investment, they do not draw sufficient attention to a tremendous opportunity for climate mitigation. This opportunity involves raising the energy efficiency of and phasing down high global-warming potential refrigerants in the cooling appliances that China exports. This opportunity is significant because China manufactures over 80% of global room air conditioners with about 40% of these destined for export.

China continues to export many cooling appliances, increasingly critical for health and productivity in a warming world, to trading partners that lack minimum energy performance standards or have in place lower energy performance standards than apply to the same products sold within China. The cooling sector in China could therefore help realize the “clean” and “green” goals highlighted in the 2022 Guidelines, contributing to critical global climate mitigation, as well as to overseas communities’ environment, energy savings, and health.

Additional IGSD Resources:

- [China’s Policy Opportunity to Avoid Dumping of Obsolete Cooling Equipment and Support Development and Climate Goals](#) (Nov. 2021).
- [China Details Plans for Achieving Carbon-Peaking and Carbon-Neutrality Goals](#) (Oct. 2021).
- [New Report Identifies Sources of Environmental Dumping of ACs in African Countries](#) (June 2020);
- [Dumping of Obsolete Air Conditioners Undermines Development and Climate Goals](#) (Nov. 2018).



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