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REVIEW ARTICLE

ENVIRONMENTAL BENEFIT ANALYSIS OF CHINA'S GREEN FINANCE IN WASTE RECYCLING

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ARTICLE DETAILS

ABSTRACT

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The rapid development of economy not only brings people the enjoyment of high-quality material civilization, but also brings a lot of negative effects. Governments and organizations are actively looking for new models of economic and social sustainability to compensate for the damage done to the natural world by people's wanton demands. This paper focuses on green finance and environmental benefits, which are closely related to the environment. In order to meet the demand for money waste recycling development, need to form a support recycling and rapid development of modern green financial system and improve the green financial policies to guide mechanism and encourage financial product innovation, enhance the level of green financial services, provide continuing financial support for waste recycling industry, increase related security mechanism.

KEYWORDS

Green finance, waste recycling, environmental benefits.

1. INTRODUCTION

Based on a study, in the 1990s global successively put forward the new development model of waste recycling, and according to national conditions, with emphasis on the environmental and ecological benefits, resistance to pollution serious consume huge companies, promote the sustainable development of the new idea of waste recycling [1-3]. This idea is popular. According to research, China as a global power, will improve the global ecological environment as a burden, promote the building of ecological civilization, promoting recycling economy and achieve economic prosperity [4-6]. At present China's green financial system is at the exploration stage, how to build a highly efficient operation cycle of support the development of green financial system become China's current green finance an urgent need to solve problems [7,8].

2. GREEN FINANCIAL AND ENVIRONMENTAL BENEFITS

In recent years, China's green financial industry is developing rapidly, both in quantity and quality green financial products have great breakthroughs, such as fairly active green bonds in international financial market, China green bond issuance reached \$23.1 billion in 2017. In order to promote green financial industry development and high-quality green transformation ability, develop green credit, the people's bank of China formulated the "green credit deposit financial institutions with banking performance evaluation program" (trial) in July 2018, and adjust the green credit performance evaluation index weight. These are the ruler to measure the degree of green financial development. Green finance is the financial sector a basic policy about environmental protection which plays an important role in improving energy efficiency of China and accelerating the process of the optimization of energy structure.

Green finance, as a kind of innovation mode of economic development, is committed to the pursuit of environmental benefits, ecological balance. Under the dual pressure of environment and resources, China urgently needs to vigorously develop innovative production modes to enhance environmental benefits, such as waste recycling. Environmental benefits are the effects of pollutants discharged from daily activities on the social environment under the condition that human beings consume certain

natural resources. It is of long-term practical and theoretical significance to combine environmental benefits with green finance to speed up the construction of a resource-saving society and to improve the efficiency and quality of economic growth.

3. GROWTH OF ENVIRONMENTAL BENEFITS AND FINANCIAL SUPPORT OF GREEN FINANCIAL SYSTEM

The main mode of economic growth in China is roughly economic growth. The growth of the conventional economy has been accompanied by a large amount of waste of resources, resulting in many environmental problems. In order to improve the reuse of resources, the surplus resources of waste should be re-integrated, and the recycling of waste should be increased. At present, the annual output of industrial solid waste in China is about 3.3 billion tons, with a cumulative historical storage of over 60 billion tons, covering an area of over 2 million hectares. It not only wastes resources and occupies land, but also brings serious environmental and safety hazards, endangering the ecological environment and human health. Strengthening the comprehensive utilization of waste resources can not only reduce the exploitation and utilization of natural resources, but also effectively alleviate and reduce the potential environmental pollution and safety hazards caused by waste. It will play a positive role in promoting the optimization of industrial structure, cultivating new economic growth points, realizing the green development of industry and promoting the construction of ecological civilization. Made in China 2025 clearly puts forward green development and calls for sustainable development as an important focus of building a strong manufacturing country, improving the efficiency of resource recovery and utilization, building a green manufacturing system, implementing green manufacturing projects, implementing green manufacturing in an all-round way, promoting efficient recycling of resources, and striving to achieve industrial solid by 2020. The comprehensive utilization rate of waste reached 73%. Therefore, the development of green finance is particularly important. Efficient green financial support plays a positive role in the rapid development of environmental recycling, and plays a key role in guiding capital, resource allocation and production structure optimization. See Figure 1.

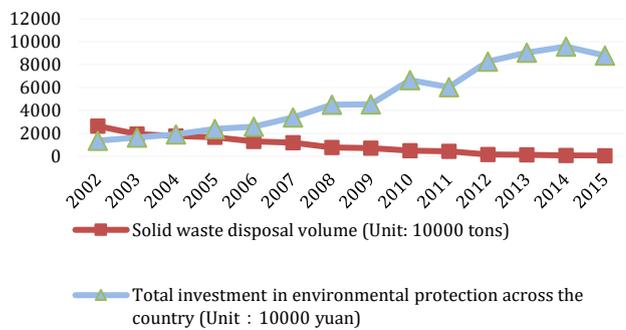


Figure 1: Trend chart of total amount of environmental protection investment and total amount of solid waste disposal.

