



**China Council for International Cooperation on
Environment and Development (CCICED)**

**Progress in Environment and
Development Policies in China
(2013-2014)**

and

Impact of CCICED Recommendations

CCICED 2014 Annual General Meeting

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Foreword

As a high-level policy advisory body approved by the Chinese Government, the China Council for International Cooperation on Environment and Development (CCICED) is responsible for proposing policy recommendations on important issues in the fields of environment and development. At CCICED annual general meetings, Chinese and foreign members engage in policy discussions on the basis of policy research, leading to policy recommendations submitted to the State Council and central government departments. The CCICED aims to further enhance its unique role, improve its operations, strengthen understanding of the overall progress of policies in China, and assist members to better offer advice and suggestions.

Since 2008 the supporting group for the CCICED Chinese and International Chief Advisors has reported each year on *Progress of Important Policies Pertaining to China's Environment and Development, and Impact of CCICED Policy Recommendations*. The purpose is to provide Council members and others with an overview of China's major progress in environment and development policies during the previous year. It also serves to help determine whether policy shifts are consistent with recommendations submitted by CCICED to the Government of China.

It is always difficult to attribute policy shifts to any one source of advice, and especially over time frames as short as a year. It is up to the decision-makers to determine the real impacts of CCICED on China's environmental and development policies. But CCICED does wish to know if the general policy thrusts are heading in directions we believe to be desirable.

This paper is the seventh report provided by the Chinese members of CCICED's support group to its Chief Advisors. It provides description and brief analysis of legislation and policy development over the past year (November 2013 to October 2014) relevant to the CCICED policy proposals in 2013 and, in some cases, earlier years. It should be pointed out that not all policy shifts are covered in this report, for example some aspects of water use, biodiversity conservation, marine resource management, and other topics. The reasons for not being fully comprehensive is that the compilation would be very long, and in certain years there will not be recent CCICED work.

Introduction

The *Decision of the CCCPC on Some Major Issues Concerning Comprehensively Deepening the Reform* (hereinafter referred to as the *Decision*) had its first year of implementation in 2014, which was also a key year for the implementation of China's 12th Five-Year Plan (12th FYP). The conceptual evolution of China's ecological civilization construction, significant progress made in environmental rule of law, and

the initial establishment of a modern pluralistic environmental governance system, indicate that the Chinese government is making great efforts to promote energy conservation and pollution reduction, and in the implementation of some other important environmental management efforts.

The *Decision* emphasizes improving ecological civilization system construction, including greater clarification in natural resource property rights, delineation of ecological red lines, implementation of a user-pay system for natural resources as well as a process for ecological compensation, and ecological protection management reform. In addition, green performance evaluations of Chinese civil servants at all levels will spur China's economic transformation towards green growth.

Promoting ecological civilization construction should be consistent with the rule of law. During the past year, China has made significant progress in the legislative, judicial and law enforcement fields, such as strengthening the *Environmental Protection Law* (the revised law takes effect from January 2015), the establishment of the environmental resources tribunal in the Supreme People's Court, and with considerable growth in the number of criminal cases related to environmental pollution, all of which indicate that there is an increasingly robust legal framework for ecological civilization in China.

Innovation in social governance has allowed both the public and the market to play a greater role in environmental protection. In 2013, CCICED suggested that building a good environmental public governance structure depends mostly on constructive relationships between the government and the market, as well as between government and society. CCICED stated that "the government should give full play to the role of social organizations in environment and development and the long-term role of market mechanisms, and constantly enrich market means for environmental protection". Another recommendation was that "the government should develop corresponding strategies and policies to punish environmentally illegal enterprises but encourage the compliance and legal enterprises to volunteer for environmental and social responsibility, thus promoting enterprises to lead the high-level development of green growth".

The new *Environmental Protection Law* and many other normative documents also emphasize that the public and the market should be allowed to play a greater role in environmental protection. Through public participation, environmental public interest litigation, corporate environmental credit rating and other means, the supervision of enterprises can be strengthened, and the costs of non-compliance be increased. The Ministry of Environmental Protection, National Development and Reform Commission, People's Bank of China, and China Banking Regulatory Commission jointly issued *Corporate Environmental Credit Evaluation (Trial)* to guide the implementation of corporate environmental credit evaluation. The new *Environmental Protection Law* clearly provides for enterprises' illegal environmentally behavior to be noted in their social integrity file and their environmental credit rating to be affected

accordingly. In this way, the public and the market can be involved in the evaluation, jointly building the environmental protection mechanism of “trustworthiness incentives” and “dishonesty punishment”.

The past year saw great strides made in the environment and development through a number of new significant policies and measures. Many of these policies are echoes of recommendations made by CCICED in prior years (see Annex 1).

1. Ecological Civilization Construction and Institutional Innovation

The *Decision*, approved by the Third Plenary Session of the 18th Central Committee of the CPC, proposed accelerating the construction of an ecological civilization, indicating a progression from initial concept to realization.

The 2013 CCICED Annual General Meeting was held immediately after the Third Plenary Session of the 18th Central Committee of the CPC. CCICED members put forward recommendations for future institutional development while commending the Chinese government for its efforts in building an ecological civilization. The CCICED suggested using ecological civilization as the focus, enhancing both overall planning and senior leadership, formulating an implementation plan, and proceeding with implementation in a planned, systematic and comprehensive manner. Ecological civilization should be promoted through pilot projects, the implementation of appropriate evaluation system and good governance, and seizing the opportunity of the 13th Five-year Plan to achieve green transformation. CCICED also put forward systemic suggestions targeting environment, economy and societal relationships. CCICED made specific recommendations for the improvement of environmental impact assessments and for the coordinated planning of the economy, social development and the environment.

The central government expanded the Reform Leading Group by setting up six special teams to implement ecological civilization. The economic and environmental system reform was assigned to a lead team, with Minister of Environmental Protection Zhou Shengxian as deputy chief—demonstrating the importance given by the central government to ecological civilization and environmental protection, as well as their interaction with the economy and social development policies and initiatives.

As one of the lead departments responsible for ecological civilization, MEP has been investigating possible institutional arrangements over the past year. Minister Zhou indicated the focus should be on modernizing the national environment governance system. He proposed the “four beams and eight columns” concept. First, there should be active exploration of new avenues for environmental protection. Secondly, implementation of the newly revised *Environmental Protection Act* should be the foundation for developing additional powerful laws and regulations for environmental protection. Thirdly, deepening environmental protection reform should be an opportunity to tackle an institutional system to control all pollutants. And fourthly, a system for improving environmental quality should be initiated, based on the war

against air, water and soil pollution.

The 13th FYP is an important window of opportunity for institutional building for ecological civilization. In April 2014, the National Development and Reform Commission (NDRC) began preparations for the new FYP, which will begin in 2016. Various studies have been initiated to address three issues related to ecological civilization and environmental protection: ecological civilization construction and institutions; environmental management and model innovation during the 13th FYP; and, climate adaptation, green and low carbon development during the 13th FYP.

2. Further Promotion of the Pilot Carbon Trading and Emissions Trading Projects

CCICED has always attached great importance to economic levers to promote energy conservation and emissions reduction. Market-oriented long-term mechanisms such as price, taxation and emissions trading are important policy tools suggested by CCICED. In 2013, progress was achieved in pilot efforts on the use of carbon emission trading as a control carbon emission.

In June 2013, Shenzhen took the lead to officially initiate a carbon-trading market. Shanghai, Beijing, Guangdong and Tianjin followed suit, opening their carbon trading markets by the end of 2013, while Hubei and Chongqing inaugurated their markets in April 2014 and June 2014, respectively. Seven carbon trading pilot cities have established registration systems and trading platforms, formulated necessary rules including greenhouse gas emissions accounting, guidelines for enterprises in major industries, third-party verification, and trading rules. Pilot trading involves such industries as steel, chemicals, electricity, thermal power, petro-chemicals, pulp and paper, non-ferrous metals, oil and gas, and large-scale buildings. By June 29, 2014, pilot provinces and cities accumulated a total transaction amount of about 8.56 million tons of carbon, valued at 338 million yuan.¹

Meanwhile, NDRC has set out to construct a national carbon market. It formulated the framework for a national carbon emission trading system, researched the total national carbon trading quantity target and developed an implementation scheme. It will continue to research and guide greenhouse gas accounting and reporting for enterprises in key industries, and develop the national carbon trading registration system. In January 2014, NDRC issued a notice on greenhouse gas emissions reporting by key enterprises and institutions, in order to provide essential data for carbon emissions trading.

