



Green Finance: A Growing Imperative

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1:30-1:35pm

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President and CEO of SIFMA

Opening Remarks as prepared for delivery

Good afternoon. I'm Ken Bentsen, president and CEO of SIFMA. Thank you all for being here at today's green finance event. It is truly a privilege to be here with such a distinguished group of leaders, particularly former Treasury Secretary and current chairman of the Paulson Institute, Henry Paulson and the Governor of the People's Bank of China Zhou Xiaochuan. I thank them both for their dedication to this important issue.

I'd also like to thank SIFMA's partners in co-hosting this event: The Paulson Institute, The Green Finance Committee of the China Society for Finance and Banking, the United Nations Environment Programme and Bloomberg Philanthropies.

Today's discussion could not be timelier, as our global community has recently made great strides in its commitment to reducing carbon emissions and investing in green energy initiatives. Last December, global leaders adopted the Paris Agreement, which will officially be signed next week on April 22 at the UN's headquarters in New York City. Also in December of 2015, The People's Bank of China adopted a policy related to the issuance of green bonds, which will accelerate green finance locally. As China serves as President of the G20 in 2016, these factors contribute to a unique opportunity to continue the international initiative towards expanding green finance both locally and globally.

In fact, in February of this year, the Global Financial Markets Association, of which SIFMA is a regional affiliate and of which I am currently serving as CEO, partnered with the Green Finance Committee (GFC) of the China Society for Finance and Banking under The People's Bank of China (PBOC) for a symposium in Shanghai on greening the financial system. Today's gathering provides us with another opportunity to continue this important dialogue here in Washington, DC with our global and domestic counterparts.

As nations move forward with their commitment to green growth, funding sources will have to be as innovative as the green initiatives they seek to finance. Public funds will not be sufficient to truly effect change. That is why so many nations are adopting policies to help them tap into our global capital markets for additional funding, whether it is through the use of green bonds, equity financing through green IPOs, or other methods.

In fact, according to a Climate Policy Initiative (CPI) report, in 2014, the global total of green investment – in both the public and private sector combined – increased by 18% from \$331 billion to \$391 billion. Private investment on its own has moved at an even faster rate, growing by 26% in 2014. It now represents two-thirds of the global market for green finance at \$243 billion worldwide.

This growth trend in green investment can be seen in the green bond market, which continues to grow in size and scale, as current markets expand and new markets emerge in countries like Brazil, China, and India, just to name a few.

According to the Climate Bonds Initiative:

- \$41.8 billion green bonds were issued in 2015, the largest amount in a year to date. (Up from \$37 billion in 2014 and \$11.5 billion in 2013).
- 45.8% of 2015 issuance was toward renewable energy.

When we look at who is leading the efforts in 2015, Europe is the largest issuer region at \$18.4 billion issued, followed by the United States with \$10.5 billion issued. The U.S. is the largest issuer country of green bonds, driven mainly by municipal green bonds. China launched its first tranche of green bonds last year, and its market is already one of the largest in the world, having issued in 2015 \$1 billion in green bonds from China and \$300 million offshore in Hong Kong.

Today provides us with the opportunity to dive deeper into this very important and timely topic. Throughout the afternoon we will move through a series of discussions on green finance, as we look at the roles of the government and the private sector, explore best practices for greening the system, identify ways to promote green finance through innovative financial products and discuss ways to measure progress and success.

It is now with great pleasure that I introduce our next speaker.

Henry M. Paulson, Jr., is a businessman, China expert, conservationist and author.

Paulson served as the 74th Secretary of the Treasury under President George W. Bush, from July 2006 to January 2009. Prior to that, he had a thirty-two year career at Goldman Sachs, serving as chairman and chief executive officer beginning in 1999.

Today, he serves as chairman of the Paulson Institute at the University of Chicago, which aims to advance sustainable economic growth, a cleaner environment and cross-border investments in the United States and China. A “think and do” tank founded in 2011, the Institute’s work is comprised of programs, advocacy and research with partners around the globe.

Paulson co-chairs the Risky Business Project, which aims to spur action to mitigate the effects of climate change before the worst potential outcomes occur.

It is now with great pleasure that I turn it over to Mr. Hank Paulson.