RECOMMENDATIONS TO THE CHINESE GOVERNMENT
from the
China Council for International Cooperation
on Environment and Development

Beijing, October 5, 1997

The first meeting of the second phase of the China Council took place in Beijing between 3 to 5 October. On the basis of its sixth year of experience, the Council draws attention to some fundamental points which underlie its present and future work.

First is Chinese endorsement of the strategy of sustainable development in the government's 9th Five-Year Plan and its Agenda 21 Paper on China's Population, Environment and Development in the 21st century. Sustainable development covers the entire spectrum of environmental issues, and takes account of population increase, degradation of land, pollution of water, changes in atmospheric chemistry, and destruction of biodiversity. Application of the principles of the Rio Declaration of 1992 is a long term process. It involves ensuring that the polluter pays, that due precaution is taken in time, and that environmental considerations are at the centre of decision making. Such a process needs an effective mechanism supported by legislation to bring together, improve, implement, and monitor environmental rules and regulations.

Next is recognition of the importance of China in the planetary environment, and the degree of its interdependence with the world community. The means by which China generates energy, conducts its industrial development, grows its food, manages its water, and looks after its natural heritage, is of concern not only to China but to the world as a whole. The character and existence of the Council reflects this concern. For its work it depends on resources from outside, and will need more such resources in the future.

Resources of this kind serve as catalysts. Through the work it has done, and through practical demonstration projects, the Council, with Chinese and international members working together, aims to help the Chinese government in its transition from a planned and centralized to a socialist market economy. The Council looks forward to the greater involvement of Chinese business enterprises and the development of a Chinese environmental industry, with corresponding research and training facilities. For that, more foreign investment and technology will be necessary on acceptable terms and conditions. The government should develop its use of fiscal instruments to provide incentives and disincentives, and to give signals to the market.

It is more difficult to raise funds to protect China's natural heritage than to do so for coping with problems of pollution. Yet the richness of China's diversity of life is unique, and the value of the natural services on which the economy depends is beyond price. The government should consider legislation to give effect to the three main goals of the Convention on Biological Diversity. More effective and better coordinated mechanisms of conservation are essential.
Little can be achieved without the active participation of ordinary citizens. The Council lays special emphasis on the need for a combination of education and persuasion from the authorities, and initiatives from local communities. Development and improvement of environmental legislation, rigorous respect for the law, and the means by which it is enforced, are vital. This applies as much to the management of business enterprises as anything else.

The Council is served by seven Working Groups which have submitted reports on environmental economics, energy strategies and technologies, protection of biodiversity, trade and environment, pollution control, cleaner production, and sustainable agriculture. The Council has decided to set up an eighth Working Group on transport. It is also associated with a task force, set up by the State Planning Commission and NEPA, on environmental protection and strategic national planning, which will look at institutional decision making.

Among the many recommendations made by the Working Groups, the Council draws attention to the following:

Environmental Economics

- development of capacity within financial and planning agencies to cope with environmental issues, including use of fiscal instruments and environmental accounting;
- further efforts to carry out price reform and determine true costs (including those of resource depletion and environmental impact) with means to ensure government intervention to avoid market failure;
- applied environmental economics courses for staff of Environment Protection Bureaux (EPBs) throughout the country to include valuation methods; cost-effectiveness analysis; and pricing, taxation, and cost recovery options.

Energy Strategies

- policies to save and make more efficient conversion and use of energy by encouraging the introduction of up to date technology;
- increased development of renewable resources to reduce long term dependence on coal, with accompanying fiscal measures to favour use of renewables;
- in the meantime introduction of technologies to make better use of fossil fuels, including natural gas, and to reduce the environmental impact with corresponding demonstration projects;
- studies of such new technologies as that based on hydrogen, and exploration of the possibilities for underground storage of carbon dioxide.

Biodiversity
• improved knowledge of taxonomic data through better pooling of information, production of identification guides, and promotion of systematics, with more training of professional taxonomists;
• introduction of a fairer system of compensation whereby funds are transferred from down-stream agencies and sectors deriving large benefits from good water supplies, eco-tourism, flood control and conservation to under-financed agencies and local communities upstream whose development is limited by the need to preserve natural vegetation.

Trade and Environment

• integration of environmental factors into foreign trade policies, with particular regard to the World Trade Organization and regional trade organizations;
• strengthening of Chinese capacity to give effect to the Montreal Protocol on ozone depleting substances through better coordination of government agencies and better education and training of all concerned in both the private and public sectors: expenditure under the Protocol should not be restricted to procurement of foreign goods and expertise;
• positive participation in Activities Implemented Jointly (AIJ) under the Framework Convention on Climate Change to enable China to attract more investment and technology, advance energy efficiency, and facilitate global limitation on carbon dioxide emissions.

Pollution Control

• establish inter-city and inter-provincial Commissions to take responsibility for such environmental problems as acid rain in defined areas, and to strengthen water management systems in river basins.

Sustainable Agriculture

• strengthen treatment on soil erosion and desertification, and build up organic agriculture;
• introduce stronger measures to conserve and make best use of water;
• study best means of achieving long term food sufficiency in China;
• enhance the high yields already achieved in irrigated areas through greater attention to soil health care, water and pest management, and post-harvest technology;
• give local communities, including farmers, incentives to conserve their natural environment, particularly water and soil, and increase their sense of commitment to it;
• establish demonstration projects in specific areas;
• study current marketing systems in grasslands;
• give greater support to marketing and distribution of grass-fed livestock products.

Cleaner Production

• promotion of cleaner methods of production both in Township Village Industrial Enterprises (TVIEs), and State-Owned Enterprises (SOEs) step by step.

The Council also considered a number of cross-cutting issues, including:

• Climate change and the prospect for the Kyoto conference of the parties to the Framework Convention on Climate Change. The Council recommended full Chinese participation in negotiation of a package which dealt equitably with the very different economic circumstances of the participants. It also recalled the vulnerability of many countries, including China, to the adverse effects of human-induced climate change.
• World Trade Organization and a possible Multilateral Agreement on Investment. The Council underlined the need for environmental considerations to be taken into better account. It hoped that China would be able to play a fuller part in international trade and investment matters.
• Public education. The Council emphasized the need for full public awareness of the aims and activities of the Council.

For the future, the Council will lay particular emphases on the practical aspects of its work. It will also provide a forum for discussion of emerging issues, such as globalization, which could affect the development of China. It hopes that the Chinese government, in pursuing its development plans, thereby raising the living standards of its people, will be able to leapfrog over the mistakes of others, protect its unique environment, and increasingly make its own distinctive contribution to sustainable development.