

## Sino Nordic Business Development Center **NEWSLETTER VOL.5-2017**

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### **Polluters pay policy soon go nationwide**

A pilot reform obliging polluter to pay hefty sums to repair the environment after causing major damage will go nationwide starting 2018, which will improve the efficiency of its efforts to protect the environment, the Ministry of Environmental Protection said.

By 2020, improvements will lead to the establishment of an efficient comprehensive damage compensation system to repair damage, including to the air, water, soil and forests, according to the document issued on Sunday by the general offices of the Communist Party of China Central Committee and the State Council.

China has conducted pilot projects since 2015 in Jilin, Jiangsu, Shandong, Hunan, Chongqing, Guizhou and Yunnan provinces, with notable progress made, according to the document.



Unlike in the pilots, city governments now will have the right to lead assessments and claims for compensation.

"It will improve work efficiency to better protect the environment since city governments are confronted with more cases than provincial governments," a Ministry of Environmental Protection statement said.

Experience gained in pilot and nationwide projects is expected to help strengthen future legislation on ecological damage compensation, "filling the legal gap in China," said Wang Jinnan, president of the Chinese Academy for Environmental Planning.

"It also has helped solve the problem in which companies pollute the environment, the public suffers and governments pay," said Xiong Dewei, head of the Environmental Protection Bureau of Guizhou, People's Daily reported.

## **China well on track with air quality goals**

China has confidence in reaching its ambitious air pollution reduction goals as scheduled, based on data for the first 11 months, the environmental protection minister said on December 10<sup>th</sup>, crediting the scientific and comprehensive efforts taken in the past years.

The five major goals set by the national Action Plan Against Air Pollution in 2013 are likely to be achieved by the end of 2017, with a huge improvement in air quality in China, said Environmental Protection Minister Li Ganjie at the annual meeting of the China Council for International Cooperation on Environment and Development on December 10<sup>th</sup> in Beijing.

The council is a high-level international advisory body to gather foreign experts to promote China's sustainable development.

In the first 11 months, Beijing has seen the average PM2.5 concentration lowered to 58 micrograms per cubic meter, reduced by 35.6 percent from the same period in 2013, according to the Beijing Environmental Bureau.

The huge improvement in air quality was achieved based on the multiple measures including strengthened enforcement, scientific efforts, effective measures to reduce industrial emissions, vehicle exhausts, coal consumption, and other efforts in improving the economy, the minister said.

## **China expands water conservation through tax reform**

Taxation will play a larger role in China's drive to conserve more water as a water resource tax program is expanded.



From December 2nd, 2017, nine provincial regions, including Beijing, Inner Mongolia and Ningxia will begin using a new water resource tax, following trials in north China's Hebei Province.

Water conservation is important in a nation where per capita water resources are only 28 percent of the global average.

The tax is levied on the use of surface and ground water, with higher rates on enterprises that consume a lot of water.

Water use exceeding quotas or in overexploited areas will be met with tax rates up to four times more, while use for agricultural purposes will see a reduction or exemption. The use of water that has come from sewage treatment facilities will also have favorable rates.

The taxation will prevent unreasonable use by consumers like ski resorts and car washes, said Wang Jianfan, an official with the Ministry of Finance (MOF).

In Hebei, where water shortages are a perennial issue, total water consumption dropped by 460 million tonnes in 2016, after the first tax trial was launched 18 months ago.

To cut production costs and save water, high water-consuming enterprises like steel, cement and chemical companies have installed water-saving devices and replaced groundwater with desalinated sea water and recycled wastewater.

Improvements have been made under new water management measures introduced in 2012 to address water shortages and pollution.

In 2016, China's water consumption dropped from 610 billion cubic meters to 604 billion cubic meters, and consumption per 10,000 yuan of GDP was down by 7.2 percent.

The expansion of the tax trials is a step forward in overall reform of the resource tax system, which is more than 30 years old.

