



Wednesday, Nov. 22
2006, No. 8
Vol. 16

Publisher:
The Secretariat of China Council for International
Cooperation on Environment and Development

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Annual General Meeting

The 5th Annual General Meeting of CCICED Phase III held in Beijing

The 5th AGM of CCICED Phase III was held in Beijing on November 10-12, 2006. Mr. Zeng Peiyan, Vice Premier of the State Council and Chairman of CCICED Phase III attended the Meeting and made an opening speech. Mr. Cheng Siwei, Vice Chairman of the Standing Committee of National People's Congress attended the Meeting and made a keynote speech. Mr. Zhou Shengxian, Minister of State Environmental Protection Administration and Chinese Executive Vice Chair of CCICED chaired the Opening session. More than 200 participants including both International Members and Chinese Members of CCICED, heads of relevant government departments, representatives of international organizations including United Nations, government officials of some countries and some ambassadors to China, Chinese and international observers as well as experts and scholars attended the meeting.



Premier Wen Jiabao met international representatives of the 5th AGM of CCICED Phase III

Premier Wen Jiabao met with the international representatives of the 5th AGM of CCICED Phase III in the Great Hall of the People in Beijing on November 10. Mr. Robert Greenhill, the International Executive Vice Chair of CCICED and President of CIDA briefed to Premier Wen the Policy Recommendations that is going to be adopted by the 5th AGM of CCICED Phase III. Premier Wen appreciated the Policy Recommendations put forward by CCICED. He introduced China's environmental policies to the international representatives and exchanged

views with them on such issues as the promotion of global environmental protection.

Premier Wen said, the Chinese Government attaches importance to environmental protection and takes it as an important task for building a harmonious society and achieving sustainable development. The 11th Five-Year Plan for National Economic and Social Development of China identifies the compulsory objectives of 10% reduction of total emission of major pollutants in the next 5 years as compared with that of 2005. It is a tough objective. But we are determined to achieve this objective.

Premier Wen said, China Council for International Cooperation on Environment and Development plays an active role in the field of environment and development and has become an important bridge or platform for international cooperation on environment and development. He hoped that CCICED continue its contributions to sustainable development of China.

Speech of AGM

Speech at the opening ceremony of the 5th AGM of CCICED Phase III by Vice Premier Zeng Peiyan

Members and Guests,
Ladies, gentlemen and friends,
Good afternoon!

I am very happy to meet you again in Beijing and discuss with you major issues on environment and development of China. This morning, Premier Wen Jiabao met with international representatives attending 2006 annual general meeting (AGM), listened to their comments and recommendations, gave positive comments on CCICED work and presented new requirements for future cooperation. This AGM is the last annual general meeting of CCICED Phase III and will discuss the theme of "Scientific Development towards a Well-off Society" which is of great significance. Here, on behalf of the Chinese Government, I extend my warm welcome to all participants and heartfelt thanks to you for your attention and support to the cause of environment and development of China!

Over the past few years, China has experienced accelerated industrialization and urbanization process. The upgrading of consumption has promoted industrial restructuring. Under the joint functioning of market mechanism and macro regulation, China's economy has kept a steady development momentum. According to estimate, GDP will grow by over 10% with price rising within 2% in the year of 2006. At the same time, China has enjoyed evident increase of job opportunities, accelerated social development and continuous rising of living standard. In the field of environmental protection, the strategy on sustainable development has been implemented with increasing efforts in pollution control and ecological development. As a result, the overall environmental quality basically keeps stable with certain improvements in some regions and cities.

Meanwhile, we clearly understand that rapid economic development leads to huge price in terms of resource and environment. Extensive growth mode has not been reversed with huge consumption of energy and mineral resources, the environmental situation in China is still very grave. The environmental problems that occurred in developed countries during 100 years of industrialization process have concentrated in China. The total emission of major pollutants of many regions has exceeded environmental carrying capacity with occasional pollution accidents. For example, the Songhua River major water pollution accidents in late November last year and the lead poisoning event in Hui County of Gansu Province not long ago caused relatively big damages to the production and life of local residents. In the first 6 months this year, energy consumption per unit GDP of China went up by 0.8% but decreased in the third quarter. However, the energy reduction target put forward at the beginning of this year is still hard to achieve. The total discharge amount of major pollutants is on the rise. The release of COD and SO₂ increased by 3.7% and 4.2% respectively in the first half of the year. All these indicate that resource and environment have imposed serious restrictions on economic and social development, which must be addressed by effective measures.

