



2015

Year in Review



Our Mission

Our mission is to strengthen U.S.-China relations by advancing sustainable economic growth and environmental protection in both countries.

Message from the Chairman

Friends,

Five years ago, we launched the Paulson Institute with the recognition that it would be difficult but vitally important to keep the U.S.-China bilateral relationship on an even keel to make progress toward solving the economic, environmental, national security and geopolitical challenges facing the world today.

2015 is a case in point, with the relationship stretched by tensions ranging from the South China Sea to the cyber realm and through a growing sense by U.S. businesses that they are encountering mounting regulatory barriers in China. We've also seen some important bright spots, including a successful Paris conference in December following a breakthrough U.S.-China climate change agreement, as well as the State Visit by President Xi Jinping to the United States in September.

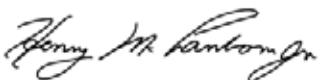
2016 is shaping up to be a difficult year, with the global economy bogged down by slowing growth in emerging markets and advanced industrial countries. The United States is growing well below its potential and must adjust its economic policies to achieve sustained growth. China, too, faces profound structural challenges and market volatility, which has sent shock waves around the world. It must choose how deeply and quickly to reform. And these choices will have a profound impact not only on China, but on the global economy for years to come.

Market volatility is matched by geopolitical volatility, from North Korea to the Middle East. Terrorism is a constant threat, and energy and environmental challenges will take decades to mitigate. As power-players on the global stage, the choices that the United States and China make—separately and together—will profoundly affect the world. On many issues, they have common interests. On others, they have significant disagreements. And turning common

interests into complementary policies is not easy. I see historic opportunities for the United States and China to take concrete actions to address global problems: opportunities to collaborate on environmental solutions and new energy technologies, on eliminating tariffs on environmental goods and services, and to develop new models for green finance as China prepares to host the G-20 leaders meeting in September; opportunities to make our economies more complementary—as each side undertakes necessary restructuring—and to make progress on or maybe even complete a Bilateral Investment Treaty; and above all, opportunities to prevent healthy competition from becoming debilitating conflict.

The Paulson Institute promotes solutions to help make a positive difference in the lives of Americans and Chinese, which has the potential to improve this relationship in the bargain. That is our goal – “to unite knowledge and action” – for a more economically and environmentally sustainable world.

I hope you enjoy reading about our efforts in this annual report and appreciate your support and friendship for the Paulson Institute.


Henry M. Paulson, Jr.

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A LETTER FROM THE LEADERSHIP

Dear Friends:

We have had a busy year at the Paulson Institute, building out our think tank and consolidating an array of energy, environmental, conservation and investment-related programs in both the United States and China.

We call ourselves a “think and do” tank – in other words, a non-traditional institution that aims to marry ideas to action. We develop original but highly prescriptive ideas and, ultimately, aim to turn those insights into practical steps for government and business.



HENRY M. PAULSON, JR.
**CHAIRMAN,
PAULSON INSTITUTE**

CYNTHIA ZELTWANGER
**EXECUTIVE DIRECTOR,
PAULSON INSTITUTE**

Our goal is to facilitate the sharing of real-world experiences to generate solutions to the most pressing economic and environmental challenges facing the United States and China—the world’s largest economies, energy consumers, and emitters of carbon. Our work this past year reflects these ambitious goals.

In September, the Institute convened the only private roundtable for President Xi Jinping during his state visit to the United States. President Xi held a robust discussion of business opportunities and obstacles, attended by thirty CEOs, fifteen from each side. The event reflects what is most distinctive about the Paulson Institute—its ability to bring government and business together in the search for practical solutions.

The Institute is organized around five broad program streams:

Our program on Climate and Sustainable Urbanization has been through an important transition this year: we launched several major initiatives, grew our team, and consolidated our efforts by focusing much of our work on the potential for economic transformation in the Jing-Jin-Ji (Beijing, Tianjin, Hebei) area. The Chinese government has prioritized this region as a pilot that can test solutions to air pollution for the entire country. So our work in the JJJ region aims to help China achieve its ambitious environmental and energy-related goals. We continue to highlight best practices for sustainable urbanization through our mayors training initiative and an annual prize recognizing scalable urban sustainability projects.

A second program stream revolves around our new CEO Council for Sustainable Urbanization, comprised of top executives from the United States and China. In its first year, the Council has harnessed the collective strengths of our 17 member companies. Action-oriented and practically-minded, the Council seeks to join corporate efforts on projects, and to promote the sharing of best-practices around green buildings, energy efficiency, and supply chains. The Council is exploring collaborative projects that we hope will become models for China and the rest of the world.

A third program stream is cross-border investment. As a nonprofit institution, the Institute does not participate in any investments. But by taking a sector-by-sector look at opportunities and constraints, we have begun to highlight opportunities for job-creating Chinese investment in the United States. We have published case studies and are launching pilot projects to help state governments in the United States develop a deal pipeline. We also held events in 2015 to promote a Bilateral Investment Treaty between the United States and China.