Nearly 800 billion yuan of resource taxes were collected from 1994 to 2016, an annual average growth of 14.8 percent, with 95 billion yuan collected last year, according to MOF data.

A draft law on resource tax was released earlier this month for public comment and covers resources like crude oil, natural gas and coal.

The reform has brought huge tax reductions to resource-saving and environment-friendly businesses, with taxes reduced by 4.2 billion yuan in the year ending June 2017.

### **All Chinese cities to sort garbage by 2020**

China have made the plan that Chinese cities will begin full-scale promotion of garbage sorting by 2020.

By 2020, cities must put in place laws and regulations as well as industrial standards on garbage sorting, said Wang Menghui, minister of housing and urban-rural development, at a conference in Xiamen, a coastal city in Fujian Province.

All public institutions should exercise garbage sorting by 2020, when the 46 selected pilot cities should have established a garbage sorting system, the minister said.

Legislation should be accelerated to provide support for the system, and innovation be encouraged to explore experiences that could be replicated nationwide, Wang stressed.

The minister also called for more efforts to improve garbage treatment in rural areas.

The timetable came as China's cities are facing a pile-up of household waste, while landfills and incinerators have often met opposition from local residents.



So far, 12 cities have adopted related laws and regulations on garbage sorting, while 24 have plans on the issue.

### **Chinese environmental protection equipment output to hit 1t yuan by 2020**

China aims to boost its output of environmental protection equipment manufacturing industry to 1 trillion yuan (about \$151 billion) by 2020, according to the Ministry of Industry and Information Technology (MIIT).



The goal was set in a guideline issued by the MIIT on October 24th, 2017. It expects the industry to complete an innovation-driven development system by 2020, by enhancing its supply efficiency and market share.

Major fields targeted by the guideline include air and water pollution control, as well as treatment for soil contamination and solid waste.

Manufacturers should accelerate technological research to develop key pollution control equipment and materials, especially in the sectors of steel, chemical, non-ferrous metal and construction materials, the guideline said.

The manufacturing process must be smarter and greener, with the Internet of Things, robots and intelligent solutions widely applied in the environmental protection equipment industry.

The guideline also encouraged manufacturers to further improve their products and to strengthen branding to bring more added value to environmental protection equipment.

Industrial clusters with both leading and small-scale companies will be established. The industry also requires integrated development with the internet and the service sector, the guideline said.

It highlighted fiscal and financial support for the sector, including tax breaks and other financing instruments such as green credit and green bonds.

Third-party agencies are also encouraged to play their role in setting standards and monitoring the industry, the guideline said.

In 2016, the market value of Chinese environmental protection equipment manufacturing doubled to 620 billion yuan, compared with 2011, MIIT data showed.

### **China establishes environmental-capacity alert system**

The Chinese government announced on September 20<sup>th</sup>, 2017 that it had built an alert system to monitor regional environmental and resource capacity conditions, and punish those responsible for environmental damage.



The new system will divide environmental capacity conditions into three levels: overloading, near overloading and not overloading.

Meanwhile, based on actual resources or environmental losses, regions facing capacity overloading will be issued with a red or orange alert, while regions close to capacity overloading will be issued with a yellow or blue alert.

Regions whose environmental capacities are without excessive pollution and resource loss will be labeled green non-alert zones.

For red-alert areas, government authorities will stop granting approval on relevant projects, while enterprises causing severe environmental and resource destruction will face punishment, including fines, production restrictions and shutdowns.

Deadlines will be set for these regions to improve local environmental capacity conditions to below the red-alert level.

Individuals, such as owners of polluting enterprises or those in local authorities with slack supervision, will be held accountable for the environmental damage and even be prosecuted for criminal liability.

The government will also work to provide compensation to green non-alert zones for their ecological protection efforts and development rights, as well as increasing green financing support.

The document also put forward detailed management measures for specific fields such as water resources, land resources and the marine environment.