The Fourth Meeting of the 10th National People's Congress held in March approved the Outline of the 11th Five-Year Plan for National Economic and Social Development that presents clear requirements for the implementation of the outlook on scientific development and acceleration of the development of a resource-saving and environmentally friendly society. The Sixth Plenary Session of the 16th Central Committee of Communist Party of China held last month took enhancement of environmental protection and promotion of the harmony between man and nature as an important task for the development of socialist harmonious society. The Chinese Government has issued the Decision on Strengthening Environmental Protection and stipulated the basic principle, priority and policy measures. It has also held the Six National Conference on Environmental Protection that makes overall arrangements for environmental protection work. Major environmental objectives and targets of China for the next 5 years are the followings: the environmental quality of key regions and cities will improve, ecological degradation trend will be basically curbed, energy consumption per unit GDP will reduce by 20% compared with that of 2005, total emission of key pollutants such as COD and SO₂ will decrease by 10%, the amount of arable land will keep at 120 million hectares and forest coverage will increase from 18.2% to 20%. To this end, we need to do well the following work.

(I) Promoting Energy and Resource Saving



We will adhere to the principle of focusing on both development and resource saving with the latter as the priority, accelerate the shift of economic growth mode and improve resource and energy efficiency. We will adjust and optimize industrial structure and strive for the development of the industrial system with low input, low consumption, low emission but high efficiency. We will carry out 10 major energy saving projects such as the reform of industrial boilers, regional co-generation of heat and electricity, utilization of residual heat and pressure, energy saving of electric systems, energy saving buildings and green lighting. We will implement energy saving work of major industries such as iron and steel, non-ferrous metals, coal, power, chemical engineering and building materials. We will carry out energy saving reform in 1000 major enterprises that consume over 10,000 tons of coal, promote clean production, develop circular economy and raise comprehensive utilization rate of resources. In addition, we will optimize energy structure, speed up the development of renewable energy such as solar energy, wind energy and biomass as well as alternative energy including fuel ethanol and raise the percentage of clean energy.

(II) Strengthening the Prevention and Control of Water Pollution

We will continue the promotion of the prevention and control of water pollution of major river basins and do well such work in the "Three Rivers" (the Huaihe River, Haihe River and Liaohe River), the "Three Lakes" (Taihu Lake, Chaohu Lake and Dianchi Lake), "One Reservoir" (Three Gorges Reservoir and its upstream region), "One City" (Beijing), "One Sea" (Bohai Sea), water source areas of the South-North Water Diversion Project and areas along the diversion line, Xiaolangdi Reservoir area and its upstream of the Yellow River as well as the Songhua River. We will firmly eliminate direct pollutant discharge outlets within drinking water protected areas according to law, protect urban drinking water sources. We will phase out a group of enterprises with heavy pollution, reform a group of enterprises with big consumption of water and big amount of pollution discharge, supervise a group of enterprises with high pollution load with the help of on-line monitoring devices, streamline a group of enterprises that do not meet pollution discharge standard within a given period of time and control total release of pollutants from the source. We will further enhance the development of urban sewage treatment facilities and environmentally friendly disposal facilities for garbage to raise the capacity in pollution control. It is expected that by the year 2010, urban sewage treatment rate will be no less than 70% and environmentally friendly disposal rate of domestic garbage no less than 60%. At the same time, we will improve emergency response and preparedness plan for sudden environmental accidents, intensify the efforts in ruling out hidden troubles and streamlining activities so as to prevent any accidents threatening the safety of water environment.

(III) Strengthening the Prevention and Control of Air Pollution

SO₂ emission from coal-fueled power plants takes up over 30% of the total in China. Therefore, coal-fueled power plants are the focus for the reduction of SO₂ emission. We will accelerate our work in sulfur removal of those power plants. New power plants must install sulfur removal facilities according to law. All existing power plants must meet SO₂ emission standard within 10 years. We will implement strict vehicle emission standard to control automobile pollution. We will also reform and transform the enterprises with heavy dust pollution such as cement industry, strengthen environmental management on urban construction sites and transportation to prevent and control particulate pollution. In addition, we will optimize urban fuel structure, expand the scale of collective heating system and reduce coal fume pollution. According to the principle of "common but differentiated responsibilities", we will actively address the issue of climate change and control the emission of green house gas. Beijing will hold Olympic Games in 2008, we will accelerate our work on improving the environmental quality of Beijing and strive for a "Green Olympics".

