China wrestles with cost of cleaner environment

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BEIJING (AP) -- Facing public outrage over smog-choked cities and filthy rivers, China's leaders are promising to clean up the country's neglected environment - a pledge that sets up a clash with political pressures to keep economic growth strong.

An array of possible initiatives discussed by officials and state media ahead of this week's meeting of China's legislature include tightening water standards and taxing carbon emissions. No change is expected at the National People's Congress, which will be dominated by the installation of a new Cabinet under Communist Party leaders who took power in November. But the meeting offers a platform to try to appease the public by discussing possible changes.

Pollution and public frustration about it are hardly new to China. But now, the ruling party is under pressure from entrepreneurs and professionals who are crucial to its development plans and want cleaner living conditions. Pressure intensified after this winter's record-shattering smog in Beijing and other cities left office workers wheezing.

For industry, pollution controls could cause a costly upheaval after three decades of breakneck growth with little official concern about damage to China's air, water and soil. Party leaders have given no timetable and have yet to make clear how far they are willing to go if such measures wipe out jobs or force factories and power plants to close.

"Economic interests are one of the biggest stumbling blocks to real progress on the environmental front," said Melanie Hart, a specialist in Chinese energy and climate

policy at the Center for American Progress in Washington, in an e-mail.

Skepticism about Beijing's commitment rose in February when the Ministry of Environmental Protection refused to publish results of a five-year survey of soil pollution. Some consumers worry food is tainted by toxin-laced farmland, and activists questioned whether the ministry found that problems were even worse than expected.

Party leaders have promised to balance economic needs with environmental protection but could face resistance from industry and local officials whose promotions depend on meeting growth targets.

The party's latest five-year development plan calls for cleaner, energy-efficient growth. Outgoing Premier Wen Jiabao last week promised more spending on renewable energy, pollution control and cleaning up lakes and rivers. The environment ministry is getting a 12 percent budget increase. The Cabinet's economic planning agency promised to change pricing and taxes for water, oil and other resources to curb waste and pollution.

Some analysts suggest that if Beijing keeps its promises, environmental protection could be a core element of the legacy of Xi Jinping, who took power as the party's general secretary in November in a once-a-decade transition.

"I see the last five years and the future five years are a turning point in China toward greener development," said Xu Jintao, director of Peking University's environmental economics program.

The government is looking at updating laws on vehicle emissions, other air pollution and overall environmental protection, according to Fu Ying, a deputy foreign minister who is spokeswoman for the legislative meeting.

"First, we must strengthen environmental protection legislation," said Fu. She gave no timeframe or other details but said new party leaders who took power in November "will definitely put this issue in a priority position to consider."

A cleaner environment is in line with the party's ambition to transform China into a creator of technology and reduce reliance on manufacturing and heavy industry. The World Bank and other advisers have urged Beijing to develop service industries, which could create more jobs and wealth with smaller inputs of fuel and raw materials.

China's first environmental law, a clean air act, was passed in 1987 but activists complain local authorities ignore controls if they conflict with business goals. They say filters on power plant smokestacks and other environmental technology that might reduce output is turned on only when inspectors from Beijing visit.

Rising incomes have given city dwellers higher expectations for quality of life and the confidence to make demands, even as they add to emissions by purchasing more cars and using more coal-fired electric power.

Smog reached a peak in January, when the Beijing city government reported levels of particles smaller than 2.5 microns in diameter - one of the most damaging pollutants - were as high as 700 micrograms per cubic meter. That was 28 times the World Health Organization's recommended safe level of 25 and the highest since the government began reporting PM2.5 numbers last year.

Chinese smog is so bad that officials in South Korean and Japan say pollutants are spreading to their countries. Last week, residents of Japan's Kumamoto prefecture were told to stay indoors or wear masks as protection against airborne particles from China.

The bulk of the smog choking Chinese cities is belched out by commercial trucks, but authorities have put off tightening emissions standards. Upgrading to cleaner engines would cost about 20,000 yuan ($3,200) per vehicle, adding about 8 percent to a typical sticker price.

Auto industry analysts say this winter's wave of smog is likely to prod authorities to speed up the introduction of tougher standards, at least in major cities.

The Internet has made it easy to publicize problems, adding to pressure on Chinese leaders.

In February, a businessman in the southeastern city of Rui'an attracted national attention when he posted pictures of a garbage-filled river online and offered an environmental official 200,000 yuan ($32,000) to swim in it. That prompted an anonymous offer of 300,000 yuan ($48,000) on a separate online forum for the environmental protection chief of the nearby county of Cangnan to swim in polluted rivers there.

Beijing has shut down antiquated power plants, steel mills and other facilities over the past decade to improve energy efficiency. Analysts say the easy gains have been made and further improvement will be tougher and more costly.

Some major Chinese companies have shifted with the political tide and embraced conservation.

The chairman of Sinopec, one of China's three major state-owned oil companies, announced in February the company will spend several billion dollars in the next few years to upgrade its refineries and produce cleaner gasoline.

At lower levels, though, communist leaders need to restructure a tangle of economic and political incentives if they want their orders to be obeyed.

They are likely to face resistance from local leaders who will be required to enforce rules but whose careers depend on meeting economic growth targets, said Peking University's Xu. He said mayors who change jobs as often as once a year are forced to aim for short-term gains and ignore the environment.

"There is still a lot of pressure not to do much about the environment," he said. "They need a change of incentive for local government."

The ministries of finance and environmental protection are looking at a possible shift to using taxes on fuel, carbon output or other pollution instead of administrative controls, according to Xu. He said that income could help offset losses to local governments from reduced business activity.

"That gives local governments an incentive to cooperate," he said.

The head of the Finance Ministry's tax division said in February on the ministry website that Beijing might introduce a carbon tax. The official, Jia Chen, gave no details and the ministry did not respond to a request for further information.

Still, environmentalists are alarmed by one proposed amendment to the environmental law that would require plans to be reviewed by economic officials before they could be considered for Cabinet approval, according to Hart.

"That language would certainly send the signal that central leaders are still prioritizing growth over the environment," she said. "I hope that is not the case."

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