By June 2014, seven carbon trading pilot cities had formulated the following market management measures:

¹ “The Work for Coping with Climate Change Achieved Positive Progress”, sourced from the NDRC website: http://xwzx.ndrc.gov.cn/xwfb/201408/t20140806_621439.html, last visit time: August 17, 2014

- *Shanghai Trial Measures for Carbon Emission Management* - November 20, 2013;
- *Tianjin Interim Measure for Carbon Emission Trading Management* - December 20, 2013;
- *Trial Method for Carbon Emission Management in Guangdong Province* - January 15, 2014;
- *Shenzhen Interim Measure for Carbon Emission Trading Management* - March 19, 2014;
- *Interim Measure for Carbon Emission Management and Trading in Hubei Province* - April 6, 2014;
- *Chongqing Interim Measure for Carbon Emission Trading Management* - April 26, 2014;
- *Beijing Carbon Emission Trading Management Method (Trial)* - May 28, 2014.

The above-mentioned *Measures* share similar wording; they cover a wide variety of content including the distribution and management of emissions quota, carbon trading, emissions monitoring, reporting and surveillance, incentives and restriction mechanisms; and clearly defined legal responsibilities.

The main bodies held legally responsible within the pilot systems include: Emissions source units reporting their carbon emission control and management, trading institutions, trading subjects and third party inspection institutions. There are minor differences among the carbon emission units under carbon emission control and management in each pilot city. For example, the *Measures* of Guangdong Province and Shenzhen City not only specify the scope of the carbon emission units under carbon emission control and management, but also include the public buildings (including government buildings) with large emissions. Specific trading rules also vary among cities. Shenzhen and Tianjin allow individuals who are qualified in inspections to trade in the market, while Guangdong and Shanghai only allow trading among enterprises under control and management. In addition, except for the trading floor inside the physical market, Beijing and Tianjin also allow enterprises to trade online. The seven carbon trading pilot cities have made overall technical and legal improvements, although the practice of carbon trading is still a work in progress.

Six provinces established a regional agreement on joint research of carbon emission trading on November 28, 2013; they are Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia and Shandong. The research will look into carbon emission accounting, inspection and quota approval. This will lay a foundation for the construction of a regional carbon trading market, and will explore future market developments.

As a significant step forward nationally, the NDRC's Clean Development Mechanism established in October 2013 the "Voluntary Emission Reduction Trading Information Platform", providing information on approval, registration and issuance of voluntary emission reduction permits, and allowing the approved volume of reduced emissions

to be traded on the exchange. By the end of December 2013, the NDRC's Climate Department released the *Notice on the First Meeting of the Council for Voluntary Emissions Reduction Project Filing Screening*, demonstrating significant progress on voluntary emissions reduction governance. The Climate Department screening council members included the Ministry of Foreign Affairs, Ministry of Science and Technology, Ministry of Finance and Ministry of Environmental Protection, as well as three approved screening institutions (CQC, CEC and Guangzhou CEPREI).

On March 27, 2014, China's trading information platform released two successfully filed projects, opening the door to further voluntary emissions reduction projects. The two pioneer initiatives are wind power projects that were approved at the first screening meeting. According to the released project information, the two projects are a 300-megawatt wind power project of Wulanyiligeng, Bayannur, Inner Mongolia, and the Gansu Anxi Xiangyang Wind Power Plant project with a total annual emission reduction amount of 848,600 tons. Among them, the Anxi Xiangyang project sold 10,000 tons of quotas (CCER) at the unit price of 16 yuan/tonne when China Beijing Environment Exchange was initiated. The seller was Longyuan Carbon Asset. The two wind power projects are both verified by Guangzhou CEPREI as a third party.

On April 29, 2014, the State Forestry Bureau released the *Guiding Opinion for Promoting Forestry Carbon Trading* to improve the forestry carbon trading under the Clean Development Mechanism (CDM) and to promote voluntary trading in the forestry carbon exchange. The *Guiding Opinion* states that forestry carbon trading under the CDM should be implemented according to the *Measures for the Operation and Management of Clean Development Mechanism Projects* jointly formulated by NDRC, the Ministry of Science and Technology, Ministry of Foreign Affairs and Ministry of Finance. While performing such activities, the project implementation unit should communicate and negotiate with the Forestry Administration Department for eligibility and ownership of the land and project implementation particulars. Provincial-level forestry administration departments should guide and coordinate the implementation of related activities under their purview. Meanwhile, they should record carbon exchange projects' activities and report to the State Forestry Bureau.

On May 20, 2014, China and the European Union (EU) initiated a new carbon emission trading cooperation project, a joint initiative to reduce global greenhouse gas emissions. The EU is investing Euro 5 million in the three-year project. The annual EU-China dialogue for climate change meeting, held on that day, covered international climate change negotiations, EU and China climate change policies, and Sino-EU cooperation. The new projects have helped EU experts share their carbon trading experience with Chinese experts and policy makers from the seven carbon trading pilot cities. They also provided support to China in establishing a national-level carbon trading system, including setting caps on carbon emissions, establishing market structures, and establishing monitoring, reporting, inspection and certification systems.

On July 15, 2014, the conference for the founding of the National Technical Committee on Carbon Management of Standardization Administration of China (NTCCMSAC) was held at NDRC. NTCCMSAC is responsible for: preparing carbon emission management terms; producing statistics; monitoring; defining the method for compiling regional carbon emission lists; accounting and reporting of carbon emission on enterprise and project level; and formulating and revising national standards for such fields as carbon neutrality and carbon exchange. It also cooperates with international standardization organizations, the Technical Committee for Carbon Capture, Transportation and Geological Storage (ISO/TC265), the Sub-Technical Committee for Greenhouse Gas Management, and Related Activity, Environmental Management Technical Committee (ISO/TC207/SC7).

On August 31, 2014 at the 2014 High Grade Seminar for China's Low Carbon Development Strategy, Sun Cuihua, the Deputy Director of the NDRC's Department of Climate Change, revealed that the national unified carbon emissions trading market plans to launch trial operations in 2016. The quota will be distributed by the state, and part of the provinces and cities will be given priority to enter the market, while the rest can only enter the market after completion of the distributed total quantity target. NDRC drafted *Measures for the Management on Carbon Emissions Trading in China*, which is now going through internal discussion. Opinions of related departments will be sought in early October 2015 and a report to the State Council and Central Reform Leading Team is planned for early November 2015.

The General Office of the State Council released *Guidance Opinion for Further Promoting Pilot Project for Paid Use and Trading for Emissions Rights* on August 6, 2014. It proposes that the pilot areas must complete preliminary authorization on the emissions rights for existing units by the end of 2015, and such authorization should be granted every five years. The "System for Paid Use and Trading of Emissions Rights", which will lay the foundation for overall promotion of the system, should be established by the end of 2017. This is the first time China has defined a clear timetable on the issue. The *Guidance Opinion* clearly specifies that emissions rights should not be granted to units that fail to meet requirements in national industrial policy. It also recommends establishing an emissions rights reservation system, repurchasing the "surplus rights" from emitting units and putting them on the market, as well as supporting strategic emerging industries and the construction of key technological demonstration projects. The government intends to constrain and/or close down outdated production facilities and give strong support to emerging industries, in accordance with its policy on industrial structure adjustment

3. Reform on Resources and Environment Taxation

Achieving the green transformation of China's economy via economic instruments such as resource and environment taxation is a measure the CCICED has long promoted. In the 2012 policy recommendations (and earlier in 2009), CCICED recommended implementing a green taxation system (including environment and

resource taxation) and other market incentives in order to promote the behavioral transformation of both enterprises and the public; reforming resource product prices and environmental charges; and deepening environmental economic policy development including green investment, green lending, green taxation, green prices, green trade, green securities, and green insurance.

The *Decision* states that the reform for resource taxation should be accelerated, in particular, that “resource taxation should be gradually expanded to all fields that occupy various natural ecological spaces”, and that “changing environmental protection fee into taxation should be promoted”. The *Environmental Protection Law* approved in April 2014 lays the foundation for the legislation of an environmental tax.