Note: Data from the environmental quality annual bulletin of the Ministry of ecology and environment of People’s Republic of China.

From the above chart, the discharge of solid waste decreased from 26.35 million tons in 2002 to 560,000 tons in 2015, a decrease of 98%. The total investment in environmental protection increased from 13.634 million yuan in 2002 to 88.064 million yuan in 2015, an increase of at least 500 percentage points. Investment in related issues has increased, and the number of solid wastes discharged by various industries has decreased significantly. At the same time, it also shows that the increase of solid waste recycling efficiency is related to the development of green finance.

4. THE ROLE OF GREEN FINANCE

As mentioned above, green finance is particularly important, and it plays a key role in guiding the optimization of capital, resource allocation and production structure. The mechanism for green finance to promote environmental recycling development is illustrated in Figure 2.

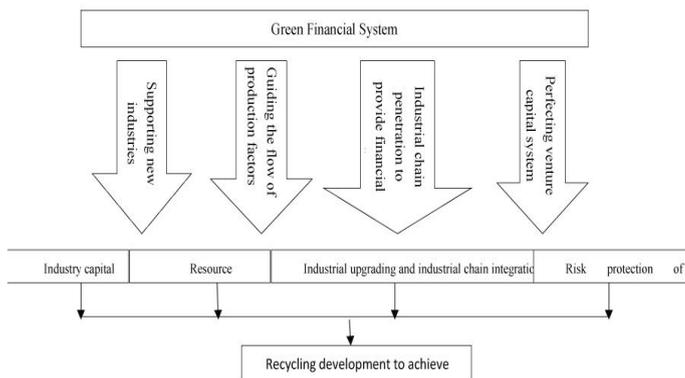


Figure 2: Green financial promote the development of recycling system diagram

Supporting new industries, guiding production factors, Industrial chain penetration, providing financial resources allocation, supporting new industries, Industry capital flow, Resource reconfiguration, Industrial upgrading and industrial chain integration, Risk protection of emerging industries, Recycling development to achieve impetus.

- (1) Green finance guides the development of capital flows. The development of new technology and the innovation of products have driven the transfer of resources and funds to green enterprises through the support of green finance, which has promoted the rapid development of industries with low energy consumption and high resource utilization, and the high pollution industries with high energy consumption and low resource utilization have gradually declined. With such circulation, a large amount of capital flows to environmentally friendly enterprises, and backward enterprises with high pollution and high energy consumption will be gradually eliminated. Funds have also been reconfigured and combined. Green finance is not only a structural starter for circular development, but also an efficient catalyst for environmental benefits.
- (2) Green finance improvement, circular utilization and resource allocation.

Different from the pursuit of high economic growth in the past, the current economy advocates circular development. Accordingly, the financial industry increasingly emphasizes the allocation of funds, not only to promote the development of advanced technology, but also to pay attention to the efficient use of resources. Because a large number of funds

have been transferred from resource-based enterprises to environment-friendly enterprises, the green financial industry has well guided the flow of production factor resources. Essentially, through the guidance of green investment and financing, the production factor resources have realized the transfer from the production sector with low resource utilization efficiency to the production sector with high resource utilization efficiency and optimized the economic structure. Finance through its green investment and financing behavior to guide the flow of other factors of production changes, thereby adjusting the economic structure of the process, as shown in Figure 3:

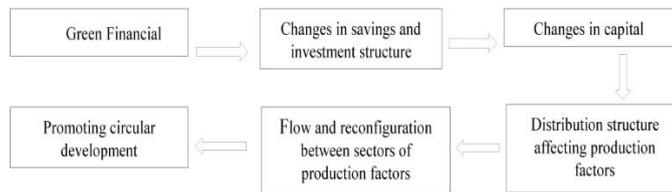


Figure 3: Green financial promote the production elements configuration chart

Green Financial System, Changes in savings and investment structure, Changes in capital flows, Distribution structure affecting production factors, Flow and reconfiguration between sectors of production factors, Promoting Circular development.

- (3) Green finance promotes the upgrading of environmental protection industry.

Under the influence of green financial innovation, the industrial chain is effectively integrated, and the operation efficiency is optimized and promoted. Owing to the support of the state policy, the enterprises which have priority on the resources of production factors can grow rapidly, produce new achievements, enhance the production capacity of enterprises and realize economic profits; afterwards, it will attract more investment, enhance the strength of enterprises and research and development technology, realize the purpose of promoting industrialization, and play a demonstration role for related enterprises in the industry, ultimately guide the healthy development of enterprises and social resources, and then realize the optimization and upgrading of the industry.

5. The growth of the environmental benefits of promote the development of green finance

Green finance improves environmental benefits by supporting the development of new technologies for waste recycling, which results in tremendous business performance in daily production activities. In turn, the financial institutions and enterprises that have obtained tremendous benefits will promote the development of green finance itself, which will consolidate and deepen the status of green finance in the national economy. This is a win-win mode of operation for both waste recycling and green finance. Green finance will continue to improve and develop with the development of environmental protection industry. The development of green finance and waste recycling will influence and promote each other.

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