Our fourth program stream supports China’s efforts to incorporate conservation into its development plans. In 2015, we partnered with the Chinese government to produce research that could help protect endangered coastal wetlands and support the establishment of China’s first comprehensive system of national parks. We are also working on a sustainable soy initiative that will help importers fight deforestation in Latin America, while encouraging Chinese businesses to become leaders in global sustainability practices.

Our fifth program stream is our think tank, which publishes prescriptive insights on some of the most important economic, financial, and structural reform issues facing China today. Unlike a traditional think tank, which brands an in-house stable of experts, we work with leading scholars and practitioners who publish insights in various branded series.

In sum, our projects and products continue to identify opportunities for sustainable economic growth in the U.S. and China. We are encouraged by what we have achieved over the past year and look forward to 2016 with a strong commitment to our mission.

Sincerely,


Henry M. Paulson, Jr.


Cynthia Zeltwanger

Promoting Stronger U.S.-China Ties



In an increasingly interconnected world, the United States and China—the two largest economies—must work together to maintain global economic stability and address pressing international challenges.

The Paulson Institute strives to promote bilateral trade and investment, which are crucial drivers of jobs. And through thought leadership, convening, and advocacy, we are creating opportunities for greater collaboration between the two countries.

Power of Business: The Paulson Institute hosted a meeting of top U.S. and Chinese CEOs during President Xi Jinping's state visit to the United States in September. Speaking to the group, Xi underscored China's commitment to further opening its markets.

2015: A Year at a Glance

The Paulson Institute's fifth year of operation was marked by high-level U.S.-China events and concrete economic and environmental projects and research papers.

December 2014

Hosted: U.S. and Chinese businesses at Joint Commission on Commerce and Trade meeting in Chicago



February

Co-hosted: U.S.-China CEO Bilateral Investment Treaty Dialogue in New York



March

- **Co-hosted:** Clean energy investment seminar in Beijing
- **Co-launched:** Sustainable Soy Trade Platform



September

- **Hosted:** U.S.-China CEO Summit with President Xi in Seattle
- **Launched:** Building Energy Efficiency Fund, with the Leading Group for Financial and Economic Affairs
- **Advocated:** 94 U.S. CEOs urge President Obama and President Xi Jinping to prioritize Bilateral Investment Treaty



November

- **Joined:** NRDC's international workshop on China's coal cap strategy, in Beijing
- **Presented:** Hank Paulson discusses China with Governor Rick Snyder at World Affairs Council of Western Michigan



January

- **Launched:** Think Tank Paulson Papers on Energy and Environment series
- **Co-hosted:** High-level panel at Council on Foreign Relations, in Washington, D.C.



April

- **Joined:** Hank Paulson, Bob Rubin, Sheryl Sandberg, and Tim Geithner at Milken Institute Global Conference
- **Published:** *Dealing with China*, by Henry M. Paulson, Jr.
- **Launched:** Think Tank Paulson Papers on Standards series
- **Relaunched:** Paulson Institute website

June/July

- **Convened:** Delegation of mayors from Zhejiang visits Chicago, Portland, and San Francisco
- **Presented:** Hank Paulson joins Vice Premier Wang Yang, and Secretary of State John Kerry at U.S.-China Strategic & Economic Dialogue in Washington, D.C.
- **Launched:** "Stronger Markets, Cleaner Air" series
- **Launched:** National Park project, with NDRC
- **Established:** Coastal Wetlands Conservation Network

October

- **Completed:** Blueprint of coastal wetland conservation and management in China
- **Awarded:** Third annual Prize for Cities of the Future
- **Convened:** Second annual CEO Council for Sustainable Urbanization meeting
- **Published:** Sustainable Economic Transition report, presented at annual sustainability conference



December

- **Hosted:** Symposium of Chinese Mayors at Paris COP21 Climate Summit for Local Leaders
- **Hosted:** Chinese soy importers on fact-finding mission in Brazil



Think Tank: Economic Ideas in Action

Our “virtual” Think Tank publishes prescriptive and analytical work from leading scholars and practitioners. Subjects include the most important economic and structural reforms facing China today.

Moving Forward: China’s economic transformation depends on more jobs in new sectors.

Think Tank: Promoting Market Reform

Paulson Policy Memoranda have proposed concrete pension, tax, fiscal, healthcare, and state owned enterprise, and corporate governance reforms.