Beijing and Tianjin took the lead in tightening levy standards for pollutant fees to enhance the role of economic instruments in controlling pollution. Beijing also took the initiative to raise charges for the four major pollutants including sulfur dioxide, nitrogen oxide, chemical oxygen demand, and ammonia nitrogen from the original charge of 0.63, 0.63, 0.7 and 0.875 yuan/kilo to 10, 10, 10 and 12 yuan/kilo respectively, since January 1, 2014. After adjustments, these charges are 14-15 times greater than before, achieving the highest level so far in China. Enterprises with actual pollutant discharge 50% lower than the prescribed limit should be charged half of the standard price as a bonus, and those with actual pollutant discharge between 50-100% of pollutant discharge limit should be charged the standard price. Enterprises with actual pollutant discharges higher than the limit should be charged double and penalized according to the rules. In Q1 of 2014, Beijing’s pollutant charges achieved 88 million yuan, a remarkable increase in comparison with the 8.34 million yuan collected in Q1 the previous year. Meanwhile, many polluting units in Beijing are actively taking measures to reduce their discharge.²

Since July 1, 2014, Tianjin has been implementing the new pollutant pricing standards: sulfur dioxide: 6.30 yuan/kg (1.26 yuan before adjustment); nitrogen oxide: 8.5 yuan/kg (0.63 yuan before adjustment); chemical oxygen demand: 7.5 yuan/kg (0.7 yuan before adjustment); and ammonia nitrogen: 9.5 yuan/kg (0.88 yuan before adjustment). In order to reduce emissions and punish those exceeding standards, the Tianjin Environmental Protection Bureau also formulated differentiated pollutant charge policies—similar to Beijing.

On September 1, 2014, the NDRC, the Ministry of Finance and Ministry of Environmental Protection jointly released *Notices for the Issues about Adjusting Pollutant Charge Standard* to tighten standards. The *Notices* require that the pricing departments, financial departments and environmental protection departments of all provinces (districts and cities) should adjust the charges levied on pollutants such as

² “The increase of pollutant charge standard received remarkable effect for promoting pollution control and emission reduction in our city”, reprinted from Beijing Environmental Protection Bureau website, <http://www.bjepb.gov.cn/bjepb/323474/331443/331937/333896/397747/index.html>, last visit: September 10, 2014.

sulfur dioxide and nitrogen oxide in the air to no less than 1.2 yuan per relevant unit, and the chemical oxygen demand, ammonia nitrogen and five major heavy metals (lead, mercury, chromium, cadmium and metallic arsenic) in water to no less than 1.4 yuan per relevant unit by the end of June 2015. Each sewage discharge outlet should see charges applied to the five major heavy metal pollutants; and other pollutants should be levied charges, with no more than three of them being charged. The *Notices* also stipulate that the pollution levy be determined using online monitoring equipment. Screening of law enforcement for environmental protection and pollutant charges should be enhanced to crack down on such illegal behaviors as secret and illegal discharge of poisonous and harmful pollutants, and irregular use of pollution control equipment; and to investigate such behaviors as non-payment or payment delays for pollutant charges. The irregularities listed should be penalized according to relevant regulations. Information on enterprises' emissions, pollution levies and practices should be publicized to improve transparency.

While tightening levies and enhancing surveillance, progress is also being made on resource tax reform. In particular, the reform of the coal tax has been fast-tracked. During the 2014 national sessions, *The Report on 2013 Central and Local Governments Budget Implementation Situation* and *2014 Central and Local Governments Draft Budget* submitted by Ministry of Finance to the National People's Congress specifies that an "ad valorem collection reform for coal resource tax should be implemented". The *Report on the Implementation of 2013 National Economic and Social Development* and the draft of the *2014 National Economic and Social Development* report submitted by the NDRC to the NPC also mentions that "the promotion of coal resource tax reform is included in the reform of financial and taxation system in the major tasks of 2014 economic society development".

The reform of natural gas price also has progressed. The *Notice of NDRC about Adjusting Non-residential Use Stock Natural Gas Price* issued in August 2014 determined the highest price for each 1000 cubic meters of non-residential use stock natural gas at each gate station should be increased by 400 yuan.

4. Promotion of Green Investment and Consumption

CCICED recommended to the Chinese government in 2011 that policies should promote the sustainability and indemnification of Chinese investment. A series of evaluation, permit and monitoring systems should be established to facilitate proper government supervision of overseas investment enterprises' operations abroad. The *Overseas Investment Management Measure* (No. 3 [2014] Ministry of Commerce Order) released by the Ministry of Commerce in 2014 requires that enterprises ask the overseas enterprises that they abide by the laws and regulations of local areas, respect local customs and habits, implement social responsibilities, protect the environment and the labor force, build enterprise culture, and promote integration with the local community.

In 2011, CCICED also recommended that sustainable consumption be promoted; and in 2013, the Council proposed the reform and improvement of pricing, taxation and financial incentives that support sustainable consumption. In March 2014, NDRC released the *Guidance Opinion of NDRC for Establishing a Complete System for the Ladder Price of Gas for Domestic Use* to promote graduated pricing for domestic gas. The first gas price level should be determined according to basic compensation of gas costs, which will remain relatively stable within a certain period. The second level should be determined by the principle of rational compensations and benefits. The price level will be maintained at 1.2 times the first level. The third level should be set by the principle of full reflection of the scarcity of natural gas and suppressing excessive consumption. The price should be around 1.5 times the first level.

CCICED recommended in 2013 that the public be encouraged to purchase green products, or those procured through green supply chains. It was further recommended that government green procurement be enabled through appropriate bidding systems, and that new energy and low emission cars be included in government's procurement list, ensuring that these become important performance indicators. In order to promote the development of energy saving and environmental protection industries, and to prevent air pollution, five ministries and commissions, including the National Government Offices Administration jointly released the *Implementation Scheme for the Purchase of New Energy Cars by Government Organizations and Public Institutions* on July 13, 2014. It specifies the timetable and roadmap for the use of "new energy" by government units and public institutions' official vehicles.

The *Scheme* proposes 14 concrete measures for carrying out these measures. For example, government organizations and public institutions should be granted subsidies to buy new energy cars, with a procurement price not exceeding 180,000 yuan after deductions; the local government should make electric charging stations for electric cars part of basic public infrastructures; local government should support new energy cars with preferential policies in addition to implementing traffic control based on vehicle numbers and similar traffic control measures.

It is suggested that the *Scheme* also include monitoring of achieved results. It proposes that from 2015, Energy Conservation Departments of public institutions in all provinces and cities be required to compile as part of annual statistics summary information on new-energy cars of the previous year, such as the sales volume, accumulated mileage, energy consumption and expenses, and report them to National Government Offices Administration. Meanwhile, the *Scheme* also stipulates that institutions that fail to achieve the procurement ratio should be publicized, and institutions with faulty practices should be ordered to rectify the problems, and their leaders held accountable.

In August 2014, the Ministry of Environmental Protection released *Breathe Together and Share One Boat; Citizen Behaviour Code*. It advocates that the public implement a low carbon and green lifestyle and consumption mode, and that citizens actively

participate in air pollution control and environmental protection. The Code advocates green consumption, and avoidance of heavily polluting, energy-wasting and over-packaged products. It appeals to the public to engage in the Circular Economy, to reuse/recycle products, and to participate in garbage sorting and recycling.

CCICED leveraged its policy influence on green procurement by seizing the opportunity presented by APEC's 2014 meetings in China. At a side event, the Council presented its work and recommendations related to green supply chains, the result of several years' policy research and implementation of pilot projects in Tianjin and Shanghai. As a result, APEC trade ministers agreed to promote the construction of the Asia-Pacific green supply chain network, and to concentrate on trade facilitation in the Asia-Pacific region. On November 11, 2014, the 22nd APEC Economic Leaders' meeting passed the *Beijing Agenda for an Integrated, Innovative and Interconnected Asia-Pacific* to lay the foundation for the establishment of the APEC Cooperation Network on Green Supply Chains. The document endorsed the first pilot center of the APEC Green Supply Chain Network in Tianjin, China, and encouraged other countries to follow suit by setting up similar centers and moving ahead with the required initiatives.

5. New Urban Planning and Green Urbanization

The Central Economic Working Conference in 2012 pointed out that urbanization is important to the modernization of China and offers the largest potential for boosting domestic demand. Sound urbanization depends on improving the quality of urban development, making the best use of existing conditions, while capitalizing on advantages and avoiding disadvantages. The Central Urbanization Working Conference was held in Beijing on December 12-13, 2013. General Secretary Hu Jintao and Premier Li Keqiang delivered important speeches at the conference, emphasizing that urbanization is the only path to modernization. Urbanization allows China to address the problems of agriculture, rural areas and farmers. It also helps coordinate regional development, expand domestic demand and upgrade industry. Urbanization is historically significant in supporting the development of a comprehensively well-off society and accelerating socialist modernization.

Policy suggestions from CCICED in 2013 pointed to resource and environment challenges inherent in the process of urbanization, suggesting the model of green modernization be explored, resources and energy use in cities and towns be improved, urban environment infrastructure be built, and green transportation be promoted.

On March 18, 2014, the State Council issued the *National New Urbanization Planning (2014-2020)* document, (hereafter referred to as the Planning). The document asserts that "green city construction should be accelerated", which involves integrating ecological improvement in urban development, thereby supporting green production, lifestyles and consumption. High-energy consumption and emissions industries should be restricted. Land, water and energy resources should be used

intensively and economically, and resource recycling should be promoted. There should be accelerated development of renewable energy; solar, wind, biomass and geothermal energy use should be diversified, increased and expanded to large-scale applications.