(IV) Carrying Out Prevention and Control of Rural Pollution and Soil Pollution

We will continue our effective measures to guide farmers applying fertilizers and pesticides in a scientific way, preventing and controlling the pollution caused by scaled livestock and fowl breeding and reducing agricultural non-point pollution. Combining the development of new countryside, we will carry out comprehensive control of rural environment, promote the reform and transformation of rural drinking water supply and toilets, do well the work on comprehensive utilization of straw or crop residues, actively develop biomass gas resource in rural areas and appropriately treat domestic garbage and sewage. We will intensify our environmental management, prevent the transfer of industrial pollution from cities to urban areas. We will carry out investigation on soil pollution, comprehensively treat arable land that does not meet environmental standard and make adjustment to the arable land with heavy pollution and hard to remedy in accordance with the law.

(V) Strengthen Efforts in Ecological Conservation and Development

We will emphasize on the control of irrational development of resources according to the requirement of giving priority to protection and ensuring reasonable development of resources. We will bring natural ability of rehabilitation of ecosystem into full play and conserve ecology well. Given the carrying capacity of the environment, the development density and potential of different areas, we classify land territory across China into four major function areas: 1) optimum development areas, 2) focused development areas, 3) restricted development areas, and 4) banned development area. This classification aims at promoting regional sustainable development. We will continue the ecological development projects such as conversion of cropland to forest, grazing withdrawal and grassland management, conservation of natural forest, control of wind and sand sources, water and soil conservation and control of desertification and strengthen the management of nature reserves to protect biodiversity and safeguard biosafety.

In order to meet the objectives and tasks for environmental protection, we will further implement target responsibility system. Some compulsory indicators including energy saving and environmental protection will be segmented and information on energy consumption and pollution discharge of different areas and industries be released regularly. Fulfillment of these tasks is taken as an essential part to assess socio-economic development and performance of government officials. The State Council has entrusted SEPA, NDRC etc. to sign responsibility contract with each provincial people's governments and state-owned enterprises with a view to assign the tasks to specific departments. We will strengthen the rule of law. With strict investigation and sanction of environmental infringements, we will improve the development and implementation of laws and regulations as well as standards on resource saving and environmental protection. Efforts will be made to strictly implement access system for investment projects and environmental impact assessment system. We will carry out total control of pollution discharge and release permit system, implement compulsory phasing out of obsolete equipment system and pollution control within a given time limit, improve environmental supervision system. We will perfect our economic mechanism and policies by taking following measures: speed up the establishment of a pricing system that is able to fully reflect market demand and supply, scarcity of resources and cost of environmental damage; improve the charging system for sewage treatment, refuse disposal, pollution discharge and trading of pollutant discharge right; establish eco compensation system and implement financial, credit, trade and land policies that favor resource saving and environmental protection; increase government investment and actively channel funds from non-governmental sources. We will promote innovation and progress in science and technology. Key research projects will be launched to address tough issues in the field of resource saving and environmental protection. And experts will be mobilized to strive for technological breakthrough in some key areas and to conduct technology demonstration and extension work. All social forces will be mobilized to promote sustainable development. We will persistently promote the basic national policy on saving resources and protecting the environment by mobilizing all parties to take appropriate measures in each field like production, circulation, consumption and construction so as to build a resource efficient and environment-friendly society in an all-round way.