Why Mixed-Ownership Reforms Cannot Fix China's State-Owned Enterprises

A central component of China's current plan for reform of the state owned enterprise sector has been to convert more SOEs into so-called "mixed-ownership" firms—in other words, firms in which the state and private shareholders hold joint equity stakes. But Columbia Law Professor Curtis J. Milhaupt and Wentong Zheng of the University of Florida argue that the introduction of private capital into SOEs will not, in itself, alter the relationship between firms and the state, a key determinant of behavior in the Chinese economy. The key policy issue: how to create an institutional environment more conducive to the growth and innovativeness of all firms in China, regardless of where they fall along the spectrum from state to private ownership.

Financing the Next Stage of China's Development with Consumer Credit

Bloomberg economists Tom Orlik and Fielding Chen argue that a more diverse consumer finance system—one that provides greater access to credit for low- and middle-income households—would have considerable benefits for China. Despite some risks, the expansion of consumer credit presents an opportunity to drive growth and rebalancing. Lending to households is growing rapidly from a low base, making a positive contribution to bolstering demand and tilting the economy toward a greater role for household spending.



Tackling the Chinese Pension System

Robert Pozen of Harvard Business School argues that although China has made progress in establishing a pension system over the last 15 years, serious challenges remain. His prescriptions include increasing the retirement age, centralizing the pension system, creating better long-term investment vehicles, and expanding tax subsidies for enterprise annuities.

Achieving Comprehensive Hukou Reform in China

Kam Wing Chan of the University of Washington provides a macro overview of the tradeoffs Chinese policymakers must confront as they tackle reform of the household registration system (*hukou*, in Chinese) arguing that China's migrants, even in the biggest cities, need to become full and legal urban residents.



How to Better Support China's Migrant Population

China's so-called "floating population" is increasingly settled. Many of the 253 million "migrant workers," in fact, have settled permanently in cities, highlighting the need for a major overhaul of the household registration system, writes Nankai University's Xinping Guan.

Myths and Realities of China's Urbanization

China has significant disparities between urban and rural areas, and between different cities, writes Lu Ming of Shanghai Jiao Tong University. The causes of these disparities have been misunderstood, leading to a misplaced urbanization strategy.

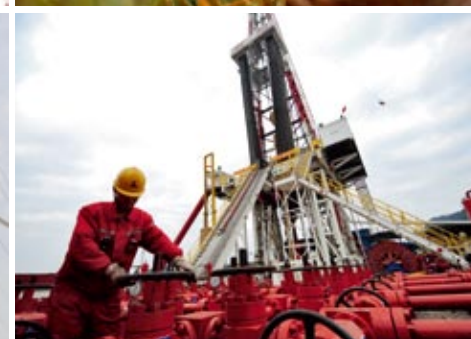
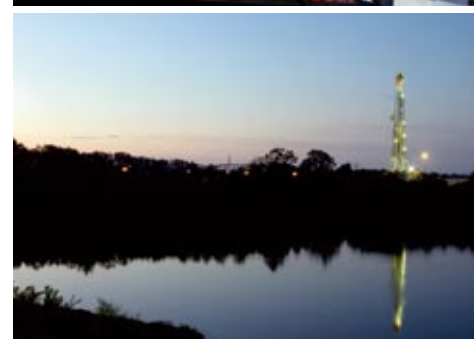
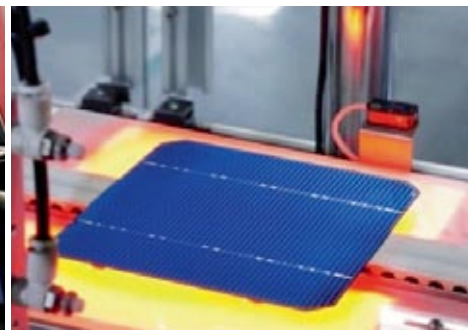


Think Tank: Energy, Investment, and Standards

Three additional series—Paulson Papers on Investment, on Energy and Environment, and on Standards—as well as Investment Case Studies, analyze underlying trends and draw practical lessons. A selection:

California Dreaming: How a Chinese Battery Firm Began Making Electric Buses in America

This in-depth case study traces BYD Auto's evolution as an electric vehicle maker in the United States. Facing a difficult market for electric cars, the Shenzhen-based company turned to buses instead, revealing a cautionary tale about the pitfalls and complexities that confront ambitious Chinese investors in the U.S.



China's Elusive Shale Gas Boom

Zhongmin Wang, a fellow at Resources for the Future, examines key reasons why China has not met the expectations for a domestic shale gas boom and reviews the industry's prospects.

Rebalancing China's Energy Strategy

Paulson Institute Fellow Damien Ma explores why it will be so daunting for China to reshape its fuel mix while sustaining growth.

Power Play: China's Ultra High Voltage Technology and Global Standards

Argonne National Laboratory technical experts use China's indigenous development of UHV technologies as a prism through which to view China's emerging role as a global standard-setter.

“China needs market-based reforms to ignite the next stage of economic growth. Our think tank offers ideas and solutions.”



