

**Statement by the United States**  
**Proposed Loan – Air Quality Improvement in the Greater Beijing – Tianjin – Hebei Region**  
**Regional Emission-Reduction and Pollution-Control Facility**  
**(People’s Republic of China)**  
December 14, 2017

On behalf of the United States, we wish to thank staff for the useful pre-Board meeting, as well as for their responsiveness to information requests.

This project is the third in a series of interventions to improve air quality in the Beijing-Tainjin-Hebei region. The United States abstained on the first two projects in accordance with U.S. legislative requirements to support only projects that meet the ‘basic human needs’ of the poor, as most of the provinces in this region are not among the poorest in China. This project, however, raises concerns beyond those related to the legislative requirements.

The project provides almost half a billion dollars for the establishment of the Regional-Emission Reduction and Pollution-Control Facility (RERPCF). The RERPCF will be housed within and controlled by the China Energy Conservation and Environmental Protection Group (CECEP), one of the largest state-owned enterprises (SOE) in China, with total assets of almost \$22 billion. The RERPCF will provide debt and equity for eligible subprojects to increase the use of technology in energy production and energy efficiency, including through technology- or industry-specific funds that target high-polluting sectors such as steel and iron production. Ansteel Group, one of the largest steel producers in China with annual production capacity of 33.2 million tons, is expected to contribute 100 million yuan to an industry-specific fund alongside RERPCF. Ansteel has identified more than 80 potential subprojects for investment in the region, many of which will be with its own subsidiary companies. The United States notes that none of these subprojects will be rated Category A for environment.

In light of coordinated multilateral action through the Global Forum on Steel Excess Capacity, the United States questions the appropriateness of ADB’s investments in and support to the steel sector in China. While ADB staff have stated that this project will not increase the overall capacity of the beneficiary steel producers, these new technologies will introduce process efficiencies and ADB funding will make clean energy investments *on behalf of* SOEs in the steel industry. Further, the United States Department of Commerce has initiated anti-dumping and countervailing duty orders against Ansteel Group and its subsidiaries for certain steel products. While the government’s efforts to improve air quality and reduce CO<sub>2</sub> emissions are commendable, the United States cannot support public resources financing investments that benefit a large, state-owned steel producer that is subject to anti-dumping measures, in contravention of the objectives of the Global Forum.

Thus, the United States wishes to be recorded as voting ‘no’ on the recommendation in paragraph 47 of the R-paper.

Thank you, Mr. Chairman.