According to the 2014-2020 *Planning*, a green building action plan should be implemented, while improving green building standards and certification; the retrofit of existing buildings to energy efficiency should be accelerated; green building materials need to be developed; and the development of the construction industry should be promoted. The ownership of motor vehicles needs to be controlled, with active promotion of new energy vehicles; walking and cycling paths need to be improved, and green transportation encouraged. Action plans for the prevention and treatment of air pollution should be implemented, with a regional approach taken to improve urban air quality. Waste recycling, diversion and treatment systems need to be improved in order to safely deal with solid urban waste. And finally, ecological protection red lines should be clearly delineated; the urban environment needs to be improved; forest, lake and wetland areas should be expanded; and rural waste lands, contaminated lands, as well as mining and industrial lands should be reclaimed in order to build green, ecological corridors in urbanized areas.

6. Information Disclosure and Public Engagement – Governance and Environment

The CCICED's recommendations have often focused on the need for a complete environmental legal framework, sufficient public engagement and an active involvement in international environmental cooperation. These elements were deemed necessary for China's green transformation, improving air quality, and building a beautiful China. Over the past year, the Chinese government has been redoubling its efforts in these areas.

The Chinese government has made strides in environmental information disclosure and public engagement. From October 2013 until November 2014, the number of major environmental demonstrations has decreased; such demonstrations include citizens' opposition to the PX project in Guangdong's Maoming and objection to the waste incineration plant in Yuhang, Hangzhou city.

The 2013 CCICED recommendations specifically dealt with the need to systematically disclose environmental information to the public and involve citizens in environmental governance, as well as ensure environmental rights be considered part of a citizen's basic rights, protected by the rule of law. The recommendations also stipulated citizens also bear environmental responsibilities and obligations. The Chinese government now pays more attention to information disclosure and public engagement in environmental protection. An obvious case in point is the newly revised *Environmental Protection Law*, which contains a special clause on information disclosure and public engagement, and clearly stipulates citizens have the

right to be informed, to participate and to report problems.

Governments at all levels, including environmental protection units, must promptly publicize environmental information, release the list of enterprises that violate environmental regulations, and ensure the information is registered in the unit's 'social credit' file. Top polluters must post accurate information on emissions as well as the measures taken to mitigate or stop the damage. Meanwhile, for the construction projects requiring environmental impact statements, the promoter must provide information and consult with those most likely to be affected. The department responsible for screening these assessments must publish the entire environmental impact statement, with the exception of confidential information (state, trade or intellectual property secrets). Responsible government departments will instruct project promoters to conduct appropriate public consultations if efforts are deemed insufficient.

On October 15, 2013, the General Office of the State Council released *On Further Enhancing the Government's Ability in Information Disclosure, Responding to Public Concerns and Promoting Government Credibility*. The document instructs government departments to hold press conferences routinely, and to use government websites to disclose information. Departments have also been told to use new media such as Weibo and Wechat to provide information and engage the public on major controversies.

On November 14, 2013, the Ministry of Environmental Protection issued *Guideline of Government Information Disclosure on Environmental Impact Assessment of Construction Project (Trial)*, in order to more widely publicize the Environmental Impact Assessment Report (chart), Government Commitment Document, Screening and Approval Document, and the information on the integrity of environmental impact assessment agencies and practitioners. Before this Guideline, environmental protection departments only publicized abridged editions of environmental impact assessment reports. Now, environmental protection departments require that project promoters publish all the relevant information before submitting an environmental impact statement. In turn, the department of environmental protection examines and publishes the report in its entirety. Before ruling on a project, competent departments draft their rulings and inform applicants and stakeholders of their right to a hearing. Environmental assessment hearings are held in public. Once a decision is made, the competent government unit informs applicants and stakeholders of their administrative review and litigation rights.

In addition, the Ministry of Environmental Protection released *On Further Enhancing the Work of Environmental Information Disclosure and Public Opinion Guidance* at the end of March 2014. The document outlines five priority areas for environmental protection departments: improve ways in which information is disclosed; establish an effective system to release urgent information on environmental incidents; link environmental information distribution with policy interpretation; establish an expert

interpretation process; and set up media communication and coordination procedures. Furthermore, the performance of government leaders will be judged in part by success in informing the public. Performance evaluation is central to the ranking and promotion of leaders at all levels in China.

On May 22, 2014, the general office of the Ministry of Environmental Protection released *Instructions on Promoting Public Engagement in Environmental Protection*, which outlines the respect and guarantee of the public's right to be informed, to participate, to express their views and to report on environmental issues. The document listed five key tasks: to enhance public information and mobilization; to disclose environmental information; to facilitate public expression and appeals; to improve laws and regulations; and to support civil society involved in environmental protection. These major tasks reflect the policy of the 18th Party Congress and the third plenary session of the 18th Party Congress on "improving the way of social governance, playing the government's leading role, encouraging and supporting social involvement in all aspects, reaching the benign interaction of government administration, social regulation and residents' self-governance". The importance of public engagement was clearly pointed out, including the formulation of environmental policies and regulations, environmental decisions, environmental supervision, environmental impact assessments and environmental publicity and education.

7. A Greener Government Performance Assessment

In 2013, and also at various other times as far back as 2005, CCICED suggested the environment be considered in government performance assessments. Over this same long time frame CCICED also recommended research be conducted on a system of green national economic accounts that reflects resource use and, environmental damage. The 2013 recommendations stated that China should use ecological improvement as an important indicator in leaders' performance evaluations, and that evaluations integrate performance on resource conservation and environmental protection, as well as on public involvement.

For a long time, government performance assessments focused almost solely on economic performance, notably GDP growth. But more recently, the Party Central Committee and the State Council have been stressing environmental protection should be included in performance evaluations.

China's President, Xi Jinping, pointed out at the National Organization Working Conference held in June 2013 that government performance assessments should also include consideration of indicators such as livelihood improvements, social progress and ecological benefits, stating that China can no longer base evaluations solely on GDP. The *Decision of the CCCPC on Some Major Issues Concerning Comprehensively Deepening the Reform* passed at the third plenary session of the 18th Party Congress also made clear the importance of going beyond

economic growth in performance assessments.

In December 2013, the Organization Department of the CPC Central Committee released *Notification on Improving the Government Performance Examination among Local Party and Government Leader Group and Leading Cadres*, introducing a new government performance evaluation process. Communist party committees at all levels are directed to go beyond economic growth. In poor regions, or those where the environment is fragile—areas that have been identified for national efforts at poverty reduction—economic growth should not be a performance evaluation criterion at all. Rather, criteria to be considered include sustainable economic development, livelihood improvements, social stability, cultural initiatives, ecological enhancements and Communist party organizational development. There will be greater efforts in the examination of obligatory indicators, with weight given to such indicators as resource consumption, environmental protection, the presence of excess production capacity, and production safety. The document also calls for the development of a methodology to support greater accountability for officials who ignore scientific development approaches; in addition, responsibility audits at officials' end of term will be more systematically conducted. Officials whose reckless decisions harm either national or citizens' interests, or lead to serious resource waste or destruction of ecosystems will see the errors recorded in their personnel file and could be disciplined. These measures will also extend to officials who are no longer in their posts. The goal is to increase Communist party and government officials' interest in, and commitment to, environmental protection.

In July 2014, Shanxi province initiated these reforms in 36 counties that fall below the national poverty line, cancelling from county officials' performance assessments indicators of economic growth. In August 2014, Fujian province allowed 34 of its counties to omit economic growth figures from its performance evaluations, putting priority instead on ecological protection and agriculture. In Ningxia and Hebei provinces, government announced they would cancel GDP as a performance factor, putting the focus instead on enhanced livelihoods and poverty reduction. Zhejiang province took similar actions in two of its counties, Chun'an and Kaihua. Guizhou province took similar measures. And in Shaanxi, lower GDP standards were used in the performance assessments—ending the practice of granting bonus points to counties or cities who outstrip GDP targets. However, they do get greater points for going beyond targets in smog control. Shenyang has also lowered its economic development targets, canceled rewards for reaching the target GDP growth rate, and introduced new incentives for results achieved in environmental protection.³

On August 15, 2014, NDRC issued *Responsibility Assessment Method for the Goal of Lowering Carbon Dioxide Emission per Unit of GDP*, which states that in order to

³ Jinlei Li: "The Adjustment of Examination in Counties and Cities by Various Provinces, China is Ready to Say Goodbye to "Only GDP" China News

realize the goal of lowering carbon intensity set in the 12th FYP performance indicators for various industries and for government leaders need to include the reduction of carbon dioxide intensity per unit of GDP. The assessment is three-fold: achieving targets, implementing plans and capacity building—involving 13 indicators and resulting in four possible grades (excellent, good, qualified and disqualified). The precondition to be qualified is that the annual reduction of carbon intensity per unit of GDP be reached on schedule. The provinces (including autonomous regions and some municipalities) that cannot achieve these two criteria are disqualified. The evaluation result is to be submitted to the State Council before the end of October each year, and once approved, is to be made public. The State Council will publicly commend provincial governments that rank ‘excellent’; these entities will be granted priority in project approvals; those that are disqualified will be required to submit a written report to the State Council within one month of the announcement, outlining rectification measures they intend to take.

