

# **Welcome remarks at the APRACA Regional Policy Forum**

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**By Qian Wenhui, chairman of ADBC**

Distinguished Chairman Shaji K.V., Secretary-General Prasun Kumar Das, Guests, Ladies and Gentlemen, Friends,

Good Morning!

In this charming and harvest season of autumn, delegates of APRACA member institutions and experts are gathering here in Nanning, the Green City of China, for the important discussion of green and climate finance and its role in supporting sustainable food system in the Asia-Pacific region, which is especially relevant against today's backdrop. At the outset, I wish to express, on behalf of ADBC, my warm congratulations on the successful convening of the forum and my sincere welcome to you all!

Food security is a fundamental issue bearing on the survival of humanity. We gather at a time when the world is undergoing slow economic recovery, exacerbating geopolitical conflicts, and increasingly frequent extreme weather of high temperature, droughts and floods, all these intertwined and posing a threat to global food security. As a result of extreme weather, more than 3.5 million hectares of crops in Spain have suffered irreversible losses, spring wheat in the US is also in danger as precipitation in its main producing areas fell below 36% of the average level in recent 10 years, both of which suggested greater risks in global food production and therefore posing challenges to food security.

Asia-Pacific being the most densely populated region in the world, its food sustainability is critical to global food security. APRACA as an important regional international organization has long been committed to the exchange and cooperation between rural and agricultural financial

institutions of Asia-Pacific. It played an important role in advancing food security, environmental protection and green development, boosted growth of agricultural and rural finance in this region, and contributed to the “Asia-Pacific miracle” that is admired across the world. Themed "Green and Climate Finance in Agriculture: Critical Trigger to Sustainable Food System", the forum welcomes meeting participants to share information and experience and learn from each other, to work in joint efforts to address food security crisis.

Ladies and Gentlemen, Dear Friends!

Food is the most basic necessity of the people. Feeding more than one billion people in China concerns the overall economic and social stability as well as people’s well-being. With a vast territory, China boasts diverse natural environment and rich climate resources, making it an ideal land for growing a variety of crops. Yet, once divided by its large population, the per capita farmland is roughly at only around 0.0867 hectares. In addition, farmland in many hilly and mountainous plots are sparsely distributed, and water resources are relatively scarce, with per capita water availability equivalent to 1/4 of the world average. Moreover, our water resource is unevenly distributed, varying a lot in both time and space, generally featuring rich in summer and in southern areas yet scarce in winter and in northern areas, leading to an overlapping issue of frequent floods coupled with seasonal water shortage. Recently, North China and Northeast China have suffered extremely heavy rainfall unseen in a century, taking a heavy toll on local life and production. To further cement the foundation of food security on all fronts, the Chinese government launched the supply side structural reform on agriculture, and introduced a food security strategy that emphasized self-reliance supplementing with proper imports, and technological innovation to ensure sufficient production capacity. The strategy also calls for green development and an innovation-driven approach to build a modern agricultural industrial system, production system and management system. It also emphasized to promote the construction of agricultural infrastructures such as farmland and water conservancy, take a hard-line

approach to protect farmland, and strengthen agricultural scientific and technological innovation and promotion, to ensure a continuous rise in crop production capacity. Thanks to these efforts, we have secured a bumper harvest for the 19th year in a row, with grain output kept at more than 650 million tons for eight consecutive years, making China the world's largest grain producer and the third largest grain exporter. With its own efforts, China has produced about a quarter of the world's grain and fed nearly one-fifth of the world's population with 9% of the world's arable land and 6% of its freshwater resources, exploring a path to food security with Chinese characteristics, thereby significantly contributing to global food security and peaceful development.

Finance is at the heart of modern economy, having a key role to play in building a beautiful China, advancing rural revitalization and safeguarding the national granary. In recent years, China has made constant efforts to deepen financial reform and promote green finance, having set in place a multi-level, wide-ranging and sustainable financial service system that effectively supported the development of the entire food industrial chain by financing the key areas of grain planting, seed breeding, and agricultural machinery. As of the end of June 2023, China's green credit balance totaled RMB27.05 trillion, and the outstanding loans on agriculture was RMB54.64 trillion, of which the balance of RMB3.59 trillion is about grain, injecting great vitality into the ecological development and food security system.

Ladies and Gentlemen, Dear Friends!

