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## This month:

- **Ministry of Environmental Protection officials have harshly criticized environmental protection efforts in Beijing, Shanghai, and Chongqing.** These regions will more stringently enforce environmental rules in the future.
- **Chongqing has launched a campaign to inspect and crack down on pollution by chemical facilities.**
- **Public outcry over soil and water pollution in Langfang, Hebei has elicited a swift government response,** highlighting the growing power of social groups in EP.
- **A new EP system will raise costs for mining enterprises** by taking funds from the enterprise to set aside for environmental restoration.

## ENVIRONMENTAL INSIGHTS

### Central inspectors criticize EP efforts in Beijing, Shanghai, Chongqing

On April 12, Ministry of Environmental Protection (MEP) officials reported on the results of central government inspections into environmental protection (EP) measures in Beijing, Shanghai, and Chongqing. These reports harshly criticized local governments for widespread EP failures and called for stronger EP in these regions.

- **Beijing:** Seven districts, including Huairou, failed to meet targets for air pollution improvement in 2014, and the local government did not name and punish responsible officials. Vehicle emissions fines were too low and emissions inspections too lax.
- **Shanghai:** A significant portion of local water samples failed to meet standards for use in industry or agriculture, and Shanghai had yet to close 800 enterprises which were ordered to cease production in 2013. Additionally, 32 of the 73 warehouses for storing hazardous chemicals in Shanghai were built without environmental impact assessments.
- **Chongqing:** Since 2013, the entire region has failed to implement Party punishments for local officials with poor environmental track records, and seven of eight local counties have failed to take EP results into account in cadre selection. The city also failed to ensure that local farms installed sewage treatment equipment, and allowed construction of 98 large chemical plants near the Yangtze, 62 of which handle hazardous materials.

These inspections, along with similar inspections in Guangdong, Gansu, Hubei, and Shaanxi carried out over the same period, revealed a total of 15,000 failures to implement EP regulations. Guangdong led all seven areas in the number of violations (4,350, almost twice the next-highest) and number of people detained (118, more than triple the next-highest).

*These inspections signify greater central government oversight over implementation of EP rules by local governments. These local governments will strengthen EP oversight by punishing lax officials and increasing inspections of local enterprises accordingly.*



### Chongqing to inspect chemical facilities

On April 6, Chongqing began a new campaign to increase oversight of chemical enterprises in the Yangtze River Economic Belt. The campaign will focus on seven key aspects of EP, including excess emissions and

establishment of chemical facilities or chemical parks in environmentally sensitive areas.

Before the end of May, the local environmental protection bureaus (EPBs), using enterprise pollution data, will create an action plan to address chemical facility pollution.

*Chongqing and other regions along the Yangtze are increasing pressure on chemical facilities to relocate. For this campaign, rectification work outlined in government action plans should conclude for half or more of the city's chemical firms by the end of 2017.*

### NGO exposé triggers investigation

On April 18, the environmental NGO Chongqing Liangjiang Voluntary Service Center released a report containing images of polluted bodies of water in Dacheng county, Langfang municipality, Hebei and Tianjin's Jinghai district. The report went viral on Chinese media websites, triggering a swift government reaction.

On April 21, Hebei authorities announced an inspection and restoration program for wastewater pits across the province from April to August 2017. The program will focus on establishing responsible parties for wastewater pits and will review all wastewater pit restoration work since 2013, the alleged time the pollutants were dumped in Langfang. Tianjin's government also stated that it had created a plan to treat the wastewater pools.

In Langfang several local EP officials have been suspended from their posts, including the head of the Langfang EPB.

*NGOs and other social groups capable of attracting public attention are growing more influential in China's environmental protection regime.*



### Reformed mine management system to increase funding for restoration

In addition to treating resultant soil and water pollution, China's government requires that mining companies undertake steps to repair the ecology of mining sites, such

as by filling in pits. However, these efforts have been plagued by inconsistent application of standards, division of oversight responsibility among local and provincial authorities, and the difficulty of assessing the extent of environmental damage.

To address these flaws in the current mining site ecological restoration regime, on April 20, the State Council released the *Notice on the Mineral Resource Equity Benefit System Reform Plan* [《关于印发矿产资源权益金制度改革方案的通知》](#). The government will replace the current Mine Environmental Treatment and Restoration Deposit with a regularized and streamlined Mine Environmental Treatment and Restoration Fund, funded by a set portion of a mine's sales income.

This will increase the mine's costs, but will accumulate funds for environmental restoration. In addition, it will increase local government funding by setting aside most of the new deposit for the local government. Other measures include setting aside some funding from mineral rights sales to conduct environmental surveys of mines to ensure remediation has been carried out.



### Telecom industry EP plan released

As the government and corporate heavyweights such as Alibaba pour cash into constructing data centers and upgrading China's IT infrastructure, authorities have paid increasing attention to ways to mitigate the environmental impact of the telecom industry.

On April 24, the Ministry of Industry and Information Technology (MIIT) released the *Guiding Opinions on Strengthening Telecommunications Industry Energy Conservation and Emissions Reduction in the 13th Five-Year Plan* [《关于加强“十三五”信息通信业节能减排工作的指导意见》](#), setting EP targets for the industry. On the whole, energy consumption per unit of GDP in the industry should fall by 10% from 2015 levels by 2020, and new large-scale data centers will be required to reach a power usage effectiveness (PUE) of 1.4 or less. Telecom infrastructure operators are also encouraged to use energy-efficiency technology such as natural cooling in data centers, and waste heat utilization.