Ladies and gentlemen,

CCICED has made significant contributions to environmental protection and sustainable development of China and the world over its 15 years of history. In recent years, CCICED Phase III has been actively developing cooperation with partners and organizing related experts to conduct research on China's energy strategy, circular economy, sustainable development of agriculture, non-point pollution control, investment and financing in environmental protection, eco compensation, pricing for environment and resources as well as trade and environment, putting forward a series of policy recommendations. The Chinese Government has paid high attention to the research findings and related departments under the State Council and local governments have listened to the experts' opinion earnestly. Experience shows that these policy recommendations have played an important role. CCICED Phase III has gained strong support from some foreign countries and international organizations including Canada, Norway, Sweden, Germany, Japan, British, the Netherlands, Switzerland and Italy. All the Council Members, experts and staff of the Secretariat have done a lot of work. As the Chair of this phase of CCICED, I am very satisfied. I would like to express my thanks to all of you. Under our joint efforts, CCICED Phase III will accomplish its task with great honor. As the Chinese government has approved the establishment of the Fourth Phase of CCICED, I would like to put forward some hopes and following suggestions:

First, policy on environment and development should be explored in a more profound manner. CCICED Phase IV should carry forward the fine tradition of the previous three phases by further playing the role

of a multi-lateral international advisory mechanism. CCICED should organize domestic and international experts carefully and widely draw upon international experience. While choosing topics for research, some major issues concerning sustainable development should be considered, centering on China's objective and task of implementing Scientific Outlook on Development and building a socialist harmonious society. Only with this in mind can we make policy recommendations to the Chinese government that are proactive, strategic and with feasibility. In the near future, CCICED should pay more attention to the implementation of the Eleventh Five-Year Development Plan, the achievement of compulsory targets on energy saving and pollution reduction as well as the enforcement of key tasks for environmental protection.

Second, topic research should be more target-oriented. Research should cater to practical needs of social development and environmental protection. CCICED should expand its expert team and service fields by combining policy research and management consultation. It should reinforce application research in such areas as the control of water pollution and rehabilitation of water environment, control of urban air pollution, integrated management of regional pollution, control of ecological degradation and restoration, reuse and comprehensive utilization of resources, energy saving and development of renewable energy, etc. This is particularly true for the prevention and control of chemical pollution, how to set up and improve the environmental facilities of chemical plants, effectively strengthen management of the storage and transport of chemicals and prevent and deal with leakage of gaseous and liquid chemicals accidents promptly become an urgent issue for solution. I hope CCICED will launch some topic research and provide effective intellectual support.

Third, actively take part in projects on resource saving and environmental protection. To implement key national projects on environmental protection, resource saving, develop circular economy and environmental industry, China is in urgent need for technology achievements, management skills, expertise, professionals and capitals. The Council Members and experts gathered by CCICED are all celebrities in the field of environment and development. I hope you can further exert your influence to attract the academic, science and technology and industry sectors home and abroad, bringing more international experts and enterprises to China for economic and technological cooperation and transfer of applicable state-of-the-art technology and management skills. They are also expected to take part in the construction of environmental infrastructure, enterprise reform on environmental facilities, and the production, manufacture and consulting services for environment-friendly products in order to expand new market and make a win-win situation.

Fourth, enhance efforts in training programs and exchanges. The development of China's environmental protection cause requires a good deal of talents. Personnel exchange and training programs offered by the mechanism of CCICED have reaped harvest within a short period of time, which deserves further enhancement. CCICED has done a lot in this area over the past years. I hope it will review the past and identify future direction. With topic research, policy consultation and the introduction of technology and management skills, CCICED should, by bringing out the best of its advantages and tapping foreign expertise, train more talents for the development of resource saving technology and clean and safe production. At the same time, CCICED should continue its introduction of advanced environmental ideas and management skills, raising public awareness and enhancing the capacity of the government in environmental protection.

Fifth, improve the level of international cooperation on environment and development. China is the largest developing country in the world. Pollution control, environmental protection and sustainable development are not only in the fundamental interest of the Chinese people, but also a great contribution to the undertaking of environment and development of the world. With optimum industrial structure, improved efficiency and reduced consumption, China will maintain appropriate economic growth while striving for the achievement of our environmental objectives. Besides our major efforts in addressing domestic problems on environment and development, we will open wider to the outside world and continuously strengthen international exchange and cooperation in the field of environment and development. As an important platform for environmental cooperation between China and the world, CCICED should play a bigger role in active collaboration with related governments and international institutions by expanding and deepening cooperation as well as enhancing the level of cooperation. Only in this way can it better serve the cause of environment and development. The Council should also give publicity to China's new ideas and approaches for the implementation of the Scientific Outlook on Development, the existing condition of China's socio-economic development and measures and progress in addressing environmental problems so as to promote mutual understanding and trust between China and other countries for better international cooperation.

