

CHINA BALANCE SHEET

THE ENVIRONMENT

The direction that China and U.S.-China relations take will define the world's future. For the United States, a rising China increasingly affects American prosperity and security, calling for some clear-eyed thinking and tough economic, political, and security choices. As the twenty-first century unfurls, the stakes have never been higher for getting U.S. policy toward China right. By untangling the complex, sometimes contradictory, strands of this vast and dynamic country, *China: The Balance Sheet* lays the foundation for informed and effective U.S. policy toward China, the world's emerging superpower.

BACKGROUND

- **China's economic explosion has created an ecological implosion**, threatening human health, industrial production, and crops.
- **Of the world's 20 most air-polluted cities, 16 are in China.** One of the principal sources of air pollution is linked to growing wealth. With cars becoming more affordable, the number of vehicles is likely to rise from 24 million today to 100 million by 2020.
- More than 75 percent of the surface water in urban areas is considered unsuitable for drinking or fishing; **90 percent of urban groundwater is contaminated**; and nearly 50 percent of river water is unsuitable for agriculture or industry.
- **Land degradation and deforestation are exacerbating floods and desertification**, as well as endangering the country's rich biodiversity.
- Despite ambitious goals to reduce Chemical Oxygen Demand (COD) and sulfur dioxide (SO₂) emissions by 2 percent in 2006, COD increased by 1.2 percent and SO₂ emissions increased by 1.8 percent from 2005.
- Pan Yue, the vice-minister of the State Environmental Protection Administration (SEPA), stated frankly that **China's economic miracle is a myth**, since environmental degradation has cost the country between 8 and 13 percent of its annual economic growth since the late 1970s.

For further information, see Chapter 3:

"China's Domestic Transformation: Democratization or Disorder?"

China: The Balance Sheet: What the World Needs to Know Now about the Emerging Superpower

Authors: C. Fred Bergsten, Bates Gill, Nicholas R. Lardy and Derek Mitchell

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CURRENT SITUATION

- In addition to rapid economic growth, the high investment rate, and the underpricing of energy, China's environmental problems are exacerbated by local government protectionism, insufficient government transparency, weak and understaffed environmental enforcement agencies, and a pervasive lack of mechanisms for informing and involving the public in environmental protection issues.
- Recognizing this, the Chinese government has passed numerous laws and regulations on resource protection and pollution control as well as welcomed environmental assistance from bilateral and multilateral aid agencies and international NGOs. With international assistance, **China's environmental legislation has moved from a focus on command-and-control regulation to more progressive market incentive laws.**
- Energy shortages and growing air pollution have led the government to prioritize increased energy efficiency, use of renewable energy, and diversified energy sources. **The Eleventh Five-Year Program calls for improving energy efficiency by 20 percent by 2010.** The challenge of meeting these targets demands considerably greater investment and incentives as well as better enforcement of existing and future energy efficiency codes.
- International assistance is a major catalyst for the expansion of Chinese environmental NGOs. However, in other cases, **environmental activists have felt pressure from local officials who tend to crack down on activism perceived as threatening economic development.**
- In his annual government work report to the National People's Congress, Chinese premier Wen Jiabao stressed green growth. He emphasized the priority on meeting energy saving targets and the need to "attach greater importance to saving energy and resources, protecting the environment and using land intensively."

IMPLICATIONS

- As the Chinese environmentalist Ma Jun has noted, time is not on China's side. **There is a narrow window for China's leaders to aggressively control the serious environmental threats facing the country.**
- **This is one area in which the United States and China can cooperate actively.** In the past 20 years, many international organizations have worked with the Chinese authorities to develop new environmental policies, regulations, and pilot projects. Besides the multilateral organizations (China is the biggest recipient of World Bank loans and grants for environmental work), bilateral aid and international NGOs have been very active in their "green" assistance to China.

Confronting Environmental Unrest

Between 1997 and 2004, new factories, housing, and shopping malls—which cater to the newly rich and often enrich local officials—have consumed about 5 percent of China's total arable land.

For farmers whose economic prospects have plummeted, land grabs and pollution from these new developments are often the last straw.

Villages along the Zhang River have been engaged in a decade-long resistance effort after a growing number of government-sponsored water diversion projects created a water shortage. Local governments were unable to resolve the conflicts, and a Ministry of Water Resources initiative has now been established to mediate.

When long-standing complaints regarding industrial pollution went unanswered by the local government, 60,000 farmers in Huaxi, Zhejiang Province took to the streets in April 2005. After police began beating people, the situation exploded and farmers from surrounding villages joined the fray; two people were reportedly killed. Local government promises to respond came to naught, and farmers have threatened new protests.

In the Three Gorges Dam area, periodic protests continue against the mismanagement of the resettlement process (insufficient compensation, force used against citizens to relocate, and local corruption). Even peaceful demonstrations are increasingly suppressed by force.

Air pollution in China is responsible for between 300,000 and 500,000 premature deaths annually. And yet the government is planning 562 new coal-fired power stations by 2012 – nearly half the world's total.