Clearly over the past year, whether it is macro directives regarding government performance, or the inclusion of actions to curb carbon emissions, the Chinese government performance evaluation system now integrates criteria to support environment protection and ecological improvements.

8. Crackdown on Environmental Law Violations and Promotion of Compliance

Strengthening legislation and law enforcement has long been a focus for the CCICED. In the 2013 policy recommendations, the CCICED pointed out the need to: 1) strengthen the legislation for the enterprises to fulfill their environmental and social responsibilities, 2) enhance the coordination between the *Corporate Law*, the *Environmental Protection Law*, the *Law on the Protection of the Rights and Interests of Consumers*, and the *Labour Law*; and 3) increase penalties for illegal enterprises. It suggested that China should set up local environmental protection courts and improve legal practice in this area. The Council also recommended allowing public interest lawsuits on environmental issues and allowing environmental groups to help with surveillance. The newly revised *Environmental Protection Law* further clarifies the responsibility of enterprises, requiring them to set up liability systems. It also adopts penalties including administrative detention and joint liability, and increasing penalties imposed for illegal acts.

In May 2013, during deliberations of a special group within the Political Bureau of the Communist Party of China Central Committee that focuses on ecological civilization, General Secretary Xi Jinping stressed that only the strictest system and the most rigorous rule of law can reliably safeguard the environment. He added that officials who blindly forged ahead without taking into account the environment and have caused serious harm must bear a lifelong responsibility for their actions.

Over the past year, environmental protection departments at all levels of government have intensified law enforcement of environmental protection. On June 1, 2014, eight

ministries and commissions of the State Council including the Ministry of Environmental Protection (MEP) and the Administration of Justice jointly launched the 2014 national environmental protection special action to safeguard public health and punish enterprises that pollute illegally. MEP Minister Zhou Shengxian, announced that in 2013 MEP dispatched more than 1.83 million enforcement officers, inspected over 710,000 enterprises, penalized 6,499 environmental law violators, and put another 1,523 under supervision. Cases uncovered included underground water contamination due to settling ponds leaching waste water and leaking sewage pits. MEP shut down 449 enterprises for violation of regulations, and ordered 532 enterprises to stop production until rectification.

In a special campaign to curb air pollution, MEP uncovered 3,395 enterprises operating illegally, as well as 3,690 construction companies and 26,000 other service enterprises that were in violation of environmental standards; MEP inspectors also closed 3,102 workshops. In a special inspection of pharmaceutical plants, MEP investigated 4,894 manufacturers and identified and penalized 157 violators, paying particular attention to 18 enterprises responsible for serious violations. In reviewing action taken against enterprises involved in heavy metal discharge, MEP inspected over 10,000 enterprises (including smelters, electro-plating plants, producers of lead-acid batteries, and tanneries). The ministry found 2,079 enterprises violating the law, and ordered 1,142 to stop production until rectification. This has helped reduce considerably the incidence of heavy metal contamination.⁴

China's judicial authorities have also intensified their efforts in this area. In June 2013, the Supreme People's Court and Supreme People's Procuratorate released *Interpretations on Several Issues of Applicable Laws for Environmental Contamination Criminal Cases*, which lowered the standard of proof for environmental contamination crimes. In December 2013, *Opinions on Enhancing the Coordination between Environmental Protection and the Police Law Enforcement* proposed greater cooperation in pursuing violators. The environmental protection departments and public security bureaus at all levels are encouraged to improve the investigation and referral of environmental contamination cases in strict accordance with the law. These units need to clarify mutual responsibilities, time limit and procedures for handling cases, and they are to actively investigate, collect evidence and apply the law, following the *Provisions on the Disposition of Environmental Cases by Environmental Protection Administrative Departments* ([20087] No.78), as well as the local requirement for case referrals. In 2013, the environmental protection departments at all levels referred 706 environmental cases to the police, exceeding the past 10 years' total cases. The public security agency heard 637 cases, sentenced 109 enterprises for environmental contamination crimes, and arrested 186 individual

⁴ Jianrong Qie: "Environmental crimes have been on the rise from last year, and 186 people have arrested and 109 cases have sentenced." *Jurisprudence Daily*

offenders.⁵ According to the statistics of the Supreme People's Procuratorate, from June 2013 to May 2014, arrests were approved in 459 cases of environmental contamination involving 799 suspects; 346 cases were prosecuted involving 674 individuals. There are now six to seven times more cases handled than in previous years.⁶

Besides the strict penalties against illegal enterprises, the judicial offices at all levels have intensified the crackdown on negligence of duty in environmental supervision. From January to October 2013, China's investigation and judicial system dealt with dereliction of duty leading to environmental damage, pursuing 889 cases involving 1119 individuals. Among them are notorious cases such as the "Red River Valley" incident in Luoyang, Henan province, and the "milk river" incident in Dongchuan county near Kunming, Yunnan province.⁷ During the first three months of 2014, 231 individuals were investigated and charged for misconduct leading to environmental damage.⁸ From April 2013 to April 2014, Guangdong's judicial authorities investigated 626 individuals for similar reasons—more than the total number investigated from 2010 to 2012.⁹

In February 2014, the Supreme People's Procuratorate released *Work Program of Launching Special Filing and Supervision on Crimes of Destroying Environmental Resources and Damaging Food and Drug Safety*. Work focused on collaboration among administrative and investigative units. It is expected work will intensify on case referral and prosecution, while "knuckle rapping" punishment must be prevented.

In order to enhance government capacity to enforce environmental protection laws and regulations, the Ministry of Environmental Protection has issued a report entitled *A Warning for Party Members and Leaders in the Environmental Protection System*, which was published by China Environment Press in January 2014. It records and analyzes some 28 typical recent violations of China's environmental protection system, describing the crimes and their perpetrators from multiple perspectives. MEP minister Zhou Shengxian wrote the report's preface.

In Guizhou province, Guiyang's Qingzhen city, China's first ecological protection

⁵ Jianrong Qie: "Environmental crimes have been on the rise from last year, and 186 people have arrested and 109 cases have sentenced." *Jurisprudence Daily*

⁶ Yi Liu: "Improving Ecological System; from "Rubber Band" to "High Voltage Wires" *People's Daily* 1st edition August 26, 2014

⁷ Bo Peng: "Strict Investigation of Misconduct Crimes by Investigating and Prosecuting Apparatus" *People's Daily*, January 8, 2014

⁸ Ridan Xu: "Protecting the Blue Sky Checking Crimes of Damaging Environmental Resources, Procuratorial Organs the Icebreaker" *The Procuratorate Daily* May 8, 2014

⁹ Bo Peng: "Strict Investigation of Misconduct Crimes by Investigating and Prosecuting Apparatus" *People's Daily*, 8th January 2014

Xiangshan Zhu, Yunfei Chen: "Investigating and Prosecuting Apparatus in Guangdong has checked 626 people committing crimes in damaging the environment." *The Procuratorate Daily* 14th April 2014

court – part of the people’s court system – was founded in 2007. As of July 2014, there are now more than 130 environmental protection courts in 16 provinces (autonomous regions and municipalities). They have accumulated solid experience in the environmental rulings, and have ushered in new cases of public interest litigation.

In order to address the problems concerning filing and evidence compilation in these cases and to enhance possibility of judgment of environmental resources cases, the Supreme People's Court announced the foundation of an environmental resources trial division on July 3, 2014. The trial division will improve implementation of environmental laws, increasing coherence in adjudication and safeguarding the public’s environmental rights and interests while curbing environmental deterioration. With this new division of the Supreme Judicial Court, the relevant judicial court authorities will be established to facilitate appeals.

The main responsibilities of the environmental resources judicial division of the Supreme Judicial Court include: to judge civil cases involving environmental air, water and soil contamination; civil cases involving geological and mineral resources ownership disputes; and civil cases involving natural resources disputes such as forests and grasslands; to review lower courts’ rulings that have been challenged, and either to try or order lower courts to hear the cases anew; to guide lower courts in civil cases involving environmental resources; and to research and draft their rulings.