## POLICY TRACKER

### Environmental protection

**EP:** On April 14, Beijing, Tianjin, and Hebei signed an agreement to jointly inspect energy conservation efforts. [Link](#)

**EP:** On April 14, the MEP released an opinion-seeking draft of emissions limits for fugitive volatile organic compounds (VOCs) emissions, including measures for monitoring and relevant equipment. [Link](#)

**EP:** On April 10, the MEP released the *National Environmental Protection Standards 13th Five-Year Plan*. To improve China's EP regulatory environment, the MEP will produce about 800 EP standards by the end of 2020, including 100 on pollutant emissions, 400 on environmental monitoring, and 300 on basic EP standards and administration standardization. [Link](#)

**EP:** On April 5, Sichuan released provisional rules for the province's methods for assessing environmental damage and punishing offenders. In addition to assessment of fines, it includes measures on dealing with local officials and party members and launching investigations into their conduct. [Link](#)

**EP:** On April 5, 504 compulsory standards were cancelled or changed into noncompulsory standards by MIIT. Among these were EP-relevant standards, including standards related to petroleum toxin content and utilization of waste heat. [Link](#)

**EP:** On April 1, Sichuan released the *Sichuan Ecological Protection and Establishment 13th Five-Year Plan*, outlining plans to protect key ecological areas such as wetlands, river basins, and forests. [Link](#)

**EP:** On March 29, a foreign ministry spokesman stated that "as a responsible developing country, China's plan, determination and policy to tackle climate change is resolute." The spokesman urged signatories of the 2015 Paris climate change agreement to abide by their pledges to cut CO2 emissions. [Link](#)

**EP:** On March 28, the MEP released the *Catalogue of High-Pollution Fuels*. The catalogue identifies fuels whose usage will be restricted in certain areas. These fuels are split into three categories, with refinery coke, crude oil, heavy oil, oil dregs, and other fuels identified for greater control due to their environmental impact. Due to China's current coal-heavy energy structure, control of coal is highly differentiated, with the strictest monitoring reserved for rich and polluted areas like Beijing, wherein coal use may be entirely forbidden in restricted areas. In other areas, such as in western China, small and clean coal furnaces are unrestricted. [Link](#)

**VOCs:** On April 13, Beijing, Tianjin, and Hebei jointly released the *Standards on Limits for Construction Coatings and Resins VOC Content*. The standard, to be implemented starting September 1, 2017, is expected to cut the quantity of VOCs released from construction by 20%. *Standards* imposes fees for VOC emissions which will be especially clear in Hebei; previously, fees roughly followed a 9:7:1 ratio for the three regions, with

Hebei's fees the lowest. China's use of construction resins and coatings grew eight-fold from 2000 to 2015, reaching 5.16 million tons. [Link](#)

**VOCs:** Shandong released VOC emission calculation standards for automobiles, furniture, and aluminum. The standards create methods for calculation and require that companies provide reference materials for inspection. The standards will be retroactively applied for products since January 1, 2017. The taxation rate is set at RMB 6 per 950 gram pollution unit. [Link](#)

### Energy

**Coal:** According to media reports from April 14, Wang Xiaolin, Deputy Director of the National Energy Administration, stated that China aims to push for coal producer consolidation to create roughly ten large coal producers with annual capacities of 100 million metric tons per year by 2020. The plan will concentrate coal production in firms with more resources, allowing for easier oversight of the industry and strengthened environmental protection. [Link](#)

**Coal:** On April 14, five major coal power firms met with the National Development and Reform Commission (NDRC) to discuss lowering costs. Previously, on April 10, the NDRC and National Energy Administration (NEA) had released a document calling for reforms such as increasing electricity trade and requiring all new coal plants to trade electricity on the market. [Link](#)

**Energy:** On April 19, China General Nuclear Power Group (CGN) and Xinjiang TBEA Group Co. signed a strategic agreement to improve collaboration in wind and photovoltaic energy. [Link](#)

**Energy:** On April 18, the NEA released the *Opinions on Promoting Renewable Energy Heating*. According to *Opinions*, the government and power providers will use preferential policies to lower the price of electricity used for heating to a level of parity with expenses related to purchasing coal for heating purposes. The policy also sets targets for use of certain types of renewable energy for heating and calls for renewable heating to be given benefits similar to those available for infrastructure and residential heating companies. [Link](#)

**Wind:** On April 28, the China Electricity Council released a report stating that, in the first quarter of 2017, China added 3.52 GW of wind capacity, an increase of 1 GW year-on-year. [Link](#)

**Wind:** On April 28, Anhui released its plan for wind energy development in 2017, calling to plan 2 GW of wind power and to temporarily halt approval of projects above an elevation of 500 meters above sea level. [Link](#)

### About us

North Head is a strategic communications and public affairs consultancy that tracks developments related to environmental protection in China. To receive future issues of this newsletter or obtain more information and analysis of changes to China's environmental policy and regulatory landscape, please send an email to [info@northheadcomms.com](mailto:info@northheadcomms.com).



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