EVAN FEIGENBAUM
VICE CHAIR,
PAULSON INSTITUTE

Contemporary China Speakers Series

In a monthly speakers series, distinguished figures—from academia, government, military, and journalistic backgrounds—address students, faculty, and the public at the University of Chicago.



Leading Thinkers: Our series has welcomed prominent experts, including (clockwise from top left) Georgetown's Victor Cha, U.S. Navy Rear Admiral (Ret.) Michael McDevitt, and Harvard's Ezra Vogel.

Sustainable Economic Transition

Developing practical solutions to promote a low-carbon economy



We support the principle that truly sustainable economic growth will only be possible with a healthy environment and climate.

China and the United States, the world's two largest carbon emitters, must make the transition to low-carbon economic models. This will require changes in how we generate and use energy and natural resources. Natural capital—including nature as a core part of this new economic model—must be a central part of the transition.

Our Climate and Sustainable Urbanization and Conservation programs are working toward those goals.

Green Economics: The wind-rich region near Zhangjiakou in Hebei Province, pictured here, accounts for much of Hebei's 9GW of installed wind power.

Regional and Industrial Solutions



“By simultaneously tackling economic and environmental challenges, China is in a position to set an example for the whole world.”



KATE GORDON

VICE CHAIR, CLIMATE AND
SUSTAINABLE URBANIZATION,
PAULSON INSTITUTE



Through thought leadership, convening, and high-level advocacy, our Climate and Sustainable Urbanization team is working to help China achieve its ambitious carbon emissions goals and implement a truly sustainable economic transition.

China's move to a more services- and consumption-driven model will help drive growth while emitting less carbon into the atmosphere. But a massive urbanization program, with more than 100 million people moving to the cities over the next five years, presents new environmental challenges, especially in the fast-growing buildings sector. At the same time, already industrialized regions must figure out how to survive the change without further short-term economic slowdown. Can core industries like steel and iron become a part of a more sustainable economy, by retooling and making operations more efficient and effective? The stakes are high: China's ability to cut carbon emissions will help ensure the health of our planet for future generations.

Blue Skies, Clean Enterprise: Alongside Tianjin and Hebei, Beijing anchors the Jing-Jin-Ji region, which accounts for 10% of China's GDP. Above, right, Zhejiang mayors in the U.S.

Promoting Data-Driven Approaches

A series of papers published in 2015 sets out recommendations for China’s industrial- and energy-sector transformation.



China’s Next Opportunity: Sustainable Economic Transition

This paper outlines a vision for a sustainable economic transition in the region surrounding Beijing (called Jing-Jin-Ji), which could ultimately inspire an expansion of this transition across China.

The government has prioritized Jing-Jin-Ji’s regional economic integration to spur development. Given its diverse economic mix, strong policy and regulatory environment, and central location—and the fact that the region will be on the world stage during the 2022 Winter Olympics—the Jing-Jin-Ji region has the potential to dramatically reduce emissions and set the tone for China’s nationwide transformation toward a more sustainable growth model.



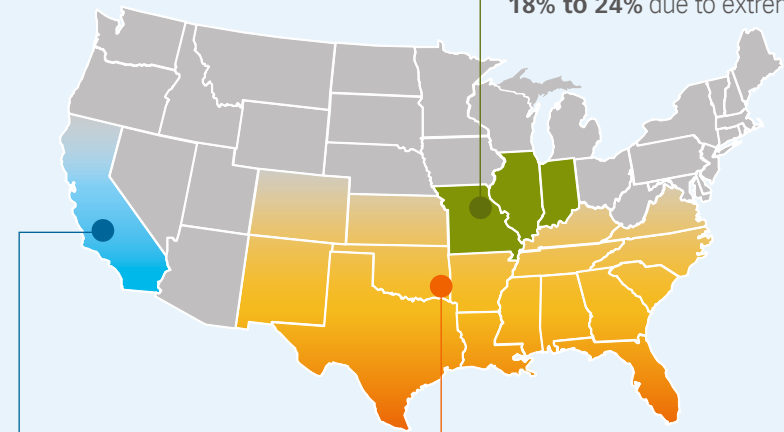
ANDERS HOVE
ASSOCIATE DIRECTOR OF
RESEARCH,
PAULSON INSTITUTE

“To better understand China’s environmental issues, we hone in on specific industry sectors and regions, moving from high-level theories to targeted strategies for change.”

Risky Business Project: Focusing on the U.S. Climate Debate

Most of the Paulson Institute’s work happens in China, but we consider the U.S. progress toward a more sustainable economic model just as important. The Risky Business Project quantifies the economic risks in the United States from the impacts of a changing climate. Commissioned by **Hank Paulson** along with co-chairs **Michael R. Bloomberg** and **Tom Steyer**, the inaugural Risky Business report lays out specific economic risks facing regions and industry sectors across the country. Following the initial national report published in 2014, the project published reports focused on the Midwest, California, and Southeast during 2015.