Also on 3 July 2014, the Supreme People's Court published *Opinions on Enhancing the Judicial Work of Environmental Resources and Providing the Judicial Safeguard for Ecological Improvement*, which provided guidance on environmental public interest litigation and enhancing the organization of environmental judicial organs, teams and procedures.

9. Air Pollution and Other Prominent Environmental Problems

In 2013, CCICED suggested making greater efforts to address serious environmental problems such as air, water and soil pollution, in order to respond to public requests for a better environment.

Air pollution has become the top environmental issue and is therefore a very important environmental focus for government. In its 2013 recommendations, CCICED indicated government must satisfy the public’s demand for a clean environment in order to reduce social tensions. Recommendations stated the focus should be on local governments taking concrete measures, subjecting projects to stricter environmental assessments; that central departments needed to apply green screens on investment, revenue, taxation, finance, pricing, trade and technology; and that there be greater coordination locally among the various government units responsible for the environment.

On January 7, 2013, MEP signed *Goal Responsibilities for Air Pollution Prevention and Control* agreement with 31 provinces to spell out objectives and activities in order

to improve the quality of the air. Beijing, Tianjin and Hebei's goal is to reduce air pollution by 25%; Shanxi, Shandong, Shanghai, Jiangsu and Zhejiang aim for a 20% cut; Guangdong and Chongqing have agreed to a 15% reduction; and Inner Mongolia's goal is 10% decrease. Another 20 provinces (regions and cities) have agreed to an annual average drop in PM₁₀ concentration. Targets to be achieved depend on their current air pollution levels: Provinces where annual average concentration of PM₁₀ is far below the newly set standard should maintain continuous improvement, while provinces where the annual average concentration of PM₁₀ is close to or beyond this standard must reduce PM₁₀ concentrations by 5%, 10%, 12% and 15% .

In June 2014, the cooperation team in charge of air pollution prevention and control in Beijing, Tianjin, Hebei and surrounding areas issued *Emphasis on Air Pollution Prevention and Control of Year 2014 in Beijing, Tianjin, Hebei and Surrounding Areas*. Unlike other plans, it puts a greater focus on long-term impacts. Also in 2014, special national emissions limits on air pollutants were first applied in the Beijing-Tianjin-Hebei airshed in order to assess the best economic levers to control motor vehicle use. Findings show that traffic congestion fees and pollution discharge fees could be effective in this region.

To carry out the *Action Plan for Air Pollution Prevention and Control, Action Plan for Energy Conservation, Emission Reduction and Low-carbon Development in 2014-2015* and *Implementing Rules of the Action Plan for Air Pollution Prevention and Control in Beijing, Tianjin, Hebei and Surrounding Areas*, and to push forward the control over air pollution in major industries, on 25 July 2014, MEP issued *Countermeasures for Time Limited Treatment of Air Pollution in Major Industries in Beijing, Tianjin, Hebei and Surrounding Areas*. It stipulated that time-limited treatment would be carried out in industries of electricity, steel, cement and sheet glass (hereafter referred to as four industries) in Beijing, Tianjin, Hebei and surrounding areas. There are 429 enterprises and 777 production lines or machinery works that are required to have pollutant treatment meeting emission standards. In addition, national standards for pollutant removal have been imposed on construction and operations of other facilities; and the emission of major air pollutants such as sulfur dioxide, nitrogen oxide and dust are to be reduced by 30% from 2013 levels.

In order to carry out the *Action Plan for Air Pollution Prevention and Control* (referred to as the national "Ten Measures for Air"), the Ministry of Science and Technology (MOST) and MEP have tasked research institutions and experts to review and evaluate scientific achievements and their application in air pollution prevention and control since the 11th FYP, using as a starting point the *12th Five-year Special Plan for Blue Sky Project*. On March 3, 2013, *Compilation of Advanced Technologies in Prevention and Control of Air Pollution* was released.

To further improve efficient and clean development of coal power, and to reduce air pollution, on September 12, 2014, NDRC issued its *2014-2020 Action Plan for*

Upgrading and Transforming Energy Conservation and Emission Reduction in Coal Power Industry. It requires newly built coal-fired power plants to be equipped with desulfurization, denitrification and dust vacuuming facilities; it is forbidden to have flue gas bypass the scrubbers. Air pollutant emissions from newly built coal-fired units along the east coast, (including Liaoning, Beijing, Tianjin, Hebei, Shandong, Shanghai, Jiangsu, Zhejiang, Fujian, Guangdong and Hainan) must remain at or below the discharge limit for gas turbines. This means that when oxygen drops below 6% in the emissions, the concentration of dust, sulfur dioxide and nitrogen oxide should be respectively lower than 10 mg/m³, 35 mg/m³ and 50 mg/m³. Newly built units in central China should be at or close to the discharge limit; and the newly built units in western regions are encouraged to be close to or at the discharge limit. Removal of other air pollutants is encouraged to reduce the discharge of sulfur trioxide, mercury and arsenic.

In its 2013 recommendations, the CCICED stated, “Public procurement should give preference to products from green supply chains. And the governmental bidding system should be modified to add new energy and low emission vehicles to the purchase list, so that it can become a major assessment index for legal procurement standard”. To accelerate the development of energy conservation and environmental protection industries, and to prevent and control air pollution, on 13 July 2014, the National Government Offices Administration together with four other ministries jointly issued the *Implementation Plan for Government Agencies and Public Institutions in Purchasing New Energy Vehicles*, which sets a schedule and road map to switch the official fleet to new energy vehicles and outlines 14 concrete measures. Specifically, government agencies and public institutions may be granted subsidies to purchase new energy vehicles, while the ticket price should not exceed 180,000 Yuan after deducting the subsidy; local government should consider car charging stations as part of basic public infrastructure and include them in the overall city planning; new energy vehicles should be given preferential policies in addition to the formulation and implementation of such systems as traffic control based on vehicle numbers, license quota auctions and others. The *Plan* also also proposes that from 2015, energy conservation departments of public institutions in all provinces and cities are required to provide data on electric vehicles, including sales volume, accumulated mileage, energy consumption and expenses, and report them to National Government Offices Administration. Meanwhile, the *Plan* decrees that institutions that fail to make sufficient progress in reaching the desired procurement ratio will be publicly named, could be required to rectify their practices, and their leaders could be held accountable for lack of performance.

To ensure achievement of the *Goal Responsibilities for Air Pollution Prevention and Control*, released on May 27, 2014, the General Office of the State Council issued *Method for Evaluating the Implementation Progress of Air Pollution Prevention and Control Plan* (Trial). This stipulates that reducing the annual PM_{2.5} concentration in the air will be the main performance indicator for locations with severe air pollution

such as Beijing, Tianjin, Hebei and surrounding areas, Yangtze River Delta, Pearl River Delta and Chongqing; meanwhile, other regions will be assessed based on reductions in the annual PM₁₀ concentrations. As an important policy document to support the implementation of the national “Ten Measures for Air” plan, the *Method* defines who is responsible and sets the assessment goal, setting the focus on air quality improvements, thereby establishing the strictest system of air management in China.

The *Method* identifies two evaluation indicators: performance of air quality improvement, and achievement of air pollution control.. It sets up a robust set of indicators that can accurately track air quality and pollution control, including industrial composition, urban dust, motor vehicle emissions, building energy efficiency and heating, investment in air pollution control and atmospheric management. After consideration by the State Council, the air pollution evaluation result is reported to the Organization Department of CCCPC as an important performance assessment criterion for local government leadership. It follows the principle of “reward for good performance and punishment for bad performance”. Places with excellent performance will be rewarded with more financial support. Those who fail in the assessment will be investigated to determine who bears responsibility for the shortcoming..

According to the requirements in the *Method for Evaluating Implementation Progress of Air Pollution Prevention and Control Plan (Trial)*, on July 18, 2014, MEP, NDRC, the Ministries of Industry and Information (MIIT), Finance (MOF), Housing and Urban-Rural Development (MOHURD) and National Energy Administration (NEA) issued *Implementation Rules of the Trial Assessment Method for the Implementation of the Plan of Preventing and Controlling Air Pollution* (hereafter referred to as Rules). According to the scoring system in the Rules, the air quality improvement and major task of air pollution prevention and control will be rigorously graded.

The assessment results will be classified into four grades: Excellent, Good, Pass and Fail. As the Rules specify, achieving the goal to reduce annual concentration of PM_{2.5} and PM₁₀ will be taken as the basis for evaluating air quality improvement. If the concentration of the two indicators increases compared to the previous year, a zero score will be assigned.

