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China to Act on Pollution, Warming Gases

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BEIJING (AP) - Premier Wen Jiabao pledged Friday to help clean China's air and water and combat global warming by phasing out tax breaks and discounts on land and electricity for highly polluting industries.

"More work on energy conservation and emissions reduction is urgently required to deal with global climate change," Wen said. "Our country is a major coal producer and consumer, and reducing polluting emissions is a responsibility we should bear."

China's coal habit has made it a major contributor to greenhouse gases, mainly carbon dioxide, which scientists say contribute to global warming.

China accounted for 15 percent of the world's greenhouse gases in 2000, second only to the United States' 21 percent, but the fast-growing Chinese economy is expected to surpass the U.S. in emissions in the next couple of years.

China's 3-decade-old boom has left waterways and coastlines polluted by industrial and farm chemicals and domestic sewage. Towns are littered with garbage and construction waste, and its cities are enveloped in smog.

"We must clearly recognize that the situation the nation faces regarding energy conservation and emissions reduction is still quite grim," Wen said at a meeting of other top government leaders, in a speech posted on the government Web site.

He noted that China has failed to meet earlier goals to reduce emissions and conserve energy.

It committed itself to cutting 20 percent of its energy use for every unit of gross domestic product by 2010, but last year it failed to meet the first phase - a 4 percent reduction. Instead, energy use fell by only 1.2 percent. Sulfur dioxide and other polluting emissions, meanwhile, are supposed to fall by 10 percent by 2010, but last year they rose slightly.

In his speech, Wen took aim at local governments that routinely offer free or cut-rate real estate and utilities to developers looking to set up job-creating businesses, such as steel mills or chemical plants. The premier said the government would "clean up and rectify preferential policies that give land and electricity discounts or tax breaks to energy-intensive or highly polluting industries."

He didn't lay out further details of the plan or say when it would be implemented.

Despite such central government mandates, Beijing often has difficulty ensuring that conservation initiatives are enforced at the local level, where many officials reap the rewards of China's rapid industrialization at the expense of the environment.

"The question is how are they actually going to implement it?" asked Elizabeth Economy, an Asia specialist at the Council on Foreign Relations in New York. "What exactly will they put in place to make it more difficult for local bank officials to approve those local steel plants, small coal mines and concrete factories?"

Wen also said China should work harder to create a system whereby polluters pay for environmental damage they cause, and enterprises investing in clean energy are rewarded. He also called for continued price reforms on natural gas, heating fuel and water to encourage energy conservation, without giving a timeframe for price increases.

China is a signatory to the Kyoto Protocol on reducing greenhouse gases, but as a developing nation it is exempt from its mandatory cutbacks.

Consultant Peter Fusaro, of New York's Global Change Associates, said China's clean-up campaign is motivated by the spotlight of the 2008 Olympics, to be held in Beijing, a growing grass-roots environmental movement in China and increasing media attention on China's pollution problem.

"It's not great to be the biggest polluter in two years," Fusaro said. "That's not going to help them attract business."

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Chinese Central Government Official Web Portal: <http://www.gov.cn/>

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