Some key findings and predictions:



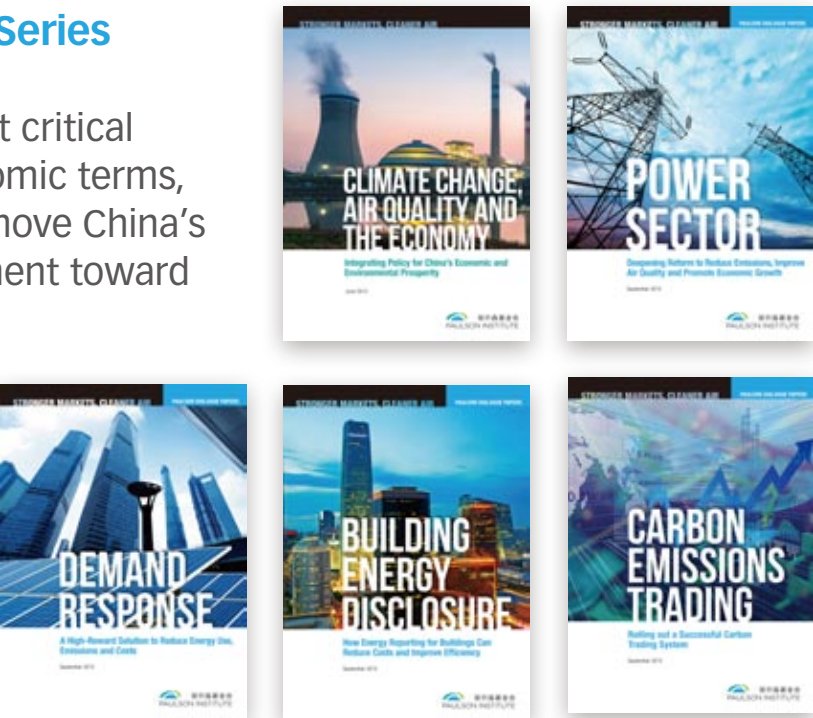
If we continue on our current path, we will see widespread losses of coastal property and infrastructure due to sea-level rise along the California coast. **Between \$8 billion and \$10 billion of existing property in California will likely be underwater by 2050.**

As extreme heat spreads across the middle of the country by the end of the century, some states in the Southeast, lower Great Plains, and Midwest risk up to a **50% to 70% loss in average annual crop yields** (corn, soy, cotton, and wheat), absent agricultural adaptation.

Stronger Markets, Cleaner Air Series

These papers reframe China’s most critical energy and climate issues in economic terms, exploring how market forces can move China’s energy systems and built environment toward a more sustainable future.

The first paper sets the scene with an overview of China’s current challenges and opportunities in reducing carbon emissions. Four subsequent in-depth policy briefs emerged from symposia held with Chinese and international experts in Beijing.





Training Local Leaders

China's mayors are on the front lines of the country's move toward more sustainable development. Our Mayors Training Initiative empowers local policymakers to see best practices from U.S. cities up close, and to implement sustainable practices in urban centers across China.

The Paulson Institute—in cooperation with the China Association of Mayors—hosted its third sustainability training program for Chinese mayors and officials in July 2015. The delegation, 22 leaders from Zhejiang province, began with a week of classroom study at Tsinghua University and then spent 10 days at the University of Chicago's Graham School, followed by visits to Portland and San Francisco, which have incorporated sustainability into their economic development models.

Leadership Lessons: Our Zhejiang mayors delegation heard from the former mayors of Chicago (Daley), Los Angeles (Villaraigosa), Miami (Diaz), and Mesa (Smith).



Recognizing Urban Solutions Within China

The Prize for Cities of the Future is awarded annually by the Paulson Institute and the Chinese Center for International Economic Exchanges (CCIEE) to a project in China that demonstrates a scalable and effective solution to a critical urbanization challenge.



The 2015 winner: The **Anheng Group's Sustainable City Water Supply Network Leakage Control Solution** stood out for its use of cloud and big data technology to solve a serious problem in China: urban water supply leakage.

Convening Experts in Sustainable Growth

In October, the Paulson Institute and CCIEE convened 150 top Chinese and international business leaders, policy experts, mayors and policymakers to explore barriers, opportunities and domestic and international best practices in sustainable economic transition.

U.S. and Chinese CEOs explored how low-carbon investment and solutions can drive commerce and foster a strong U.S.-China commercial relationship, and municipal leaders discussed challenges and opportunities to transforming Jing-Jin-Ji's industrial and energy sectors. Energy and environmental experts also detailed key policy challenges and opportunities facing Chinese leaders as they develop the 13th Five Year Plan.