China has said "no more" to economic growth at the price of the environment, by putting environmental protection at the top of the agenda to ensure greener, more sustainable development.

The country has introduced action plans to fight air, water and soil pollution and rolled out its harshest-ever environmental protection law.

An ecological "red line" strategy will also be implemented to put certain regions under mandatory and rigorous protection.

### **Zero-carbon town to be built near Xiongan New Area**



A zero-carbon town showcasing green development will be built at Yixian county in North China's Hebei province, about 30 kilometers northwest of the Xiongan New Area.

The town, named Taihang Fenghuang Valley, is expected to be completed in five years with an area of 82 square kilometers and a population of 200,000, according to plans disclosed by its constructors, China State Construction Engineering Co and Yingli Solar Group.

The aim is to build a new model of smart city, with industries including green energy, electronic information and civil-military integration being the main pillars, the plans said.

The location, next to Xiongan New Area — created in April as an innovation hub and livable city — has great space for further development, media reports said.

The new area now covers Xiongxian, Rongcheng and Anxin counties in Hebei's Baoding, and will eventually cover 2,000 square kilometers.

It was created as a major center to receive some non-capital functions transferred from Beijing, such as research institutes, universities, financial institutes and company headquarters.

## **China earmarks 7.5 billion dollars for environment protection**

China has set aside 49.7 billion yuan (about 7.5 billion U.S. dollars) for supporting environmental protection this year, an official said on November 23<sup>rd</sup>, 2017.

So far, 39 billion yuan has been handed out for air, water and soil pollution control, said You Yanxin, an official with the planning and finance department of the Ministry of Environmental Protection, at a press conference.

According to You, 16 billion yuan of the central financing is reserved for supporting air pollution control efforts in 13 provincial-level regions in the Beijing-Tianjin-Hebei region and the neighboring areas, the Yangtze River Delta and the Pearl River Delta.

You said the central government's spending on the same purpose has topped 27.2 billion yuan since the start of the 13th Five-Year-Plan period (2016-2020), which has played an important role in improving air quality in key areas.



The central government has also earmarked 8.5 billion yuan for combating water pollution and 6.5 billion yuan for soil pollution control.

## **China's green development creates opportunities, boosts cooperation**

From electric cars to garbage recycling, China's green path has provided inspiration and opportunities for global environmental protection enterprises.

The output of the energy saving, environmental protection and recycling industries in China totaled over 4.5 trillion yuan (\$681 billion) in 2016, and eco-friendly investment from 2016 to 2020 is expected to top 17 trillion yuan nationwide, according to published statistics.

"Energy and environmental protection firms in the US have seen market opportunities in China, and are willing to invest in China," said Devinder Mahajan, professor at Stony Brook University, at the 3<sup>rd</sup> Sino-US Energy and Environment Forum held early this month.

While foreign firms eye opportunities on China market, Chinese enterprises have cooperated with foreign counterparts in seeking green development.

As the contractor of Reppie, Africa's first waste-to-energy incineration plant in Ethiopia, the China National Electric Engineering Company introduced its technology and machinery to help the country's capital incinerate 1,400 tons of waste per day, roughly 80 percent of the city's rubbish. The plant is due to begin operating in January next year, according to the UNEP website.

A total of 44 China's environmental protection firms have signed 149 contracts with 54 countries so far, covering areas of solid waste management, water treatment and soil remediation, according to the E20 Institute of Environment Industry.



UNEP Deputy Executive Director Ibrahim Thiaw said that China had become a major contributor of clean technologies around the world, which would benefit developing countries.

Feng Liang, a senior official with the National Development and Reform Commission, said at a forum that China's green industry would enjoy growing popularity in the global market against a backdrop of international capacity cooperation and continued government support.

The progress cannot be made without a series of campaigns that China has launched to fight pollution and environmental degradation, as decades of growth have left the country with smog, polluted water and contaminated soil.



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Wishing you and yours a  
Merry Christmas and Happy  
New Year!

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