Finally, I hope all the Council Members and experts share their findings, have in-depth discussion about key topics according to the theme of this AGM. Your enthusiasm and talents will make this meeting and CCICED Phase III a complete success. I hope you make further suggestions and offer advice on China's sustainable development and make precious contributions to world prosperity and progress.

I wish the meeting a complete success and hope all the guests enjoy your work and stay in Beijing! Thank you!

Chinese Keynote Speech at the opening ceremony of the 5th AGM of CCICED Phase III by Mr. Cheng Siwei, Vice Chairman of the Standing Committee of National People's Congress

Ladies and gentlemen,

It is my great honor to be invited here to give a keynote speech in the dual capacity of a legislator and a scholar, and discuss the theme of this meeting on "Scientific Development towards a Well-off (Xiaokang) Society together with all participants.

Since the policy of reform and opening up to the outside world first introduced more than two decades ago, China has, under the guidance of Deng Xiaoping Theory, learned to employ the tool of market economy to improve development and efficiency on the one hand, and adhered to the socialist system and improved it, and ensured social equity and order on the other hand. As a result, the national economy experiences rapid growth, the living standard enjoys steady improvement, and China has made remarkable achievements that are recognized by the whole world.

The 16th National Congress of the CPC held in November 2002 put forward the great goal of building a well-off (Xiaokang) society in an all-round way by 2020. The goal consists of the following four aspects:

1. On the basis of optimized economic structure and improved economic benefits, gross domestic product (GDP) of China in 2020 will quadruple that of 2000 with remarkable enhancement of the overall national strength and international competitiveness. China will basically realize industrialization and set up a sound socialist market economic regime with more vigorous and open economic system. The proportion of urban population will have a substantially rise and the trends of increasing gaps between industrial and agricultural sectors, urban and rural areas, and among different regions will gradually reverse. In addition, a comparatively sound social security system will be established with relatively full employment in the society. People will have more wealth and affluent life.
2. Socialist democracy and socialist legal system will be improved. The basic policy on the rule of law will have comprehensive implementation. People's political, economic and cultural rights and interests enjoy full respect and guarantee. Grassroots democracy will have further improvement with good social order and people will live and work in peace and contentment.
3. The ideological and ethical level, science and cultural quality and health conditions of the whole nation will enjoy remarkable improvement, and a relatively sound modern national education system, scientific, technological and cultural innovation system, and national healthcare and medical system will be established. All people will have access to good education, senior high school education will be basically popularized, and illiteracy eliminated. As a result, a study-oriented society will be developed where all people studies and pursues lifelong learning so as to promote overall development of people.
4. The capacity of sustainable development will be constantly enhanced with improved ecological environment, significantly rise of resource efficiency, strengthened harmony between human being and nature. This will promote the whole society to take a road towards development with growing production, affluent life and sound ecology.

China's economy has maintained a momentum of rapid development in recent years. Among others, China's GDP reached 2.23 trillion U.S. dollars in 2005, and the foreign trade volume came up to 1.41 trillion U.S. dollars, both ranking No.1 in the world. However, since China has a large population but relatively insufficient resources (the per capita coal, oil, natural gas and water resources account for 51%, 11%, 5% and 25% of the world average respectively), and imbalanced development among different regions and between urban and rural areas, China still faces tough challenges. To realize the great goal of building a well-off (Xiaokang) society in an all-round way, we should first change the idea, resolutely implement the scientific outlook on development characterized by people-oriented, comprehensive, and coordinated sustainable development.

The "people-oriented" concept means to, in line with the requirements of the important thought of "Three Represents", safeguard and extend the fundamental interests of the people, manage to

“exercise power in the interest of the people, share the feelings of the people and work for the good of the people”, adhere to the policy that the development is in the interest of the people and depends on the people, and the fruits of development are shared by the people. Comprehensive development refers to simultaneous development of the economy, environment, society, politics and culture; coordinated development means to make overall plans for urban and rural development, regional development, economic and social development, harmonious development of man and nature, and domestic development and the policy of opening up to the outside world. Sustainable development calls for a development that satisfies the demands of the people of the current generation without compromising the capacity in meeting the needs of future generations.