Thinking Big: Our Beijing conference on sustainability focused on two of China's critical goals: to peak carbon emissions and to move toward a sustainable economic model.



Nature-Based Solutions



A Long Journey: More than one million migratory birds and 200 species visit the endangered Beidagang wetland outside of Tianjin each year. Above, Zhangjiajie National Forest Park in Hunan.



Life-sustaining ecosystems such as forests, grasslands, and wetlands are invaluable natural capital, providing multiple vital services to the survival and prosperity of mankind. We believe that protection of natural capital should be fully integrated into economic development.

Toward that goal, our Conservation Program is working with the Chinese government and other partners to support the establishment of an effective system of national parks and strengthen the protection of the country’s critically endangered coastal wetlands.

“We are proud of being part of the effort to protect China’s rich natural capital and wild wonders: a heritage to honor, to enjoy and to protect.”



ROSE NIU
CHIEF CONSERVATION OFFICER,
PAULSON INSTITUTE



Creating a National Park System

In 2015, the Paulson Institute partnered with China’s National Development and Reform Commission and the Heren Foundation for a three-year project to help establish an effective system of national parks in China.

We are producing international case studies of national parks systems in six other countries, organizing training and study tours for officials and park managers, developing technical guidelines for the nine provinces that will develop pilot national parks, and conducting research and planning for the pilot Mount Wuyi National park in Fujian Province.

Precious Peaks: The forests of Fujian’s Mount Wuyi possess the richest plant and wildlife biodiversity in Southeast China.



The nine pilot provinces for pilot national parks are: Heilongjiang, Jilin, Beijing, Qinghai, Hubei, Hunan, Zhejiang, Fujian and Yunnan

Why National Parks?

China’s protected areas cover more than 16% of the country’s land area. But the management of these areas is not well coordinated, and some important habitats and ecosystems are not fully covered by existing protected areas. Lack of sufficient funding and political incentives for local governments also hamper the effectiveness of these protected areas.

At the same time, more Chinese people want to escape urban pollution and experience nature, presenting new questions about the right balance between protection and use of the country’s natural heritage. A first-rate national park system will lead to improvement of the effectiveness of China’s protected areas and create sustainable solutions for nature and people.



Convening National Parks Experts

In October, the Paulson Institute co-hosted workshops in Beijing and Wuyishan, Fujian province, convening international and Chinese officials and experts to discuss best practices on national park management. Chinese participants presented plans, opportunities and challenges, and experts from the United States and Brazil shared experiences in managing national park systems.



Conservation Leaders: Lynn Scarlett, Managing Director of Public Policy at The Nature Conservancy, offers expertise from the U.S. conservation model at our national parks workshop in Beijing in October. Pictured above, rafting at Mount Wuyi.

Saving China’s Coastal Wetlands

In 2015, the Paulson Institute, in partnership with the Chinese Academy of Sciences and the State Forestry Administration, and the Lao Niu Foundation, produced a comprehensive Coastal Wetlands Blueprint, which mapped out the biodiversity and highlighted 180 priority conservation sites, including 11 of the most important migratory bird habitats that are not under legal protection.

The report concludes that China needs an integrated plan for protecting the coastal wetlands, which are critical for long-term economic sustainability and ecological security. Coastal wetlands provide nurseries for fish and refueling stops for endangered migratory birds, and they protect coastal communities from rising sea levels and severe weather caused by climate change.

KEY TAKEAWAYS

- Coastal wetlands are the most threatened but least protected ecosystems in China. Over the past 50 years, 53% of temperate coastal ecosystems, 73% of mangroves and 80% of coral reefs have been lost.
- From 2003-2013, coastal wetlands have shrunk by 23%. Only 24% of these ecosystems are designated as protected areas.
- Current economic development plans put China at risk of crossing the government’s “red line” – the minimum wetland area required to maintain ecological security, such as providing fishery products, clean water and flood control – as soon as 2018.
- Land reclamation is one of the primary drivers of a severe drop in bird populations, threatening the survival of many species.

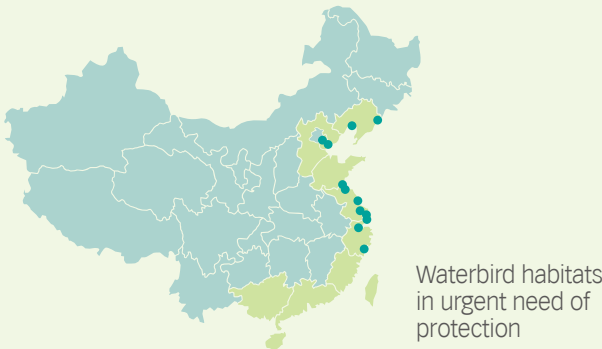
“ The Coastal Wetland Blueprint project fills a big conservation gap in China. It provides scientific foundation to enhance the conservation of our endangered wetlands. ”

MA GUANGREN
DIRECTOR GENERAL, OFFICE OF WETLANDS
CONSERVATION AND MANAGEMENT, SFA

Taking Flight: 95% of the critically endangered Siberian crane population winters at Poyang Lake in Southern China’s Jiangxi province.