ADBC as the only agricultural policy bank in China, has always been placing promoting ecological development and food security high on its agenda. Since 2013, we have doubled our support to key areas and weak links in agricultural and rural development, disbursing loans and funds totaling RMB20.87 trillion, with a total asset registering RMB9.77 trillion by the end of this July, making ourselves the largest policy-based financial institution on agriculture, becoming a major player as well as the cornerstone in the rural financial system. To be specific on our role,

first, we are policy-based. Guided by the Xi Jinping Thought on Ecological Civilization and following his important instructions on the development of agriculture, rural areas and farmers as well as on food security, we committed ourselves to the national strategies on green development and on enriching and empowering farmers. We worked to ensure financial resources are used to support policy implementation, people's well-being and suitable to China's national conditions. Second, we devoted ever greater support to green development and agriculture. Following the principle that green is gold, we vigorously developed green finance. In the first seven months of this year, our cumulative total of green loans reached RMB574 billion, with an outstanding amount of RMB2.23 trillion by the end of this July. On the agricultural side, in line with the macro regulation on grain, we supported both policy-based purchase and storage of grain and market-oriented purchases. More than 50% of the market purchase by enterprises were supported by ADBC. We also increased financial support to help build a more efficient, inclusive, resilient and sustainable food production and supply system with a focus on key areas such as high-standard farmland construction, water conservancy, seeding industry revitalization, and agricultural science and technology. For the first 7 months this year, RMB1.77 trillion of loans was channeled to the purchase and storage of grain, cotton and edible oil, farmland improvement, water conservancy, agricultural science and technology, and seeding industry. Third, we gave equal emphasis on supporting and benefiting farmers. We attached great importance to social benefits and ecological benefits, therefore making our best to lower fund raising cost, management fees and risk-related loss so that our saved cost could be translated into tangible benefits to the farmers. The average interest rate of newly disbursed loans issued this year fell by 28 basis points year-on-year, saving RMB1.231 billion for the real economy by lowering their financing cost and cutting fees worth of 268 million for corporate clients. We also adopted differentiated policies to provide inclusive loans to micro and small businesses to step up relief support. Fourth, we pursued high-quality development. We acted upon the new development philosophy, striking a proper balance between growth, structure, scale,

speed, efficiency and security. We improved our financial service system and loan management mechanism to ensure our financial resources timely disbursed, repaid, effectively used and sustainable.

Ladies, Gentlemen and Dear Friends,

Nowadays, there are still more than 700 million people in the world threatened by hunger, and 258 million people of 58 countries faced with severe food crises, which added to challenge to realize zero hunger as scheduled. It's the time for the financial institutions to rise to the challenges, continuing to serve the real economy to eliminate hunger and bring a better life to the humanity. I would like to take this opportunity to make a few proposals. First, we must safeguard food security. The entire food chain that goes from production, processing, circulation to consumption involves many links and sectors and is usually large in scale, which may take a lot of time to get improved, and it's also where financial support is specially needed. Financial institutions need to support the food industrial chain infrastructure construction, scientific and technological innovation, revitalization of seeding industry, help to reinforce and upgrade its weak links, to make the food security system more convenient, efficient, and stable. Second, we need to adopt a greater food approach. Eating means more than consumption of grains, and that meat, egg, milk, fruits, vegetables, fish, mushrooms and bamboo shoots all could be part of our food choice. We therefore must adapt to the changing food structure and support development and research of more diverse food resources. For example, we need to support the building of a diverse food supply system, by which people are able to get energy and protein from the farmland, the grassland, the forest, the oceans, the plants, the animals and the micro-organisms, so that the humanity's increasingly diverse food needs are well met. Third, we need to do more to develop green finance. Protecting the ecological environment and addressing climate change are common challenges facing all mankind that critical to the common interests of the whole world. It is necessary to develop an accurate understanding of the financial needs of green development, and then make targeted efforts to develop innovative financial products and

service models to better support the growth of organic, eco-friendly, smart and climate-resilient agriculture, and reduce the adverse impact of climate change on food production, and promote the transformation and upgrade of agricultural industrial structure and consumption structure. Fourth, we need to deepen international cooperation. Planet Earth is our shared homeland. In face of challenge, no individual nor country can stay immune to it, and only by collaboration can we secure a win-win outcome and realize sustainable development. Guided by the APRACA principles, we hereby call on all parties to act upon the visions and principles of APRACA, expanding exchange and cooperation in areas of food security, climate change and green development, to pool strength for greater prosperity in the Asia-Pacific region.

“I will work tirelessly and exert my utmost to protect my people from hunger and coldness”--this is a line from the poem of *Ode to Coal* by Yu Qian, an ancient Chinese hero of the Ming Dynasty, who used coal as a metaphor to demonstrate his willingness to sacrifice himself like the coal burning itself to bring warmth to the people. Driven by this ideal, we, today’s generation, are in a better position to take on responsibilities and fight for our shared mission of eliminating hunger.

Finally, I wish this forum a complete success! Thank you.