Society is a system that exists in natural environment and has a variety of graded structures and functional structures. Mankind is not only the most fundamental element of a society, but also the subject of practice who identifies, uses, and transforms the nature. However, the development of mankind and that of the society and nature have some conflicts. In terms of the relationship between human beings and nature, the people of the Primitive Society awe nature, so there appears the worship towards the sun, the moon and fire. In the agricultural society, people go with the nature, and are basically fed by the heaven. In the industrial society, people try to conquer nature with science and technology, which sharpens the conflict between human beings and nature. As early as in 1886, the great thinker Engels pointed out that “Let us not, however, flatter ourselves overmuch on account of our human conquest over nature. For each such conquest takes its revenge on us.” In the end of the 20th century, developed countries entered into the post-industrialization era, and people gradually understood the significance to protect the environment and live in harmony with nature. As mankind is about to enter into the knowledge-based society, there is a need for a new kind of civilization, where people protect the ecology, conserve natural resources, are friendly to the environment and live in harmony with the nature.

Second, we should actively meet the challenges of global economic integration and the knowledge-based economy, make innovations of the development mode and raise the development quality. In my opinion, current economic globalization has the following features. It is centered on financing, based on knowledge, guided by information technology and has multinational companies as the major carrier. At the mid-stage of industrialization at present, China and should reverse the trend where economic growth is over fueled by investment. In recent years, every 1% increase in investment has fueled GDP to grow only by 0.3-0.4%, down from the previous 0.4-0.6%. The share of GDP that is turned from every one yuan investment has decreased from 0.5 to 0.21-0.25. Investment constitutes 45%-50% of the GDP, up from 33% or so, resulting in imbalance between investment and consumption. The overheated investment has squeezed out comprehensive factors, making the contribution of the latter to economic growth decline from 30% or so down to 10-15%. It is unlikely to realize sustainable development if this goes on in a long run. Therefore, we must rely on science, technology, and management to achieve scientific development, pay more attention to resource saving and environmental protection, and gradually narrow the development gaps among different regions and between urban and rural areas. From a long perspective, we should endeavor to build an innovation-based country, develop high-tech industry and modern service industry such as financing, information and consultation services, and gradually shift exporting raw materials and products into that of capitals and knowledge. We should integrate the efforts at macro level of building an innovation-based country with that at micro level of study-oriented organization or society, upgrade the scientific, cultural and ethnic levels of the whole nation through the progress of education, and foster innovation-oriented talents. We must be aware of the fact that economy can only sustain us today, science and technology may ensure our tomorrow, and only education can guarantee us the day after tomorrow (i.e. future).

Third, we should intensify the efforts in legislation and improve the relationship between man, nature and society. As the legislative body of China, the National People’s Congress aims to build a legal system with Chinese characteristics by 2010. To date, there are 223 effective laws in People’s Republic of China, among which 26 are related to environmental protection and sustainable development, including the Law on Environmental Protection, Law on Environmental Impact Assessment, Water Law, Forest Law, and Grassland Law etc. The NPC Standing Committee also strives for enhancing the inspection on law enforcement in order to ensure the implementation of laws.

Next we will emphasize the corporate social responsibility (CSR). Enterprises not only are responsible for environmental protection and social development of local community, but also should contribute to the solutions to global environmental problems such as greenhouse effect, ozone layer depletion and

desertification. Efforts should be made to encourage more enterprises to obtain the ISO14000 certification and engage in such campaigns as "Global Compact" and "Responsibility Care". The Standing Committee of NPC has ratified China's acceding to Convention Concerning Occupational Safety and Health and the Working Environment, which will help to further improve the work conditions of employees.

Finally, we will raise the awareness of the whole nation in sustainable development, correctly identify and handle the relationship between individuals and society and nature so as to develop moral force for environmental protection. We should, in the principle of "eight honors and eight disgraces", establish a socialist outlook on honors and disgraces, and endeavor to build a resource-saving society. We should gradually give play to the role of the "third party" besides the government and enterprises, so as to make up for the government failure and market failure.

As a developing country, China has a long and arduous way to protect the environment and achieve sustainable development, in particular when China is in the mid-phase of industrialization with large proportion of heavy chemical industry, which adds to the difficulty of resource conservation and environmental protection. We're willing to learn from the advanced experience of other countries, and use it based on China's conditions. I appreciate the earnest and effective work of the 3rd Phase of China Council for International Cooperation on Environment and Development, and wish that the incoming 4th Phase will play an even bigger role.

Thank you!