The Coastal Wetland Conservation Network



Partnering with the State Forestry Administration, the Chinese Academy of Sciences, Lao Niu Foundation, and the Heren Foundation, the Paulson Institute helped establish a coastal wetland conservation network. Members include representatives from protected wetland areas, government agencies of all 11 coastal provinces and municipalities and non-government organizations. The goal is to increase effectiveness of conservation by improving coordination and capacity.

The network will share data, technical tools and management practices among members and provide management and leadership training to wetland managers. The network held its first annual meeting in Fuzhou, Fujian province, in June 2015.



Harnessing the Power of Business

We are bringing U.S. and Chinese businesses together to address global challenges with practical solutions.

At a time of growing tensions, business—by creating jobs—can be an important force for a stronger U.S.-China relationship. Businesses can also play a pivotal role in helping China achieve its ambitious sustainability goals, by bringing clean technologies to market, advocating for high standards and implementing their own sustainable practices.

Business leaders are innovators and job creators. Through our CEO Council for Sustainable Urbanization, green finance initiatives and cross-border investment work, and soy trade project, we are promoting business as a crucial part of the solution in driving more sustainable growth.

Visionary Partners: Paulson Institute Chairman Hank Paulson looks on as Alibaba's Jack Ma speaks at the Institute's CEO Roundtable in Seattle about strengthening U.S.-China business ties. Ma joined the Institute's CEO Council for Sustainable Urbanization in 2015.



CEO Council for Sustainable Urbanization

The CEO Council brings together 17 top U.S. and Chinese CEOs to work together to help China achieve its ambitious urbanization goals in a sustainable way.

Through research, advocacy and model projects, the Council promotes sustainable business practices that can be scaled up in China. In its first year the Council, formed in partnership with CCIEE, developed policy positions on buildings and energy efficiency, including a building codes roadmap, a paper on energy sector reform, and case studies on sustainable housing, energy efficiency and green finance. Members launched a model sustainable housing project and worked on a green finance initiative in China.

Working Together: The CEO Council members following the second annual meeting in October.

“Our CEO Council mobilizes business leaders—doers by definition—to leverage their collective know-how and influence to help China achieve its sustainability objectives.”



REBECCA NEALE
DIRECTOR, CEO COUNCIL
FOR SUSTAINABLE
URBANIZATION,
PAULSON INSTITUTE



Joining Forces: CEO Council members discuss projects at the second annual CEO Council; from top left: CCIEE's Zeng Peiyan, IBM's Ginni Rometty, Apple's Tim Cook, State Grid's Liu Zhenya, Walmart's Doug McMillon, China Development Bank's Li Jiping, Vanke's Wang Shi and Honeywell's David Cote.

Building Energy Efficiency Fund

China is committed to deploying cutting edge technologies to reduce energy use and carbon emissions. But how to bridge the price gap between higher upfront costs and long-term returns? The government has said it can only fund one tenth of the \$1.6 trillion needed to fight pollution over the next five years. Together with the Leading Group on Economics and Finance, the Paulson Institute in September helped launch the Building Energy Efficiency Fund. The goal is to promote the deployment of U.S. green technologies to help China move to a low-carbon economy.

“Solving the financing challenges for green technologies will be a crucial part of China's move to a more sustainable economy.”



DEBORAH LEHR
SENIOR FELLOW,
PAULSON INSTITUTE

Cross-Border Investment

To encourage job-creating investment from China, we highlight commercial opportunities and convene players from industry, the capital markets, government, and academia around economically rational and politically realistic investment ideas. Our work:

- We are working with states on pilot projects to help curate a deal pipeline for job-creating Chinese investment.
- We are advising several Great Lakes governors and state economic development teams on issues related to Chinese direct investment.
- We have commissioned studies that propose specific investment models, including for commodities such as pork, and published case studies that provide lessons from the successes and failures of Chinese companies in the United States.



Digging Deeper: American and Chinese stakeholders break ground on Tianjin Pipe’s \$1 billion manufacturing plant in Gregory, Texas, marking the largest single manufacturing investment by a Chinese firm.

Promoting a Bilateral Investment Treaty

We work with U.S. and Chinese business and government leaders to advocate for a U.S.-China Bilateral Investment Treaty (BIT), which would open China’s markets and level the playing field for both countries’ investors. In February, we co-convened a high-level investment dialogue between top Chinese and U.S. business leaders and government officials, to discuss the importance of cross-border investment. Organized together with Goldman Sachs, the U.S.-China Bilateral Investment Dialogue also delved into challenges and barriers hindering progress toward a treaty. In September, we organized some 100 U.S. CEOs to sign a letter to President’s Barack Obama and Xi Jinping, calling for a BIT.



