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Beijing announces climate-change 'action plan'

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On June 4, China's National Development and Reform Commission issued a 62-page climate change "action plan" that seeks to reduce the country's carbon dioxide emissions. The plan seeks to realise by 2010 three goals under the UN climate change convention — to reduce the country's energy consumption per unit of GDP by 20%, to increase its renewable energy's share in the country's primary energy mix to 10% (up from its existing share of 7%, and to increase forest coverage to 20% (up from its existing 18%).

The plan also projects an increase in the use of nuclear energy, hydro-electricity and "low-pollution" coal-burning power generation. Beijing reiterated, however, that its most pressing task is to increase China's economic output and "eradicate poverty", and that the developed countries — being the biggest per capita greenhouse gas (GHG) emitters — should shoulder the main responsibility for reducing global GHG emissions.

Commenting on the plan, some Western media reports accused Beijing of ignoring the fact China's GHG emissions from fossil fuel combustion are 3.6 tonnes per capita, 87% of the world average. However, China's per capita emission level is only about one-fifth of the US per capita level.

As the world's biggest producer and consumer of coal — accounting for 30% of world output — China is second only to the US in total GHG emissions.

China's pollution problems extend far beyond GHG however. According to the World Health Organisation, the country has seven of the world's 10 most polluted cities, leading to 300,000 premature deaths per year. Acid rain affects one-third of the country.

According to China's own State Environmental Protection Agency (SEPA), 70% of five of China's seven major river systems are no longer suitable for human contact. Many lakes suffer from eutrophication — an explosion of organic matter in the ecosystem often due to the discharge into them of industrial waste.

The fundamental sources of China's environmental problems are threefold — its pre-1949 economic underdevelopment (due to it having been an economic semi-colony servicing the imperialist powers); the restoration of a capitalist market economy that Beijing has aggressively pushed since the early 1990s; and, China's increasing role as global capitalism's key industrial sweatshop, producing low-tech manufactures for export to the First World. The country's huge population — 1.3 billion today — has also obviously compounded the problems.

China is the third-largest energy producer in the world (behind the US and Russia), accounting for about 10.6% of the world's annual total energy output. China is also the second greatest energy consumer (behind the US), accounting for about 10.8% of the world's total annual energy consumption.

Coal — of which China has 114 billion tonnes of proven reserves (the third largest after the US and Russia) — accounts for two-thirds of China's energy mix, compared to a world average of 26%.

Coal provided the fuel for 70-80% of China's electricity generation. This will “not change substantially”, according to the “action plan”.

Natural gas — a cleaner fuel — provides only about 3% of China's energy mix, compared to the world average of 24%. In recent years, Chinese officials have said they want to boost the natural gas share to 8%.

Cooking with firewood is still common among China's rural poor, worsening the country's escalating deforestation and air pollution problems.

But the pollution resulting from economic underdevelopment is small compared to that generated by the profit drive of China's export-oriented, capitalist-dominated industrialisation of the last 15 years.

Decentralisation of decision-making since the 1980s has meant that the local and provincial authorities have the biggest say on most energy production matters. Possible regional collaboration to maximise the economies of scale in energy production, more rational planning or cleaner energy alternatives have given way to the drive by local government officials to ensure the maximise the profits of privatised and semi-privatised state companies rather than public interest.

This has led to highly excessive fixed capital investments as local government administrations compete to have power plants or other industrial establishments built in their cities and provinces, regardless of just unnecessary pollution. It's doubtful if the country's 2000-plus coal-fired power plants are all necessary or cost-effective (Every week to 10 days, another coal-fired power plant opens somewhere in China).

This private profit motive inflicts the most damaging environmental consequences through industrial activities. According to the SEPA's estimates, in 1995 industrial pollution accounted for 70% of the country's total pollution, including 70% of its organic water pollution (measured by chemical oxygen demand), 72% of its sulphur dioxide emissions, and 75% of its flue dust (a major component of suspended particulates). These figures of course pre-date the huge growth in industrial output over the last 10 years.

Despite China's underdevelopment, a range of cleaner technologies and waste treatment processes are still within its reach. Their application could greatly reduce pollution. But China's supposedly punitive pollution levy system has been so capitalist-friendly and “flexibly” applied that it fails miserably as a means of pollution control.

In the 10 years to 1997, for example, while the real pollution levy paid by the average firm in China's key regions fell, the absolute level of pollution increased, according to a December 2005 study of the Beijing University's China Centre for Economic Research. Why bother to employ a cleaner method or cleaner equipment when paying the levy costs significantly less?

In order to bolster the appearance of “economic achievements” in a local area, a typical local bureaucrat would bend over backwards to attract corporate investments, especially from foreign companies. Hence, pollution control rules were very “flexibly” applied.

This approach to pollution control has coincided with First World corporations' push to subcontract the production of low-tech manufactures to China's low-wage urban industrial work force. Its “flexible” pollution control regulations also make China an attractive investment destination.

Bolstered by the further lowering of labour costs fuelled by the massive migration of tens of millions of rural unemployed into its coastal cities, as well as repressive labour laws, China has emerged as the world's number one industrial sweatshop.

To fuel its export-oriented production, China has had to massively boost its energy imports. The country became a net oil importer in 1993. Earlier successes in reducing coal's share in the country's energy mix was undermined by the drive to massively expand electricity output at the lowest cost through using coal as a fuel.

China doesn't publish statistics on the environmental implications of its role as the world's low-tech consumer goods sweatshop, but an indirect gauge can be obtained from the country's economic relationship with the US retail giant Wal-Mart, which accounts for 10% of all US imports from China.

Since entering China in 1996, Wal-Mart has rapidly increased its direct and indirect purchases from the country. By 2004, China was accounting for 70% of Wal-Mart's supplies, according to a November 29, 2004 China Business Weekly report. Wal-Mart had become China's eighth biggest trading partner, ahead of Russia, Australia and Canada.

In 2003, Wal-Mart's sales were US\$244.5 billion, which meant that China accounted for about \$170 billion of this. However, Wal-Mart paid only \$18 billion for its supplies from China. Even after including transportation costs, Wal-Mart clearly made massive profits out of sourcing its supplies from China.

Wal-Mart sourced via direct purchasing as well as via US-based suppliers. Many Fortune 500 corporations are suppliers to Wal-Mart — for example, it is General Electric's biggest sales outlet. But to meet the aggressive sales terms often dictated by Wal-Mart, most of these big US-owned suppliers could not make significant or any profits themselves without having a production base in China.

According to a study delivered at the 2006 Tokyo Club Macro Conference, China's manufacturing exports remained concentrated on two sectors — labour-intensive goods (such as textiles and clothing) and the low-cost assembly of information and communications technology products. The study reported that while in 2003, affiliates of First World corporations accounted for 55% of China's total exports, they are responsible for nearly all of China's computer exports.

In releasing the "Review and Perspectives of the Environment and Development in China" report last November, Shen Guofang, a spokesperson for the China Council for International Cooperation on Environment and Development, said: "We import the raw material, produce, send the products abroad and keep the waste and pollution [to] ourselves."

Shen's assessment concurred with that of Andy Xie, chief economist of US investment bank Morgan Stanley, who was quoted in a May 25, 2006, envirovaluation.org report as saying: "China has kept the global cost of production artificially low by not paying for pollution and labour benefits."

Xie said China's lax environment laws "may have become more important than labour costs in attracting production relocation in the past three years".

P.S.

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