With focused effort of local governments, some areas with poor air quality have seen improvement. For instance, in the first half of 2014, concentrations of the major air pollutants in Beijing decreased. Average concentration of PM_{2.5} is 91.6µg/m³, down 11.2% year on year; PM₁₀, SO₂ and NO₂ are respectively dropped 1.3%, 16.4% and 4.9% year on year; there were 25 days with heavy air pollution, which represents 15 days less than the previous year. However, 91.6µg/m³, the average concentration of PM_{2.5}, is still far from the “new national standard” of 35µg/m³.¹⁰ Through measures

¹⁰ Yu Ronghua, “air quality has improved in the first half of the year in Beijing; PM_{2.5} concentration has fallen

such as reducing coal consumption, dust suppression, emission reduction, moving the locations of enterprises, and improving vegetation coverage, air quality in Shijiazhuang has improved remarkably. From January 1 to August 7, 2014, there were 55 days with good air quality, five days with Level I air quality and 50 days with Level II air quality. There were 43 days with generally good air quality in the first half of the year—an increase of 14.4% from the year previous.¹¹

10. China's Participation in Global Climate Change Initiatives

Climate change is closely related to energy consumption and environmental protection. CCICED, as a policy dialogue forum for Chinese and international experts, has always been concerned with climate change. In 2013, CCICED focused on the longer term and suggested that the search for global climate change solutions should be an important part of the national campaign for ecological civilization. The Council proposed that the Chinese government integrate the environment into the 13th FYP, and establish mid- to long-term objectives and solutions for green development, environmental protection, emissions reduction, and climate change.

As a large responsible country, China has actively cooperated in the efforts to tackle climate change. On November 5, 2014, NDRC issued the *2013 Report of China's Policies and Actions for Addressing Climate Change*, which outline China's policies, measures, actions and achievements.. The *Report* covers macro planning; ways to mitigate climate change; adaptation; the low-carbon economy pilot project; capacity building; public participation; China's role in international negotiations; and international exchanges and cooperation. The *Report* informs that as China faces climate change, the government has conducted strategic research and macro plans while further improving management and procedures. China is now in a better position to address climate change in national economy and society.

On November 18, 2013, Xie Zhenghua, Deputy Chair of NDRC, announced at the United Nations Climate Change Conference in Warsaw, Poland, the launch of the *National Adaptation Strategy for Climate Change*, compiled over two years by nine departments including NDRC, MoF and Ministry of Agriculture (MoA). It is China's first strategic plan dealing specifically with climate change. It defines the national guiding ideology and principles, and integrates climate change adaptation into the national economic and social development. China's goal of adapting to climate change until 2020 requires strengthening adaptability, fully implementing major tasks, and adapting to regional conditions.

11.2%.” Published in People.cn,

<http://society.people.com.cn/n/2014/0710/c1008-25266601.html>, last visit time: August 31, 2014.

¹¹ Zhai Xiangzhe, “Shijiazhuang sees a continuous air quality improvement with 55 good days so far”, Published in Xinhuanet,

http://www.he.xinhuanet.com/news/2014-08/08/c_1111988544.htm, last visit time: August 31, 2014.

On November 20-21, 2013, the *Strategic Plan for China-EU Cooperation in 2020* was developed. Cooperation of two sides in the field of climate change includes the following actions: 1) Jointly build a strategic policy framework for green and low-carbon development to address global climate change, improve environment quality and promote cooperation of green industries. 2) Promote carbon trading market and utilize market mechanisms to address climate change through China-EU cooperation project of building carbon trading ability; enhance China-EU practical cooperation in low-carbon city, low-carbon community, low-carbon industrial areas and the controlling of GHG emission; develop low-carbon technology to promote the extensive use of renewable energy and reduce fossil energy consumption and relevant emissions. 3) Enhance cooperation in aviation environmental protection and sustainable development; explore how to deal with the influence of aviation over the environment, including building China-EU long-term cooperation mechanism for energy conservation and emissions reduction in civil aviation industry; promote research and development of environment friendly aviation emissions reduction technology; enhance understanding of aviation emissions to provide reference for policy-making; concentrate on aviation management innovation that controls and reduces aviation emissions; R&D of sustainable bio-fuel, and promotion of its application; design, construction and efficient operation of green airports; and methodology and technology of quantitative analysis on the influences of emissions reduction measures.

In January 2014, the *GHG Emission Report of Major Enterprises* issued by NDRC stated that enterprises, public institutions and independent economic units should be held liable, if their GHG emissions reach 13,000 tons of CO₂. Major enterprises or units listed in the report should, report actual emissions of CO₂, CH₄, NO₂, HFCs, PFCs and SF₆, as per directives found in the *Notice about Guidance for Accounting and Report of GHG Emission in 10 Sectors* (No. 2013 [2526] by NDRC Climate).

On February 15, 2014, the Ministry of Foreign Affairs (MFA) issued the *China-US Joint Statement on Climate Change*. In light of the overwhelming scientific consensus on climate change and its worsening impacts, and the related issue of air pollution from burning fossil fuels, China and the United States reaffirmed their commitment to tackling the challenge confronting the globe in 2015. China and the United States will work together, via the China-U.S. Climate Change Working Group (CCWG) appointed in 2013, to intensify the policy dialogue, including sharing information regarding their respective post-2020 plans to limit greenhouse gas emissions. The US and China have also agreed on implementation plans for the five initiatives launched under the CCWG, including Emission Reductions from Heavy Duty and Other Vehicles, Smart Grids, Carbon Capture Utilization and Storage, Collecting and Managing Greenhouse Gas Emissions Data, and Energy Efficiency in Buildings and Industry. They committed to devote significant efforts and resources to securing concrete results by the 6th China-U.S. Strategic and Economic Dialogue in 2014.

During the APEC Summit held in late 2014, China and the USA issued a joint

statement on energy and climate change. The United States intends to reduce its emissions by 26%-28% below its 2005 level by 2025. China intends to achieve peak CO₂ emissions around 2030, if possible earlier; it also plans to increase the share of non-fossil fuels in primary energy consumption to around 20% by 2030. Both sides intend to continue to work to establish new targets over time.

On April 2, 2014, the government issued *China's EU Policies to Deepen China-Euro Strategic Partnership*, which outlines a cooperation blueprint for the next 5-10 years. Section VIII of the document, "Cooperation in Climate Change, Energy, Environmental Protection, Water Conservation and Ocean", promotes climate change negotiation and cooperation through a ministerial dialogue mechanism and the China-EU climate change partnership. This adheres to the principles and rules of the United Nations Framework Convention, establishing an equal and efficient international system, and enhancing practical cooperation in low-carbon development, market mechanisms, low-carbon urbanization and capacity building.

On June 17, 2014, during Premier Li Keqiang's visit to the UK, both parties signed the *China-UK Joint Statement on Climate Change* – the first such agreement between the two countries. Both nations recognized that the Paris Conference of the Parties to the UNFCCC in 2015 presents a pivotal moment in this global effort, and will work together to reach the global consensus necessary to adopt in Paris a protocol – another legal instrument or an agreed outcome with legal force under the Convention applicable to all parties. Both sides underline the importance for all countries to communicate their nationally determined contributions well in advance of COP21, in accordance with the decisions taken in Warsaw. The UK and China also commit to working together in support of the UN Secretary General, and to maintain the momentum through to Paris in 2015.

On September 17, 2014, the State Council approved the *2014-2020 National Plan for Addressing Climate Change* and decided to advance along a sustainable "win-win" road for developing the economy and addressing climate change, in keeping with actual conditions in China. The *Plan* states that climate change must be addressed by adhering to principles of common but differentiated responsibilities, establishing equality and respective capacity building through international exchanges and cooperation, and working together with the global community.

By implementing this *Plan*, China will reduce its carbon emission intensity, namely emissions per unit of GDP, from 40% to 45% by 2020 from the 2005 level. It also aims to bring the proportion of non-fossil fuels to about 15% of its total primary energy consumption. Forest coverage and the wood inventory will grow by 40 million hectares and 1.3 billion m³ respectively. There is a commitment to achieve progress through low-carbon pilot projects, to improve the country's ability to adapt to climate change, to invest in capacity building, and to expand international exchanges and cooperation. China will strive for green, low-carbon and circular economic development in order to contribute to the global efforts to deal with climate change.

Conclusion

Certainly the massive change in environment and development policies that has taken place in the 2013-2014 relates to many of the policy directions proposed in CCICED recommendations from this period, and, in some cases from earlier recommendations. Annex 1 is a table summarizing what we consider some of the best correlations of CCICED recommendations with recent policy shifts.