FAST FACTS:

- In China, a BIT would help level the playing field for U.S. business and assure access by eliminating discriminatory policies and practices.
- Chinese direct investment in the U.S. would help support and create American jobs.
- Like the WTO in the 1990s, negotiation of a BIT could help encourage the domestic reforms in China that can help expand its market and make our economies more complementary.



Bit by bit: At the U.S.-China Bilateral Investment Dialogue, U.S. Commerce Secretary Penny Pritzker discussed trade opportunities with Institute Chairman Hank Paulson

“This partnership [with the Paulson Institute] will help foster continued growth in the Great Lakes region by creating and sustaining jobs.”



RICK SNYDER
GOVERNOR,
STATE OF MICHIGAN



Sustainable Soy Trade Platform

The Paulson Institute partnered with Solidaridad, The Nature Conservancy and World Wildlife Fund in March to launch the Sustainable Soy Trade Platform, which aims to help key players in the soy industry work together to advance responsible procurement of soy from South American countries to the China market.

As the world’s largest importer of soy, which is a major driver of deforestation in South America, China has the opportunity to make a significant contribution to the global effort to stop deforestation. Our initiative aims to send a strong market demand signal to Brazilian producers and exporters and to help the Brazilian government to accelerate producers’ compliance with its Brazil Forest Code. By convening and connecting key soy producers, traders and buyers, we are sharing best practices on supply chain management and enabling Chinese market stakeholders to align strategies to promote sustainability.

Saving Forests: In December, we led a delegation of top Chinese soy importers on a fact-finding mission to Brazil.



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Check out our website (www.paulsoninstitute.org) and follow us on social media for institute updates and analysis and commentary on the latest economic and environmental issues.

Bilingual:

We keep you up-to-date in both English and Chinese.



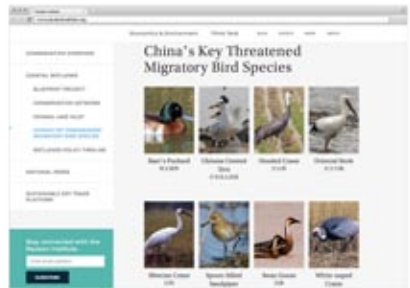
Interactive:

We added interactive maps and expert analysis to our report about the Jing-Jin-Ji region, Sustainable Economic Transition: China’s Next Opportunity.



Indepth:

To illustrate the wetlands blueprint report, we map out the amazing stories of China’s endangered migratory birds.



Informative:

Our team and outside experts contribute to The Conversation, with ideas and analysis about U.S.-China economics and environment.



Social Media:

Follow us on Twitter, Facebook, LinkedIn, WeChat, and Weibo.



Our Team

The Paulson Institute has a diverse, multicultural staff, with offices in Beijing, Chicago, San Francisco, and Washington. Our team brings deep know-how and commitment to our work through experience at the highest levels of business, government, conservation, policy and research, and media. We are committed to contributing to positive change in everything we do.



“ The Paulson Institute has multiple locations and programs. But we work together as one team. ”



JERRY YU
MANAGING DIRECTOR,
CHIEF REPRESENTATIVE OF CHINA OFFICE
PAULSON INSTITUTE



Looking Forward

In the coming year, we will continue promoting a stronger U.S.-China relationship and the transition to more sustainable economic models.

- The Climate and Sustainable Urbanization team will deepen our work in the Jing-Jin-Ji region, with research on heating, renewable energy and the steel sector.
- The Conservation team will continue to support China's efforts to incorporate environmental protection into its economic plans. We are planning pilot wetlands projects and will be helping to develop concrete plans for the national parks.
- Our CEO Council for Sustainable Urbanization is exploring tangible demonstration projects on sustainable building and integrated technologies on the ground in China, as well as focusing on supply chain issues.
- And in the United States and China, we will continue to support collaboration between business, government, and the non-profit sector to advance low-carbon economic growth.

About Us

The Paulson Institute is a non-partisan Think and Do Tank grounded in the principle that today's most pressing economic and environmental challenges can be solved only if the United States and China work in complementary ways.

Our programs focus on advancing the transition to a more sustainable, low-carbon economic model in China through industrial transformation, smart urbanization programs, and environmental conservation. A key goal: to advance industrial and nature-based solutions to climate change.

We also promote bilateral cross-border investment that will help create jobs and strengthen U.S.-China relations. Our Think Tank publishes papers on the most important macroeconomic issues facing China today.

Founded in 2011, the institute is based in Chicago and has offices in Washington, San Francisco, and Beijing.

A new approach: We believe that sustainable economic growth is only possible with a healthy natural environment, and we seek economic solutions for environmental challenges.