ANNEX 1. Relevance of CCICED Policy Recommendations in terms of Policy Progress in 2013-2014

Year	CCICED Policy Suggestions	Progress
2009	To achieve the goal of low-carbon economy, China must promote carbon financing and technology introduction and drive the development of low-carbon economy through market mechanism, on the basis of technological innovation and market mechanism and system building, gradually explore and set up voluntary carbon-trading system.	<p>In 2013, carbon trading pilots were started in Beijing, Shanghai, Tianjin, Chongqing, Hubei, Guangdong and Shenzhen.</p> <p>As of June 2014, all seven pilots have worked out carbon trading management method. Basic law framework of carbon trading is initially set up.</p> <p>On April 29, 2014, the State Forestry Administration (SFA) issued <i>Guiding Opinion for Promoting Forestry Carbon Trading</i> to guide the trade of forestry carbon sink projects under Clean Development Mechanism (CDM) in various regions, promoting voluntary trade of carbon sink, and exploring the carbon sink trade under the carbon trading system.</p> <p>On August 6, 2014, the Office of the State Council issued <i>Guidance Opinion for Further Promoting Pilot Project for Paid Use and Trading for Emission Right</i>. It plans to finish verification of emission rights for current emitting units in all pilots by the end of 2015, and verification will be conducted every five years. Compensated use of emission right and emission trading system will be basically set up by 2017 to lay a foundation for extensive promotion.</p>
2011	Enhance the monitoring, target and assessment system for energy conservation and emission reduction, tighten energy conservation performance assessment and improve	In January 2013, approved by the State Council, MEP, National Bureau of Statistics (NBS), NDRC and MOS jointly issued <i>Measurement of the Amount of Major Pollutants in the 12th Five-Year Period and Supervision Method of Major</i>

Year	CCICED Policy Suggestions	Progress
	reward and penalty system.	<p><i>Pollution Reduction in the 12th Five-Year Period.</i></p> <p>In May 2013, MEP issued Goal Responsibility of Major Pollution Reduction in the 12th Five-Year Period.</p> <p>In August 2013, MEP declared it would apply environmental impact assessment and limited approval to PetroChina and Sinopec due to their failure in pollution reduction task for 2012.</p> <p>On May 27, 2014, the Office of State Council issued <i>Method for Evaluating the Implementation Progress of Air Pollution Prevention and Control (Trial)</i>. Annual PM_{2.5} concentration reduction will be the performance indicator for places with complex air pollution such as Beijing, Tianjin, Hebei and surrounding areas, Yangtze River Delta, Pearl River Delta and Chongqing; annual PM₁₀ concentration reduction will be the performance indicator for other provinces (regions and cities).</p> <p>On July 18, 2014, MEP, NDRC, MIIT, MOF, MOHURD and NEA issued <i>Implementing Rules of the Trial Method for Evaluating the Implementation Progress of Air Pollution Prevention and Control</i>. The air quality improvement and focuses of air pollution prevention and control will be respectively graded.</p>
2011	Promote the construction of the green supply chain, and establish the Centre for Promotion of the Green Supply Chain.	On November 11 th , 2014, the 22 nd APEC Economic Leaders' meeting passed the <i>Beijing Agenda for an Integrated, Innovative and Interconnected Asia-Pacific</i> . The <i>Beijing Agenda</i> agreed to establish the APEC Cooperation Network on Green Supply Chain. It also
2012	Establish local green supply chain pilots in Tianjin and Shanghai, promote the construction of the	

Year	CCICED Policy Suggestions	Progress
	Tianjin Green Supply Chain Center.	endorsed the establishment of the first pilot center of APEC Cooperation Network on Green Supply Chain in Tianjin, China, and encouraged other economies to establish the pilot centers and advance related work actively.
2012 2013	<p>Work out sustainable urban planning and building sustainable urbanization mode that are suitable for regional differentiated characteristics.</p> <p>System of reward and penalty for assessing ecological civilization construction needs to be perfected as soon as possible. It is suggested to start research in the accounting of green national economy and gradually build the method of including energy consumption, environmental damage and conservation benefits into the assessment of national economy. Concepts of ecological civilization need to be reflected in performance assessment of local officials. An assessment system is needed that involves environmental performance, regional difference, features of industries and sectors and public will.</p>	<p>On March 17, 2014, the State Council issued 2014-2020 National Planning for New Urbanization.</p> <p>In May 2013, during the CPC Central Committee Political Bureau's sixth collective learning, Xi Jinping pointed out that we need to build an accountability system to hold accountable those who ignore the environment in decision-making and cause serious consequences even after they retire from the position.</p> <p>In November 2013, the Decision of the Central Committee of the Communist Party of China on Some Major Issues Concerning Comprehensively Deepening the Reform adopted at the Third Plenary Session of the 18th Central Committee, states that we need to correct the bias towards simply focus on economic growth to assess work performance and cancel GDP examination in restricted area and key counties for national poverty alleviation and development with ecological fragility.</p> <p>In December 2013, the Organization Department of the CPC issued <i>Notification about Improving the Assessment of Leading Group and Leaders of Local Government</i>, which set a new direction for work performance</p>

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		<p>assessment.</p> <p>On August 15, 2014, NDRC issued the <i>Method for Assessing CO₂ Emission Reduction of Per Unit GDP</i>. According to the method, performance in reducing CO₂ emission for GDP will be included into comprehensive assessment system of local (industries) economic and social development and examination system for officials, to ensure the achievement of carbon intensity reduction goal in the 12th Five-year Plan.</p>
2013	<p>The amendment of <i>Environmental Protection Law</i> needs to be sped up to meet the requirements of ecological civilization construction and become the basic law of environmental protection in China. And the supporting special laws need to be legislated and revised.</p>	<p>On April 23, 2014, the NPC Standing Committee adopted the amendment of Environmental Protection Law. China will continue to promote the amendment of Law on the Prevention and Control of Atmospheric Pollution and Law on the Prevention and Control of Water Pollution.</p>
2013	<p>Government annual report submitted to corresponding people's congress should attach equal importance to environment, economy and the society.</p>	<p>In article 27 of the new <i>Environmental Protection Law</i>, it is stipulated that people's governments above county level shall report environmental condition and performance in environmental protection to the people's congress or the standing committee of the people's congress at the corresponding level, promptly report major environmental accidents to the standing committee of the people's congress at the corresponding level and be subject to supervision in accordance with the law.</p>
2013	<p>We need to enhance the supporting laws and regulations for enterprises to fulfill their environmental and social duties, enhance coordination of company law, environmental</p>	<p>The newly revised <i>Environmental Protection Law</i> further clarifies responsibility of enterprises and requires them to set up responsibility system. It adopts penalties such as daily penalty,</p>

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	<p>protection law and the <i>Law on the Protection of the Rights and Interests of Consumers</i>, and tighten penalties for illegal enterprises. We should promote the construction of local environmental protection court and perfect relevant legal practice. We need to support public welfare lawsuit on environment and allow environmental group play its role of supervision.</p>	<p>administrative detention and joint liability, increasing the penalty intensity over illegal acts. In July 2014, there were 130 environmental protection courts in 16 provinces (regions and cities). Also, the supreme people's court announced then establishment of court specifically for environmental resources lawsuits. The 4th plenary session of the 18th Central Committee of the CPC adopted the <i>Decision on Major Issues Concerning the Comprehensive Advancement of the Rule of Law</i>, which laid out a strategy to strengthen the legal basis for enterprises' social responsibility.</p>
<p>2013</p> <p>2013</p>	<p>Public procurement should give preference to products from green supply chain. Bidding of government procurement should be modified to include new energy and low emission vehicles into the purchasing list and urge it to be a major assessment index for legal procurement standard.</p> <p>The public governance structure needs to be improved to build a government-public-enterprise green partnership; responsibility of enterprises should be strengthened; environmental rights should be prescribed as fundamental rights of citizens by law, and the corresponding environmental responsibilities and duties for citizens should be defined.</p>	<p>On July 13, 2014, five ministries, including the National Government Offices Administration, jointly issued the <i>Implementation Scheme for the Purchase of New Energy Cars by Government Organizations and Public Institutions</i>, which defined a schedule and route map for government vehicles to change to new energy.</p> <p>The 2014 newly revised <i>Environmental Protection Law</i> explicitly stipulates citizens' rights, responsibility of enterprises and welfare lawsuit of NGO.</p>
<p>2013</p>	<p>Focus on the challenges of resources and environment in urbanization, and explore the mode for green urbanization.</p>	<p>On March 18, 2014, the State Council issued <i>National New Urbanization Planning (2014-2020)</i>, which proposed to speed up green city construction.</p>

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2013	Encourage and promote green travel in cities.	Reasonably control the number of vehicles, speed up promotion and application of new energy cars, improve conditions for walking and biking, and advocate green travel.

