

Environmental Governance in China Recommendations of a Task Force

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For 15 years the China Council for International Cooperation on Environment and Development (CCICED) has been advising the Chinese government on environmental policy and sustainable development. In 2004, the Council established a Task Force on Environmental Governance, consisting of six international and seven Chinese experts. The international costs of the Task Force were to be borne by the GTZ – German Technical Cooperation. On the basis of a detailed comparative evaluation of the structures, processes and outcomes of environmental policy in China, the US, Japan and the EU, and after various workshops and site visits in China and Europe, the Task Force prepared its report which was presented to the Chinese Premier, the government and the general public in Beijing in November, 2006. The report consists of 25 major recommendations, which are documented here in a much condensed version in order to stimulate study and communication on an important task of our time – environmental governance.

The Task Force was convened because China is facing unprecedented challenges in its efforts to protect the environment and natural resource base (cf. Edmonds 1994; Brown & Halwil 1998; World Bank 2001; Economy 2004, 2006; Bai & Shi 2006; Thompson et al. 2006). The rapid deterioration of the nation's environment and depletion of its natural resources are threatening the lives and health of the largest population in the world and the very potential for sustained growth of the economy (cf. Smil 1993; Edmonds 1998; *Development and Change*, No. 1, 2006). In response, the Chinese government has recently elevated the importance of environment protection in its national development strategy, especially since the Sixth National Conference on Environmental Protection in 2006 (cf. State Council 2006; SEPA cons.).

The Task Force found that a dramatic and comprehensive shift in approach to these problems is required. In essence, China must reform important elements in its approach to environmental governance. The challenges the

country faces are no less vexing and important than the challenge of economic reform, the restructuring of state owned enterprises, and the effective management of the financial assets that are the key to the economic aspirations of the nation. The environment and natural resources of China are no less vital assets of the nation, representing the patrimony of the people, and no less deserving of good governance.

The Chinese government has set the goal of achieving harmonious *Xiaokang Society* by the year 2020. This goal is primarily to be achieved by quadrupling the gross national product (GNP) whilst maintaining social coherence and intergenerational equity. However, material wealth and social equity without a healthy environment could not be considered satisfactory. Therefore, the Task Force was of the opinion that a set of measures and institutional innovations should be adopted to ensure that the environment and natural resources of the nation will be preserved and enhanced in support of the welfare of the people. To guarantee such innovations, a triangular concept of environmental governance was conceived, in which government, business, and civil society are major actors, and their interactions to be integrated and optimized (on environmental governance concepts in general, see Durant et al. 2005).

At the Sixth National Environmental Conference in April 2006, Premier Wen Jia-bao emphasized the importance of three transitions: the transition (1) from a focus on economic growth to one on environment and development; (2) from environment as a secondary objective to one of equal importance with economic growth; and (3) from the primary use of administrative methods of environmental management to a more comprehensive system.

Some moves have already been made in this direction (cf. Ma & Ortolano 2000; OECD 2005; NDRC 2005; Mol & Carter 2006). The government has begun to consider evaluating the performance of local government leaders on environmental performance rather than focusing solely on economic growth categories. To aid this evaluation, there have been experiments with measuring Green GDP of a number of cities and provinces. These are extremely interesting steps. However, if China is to embark on these transitions, further significant institutional changes are necessary (cf. Murray & Cook 2002; SEI & UNDP 2002; Day 2005).

The Task Force noted that to be successful, the process of reform should be systematic and driven by the imperative of improving environmental governance. Specifically, it suggests that China would greatly strengthen its environmental governance by changes in four major areas:

- (1) Improving the government's capacity to enforce environmental laws and oversee the implementation of environmental programmes;

- (2) Engaging the business sector to take a proactive role in environmental management;
- (3) Engaging civil society by providing greater transparency of information concerning environmental decision-making by the government; and
- (4) Establishing greater policy coherence and capacity vis-à-vis both domestic and international environmental issues.

To put China firmly on the path towards greater sustainability, the following specific action items are recommended by the Task Force in the four major areas.

1. Government

The first major challenge identified by the Task Force in this area is the insufficient administrative authority and capacity accorded to the present State Environmental Protection Administration (SEPA) in policy planning, implementation, and coordination with related agencies. The second major challenge comes from a policy approach that tends to be reactive, rather than proactive and preventative. A third major challenge is the development of multi-sector and multi-actor policy-making. Accordingly, the Task Force makes the following specific recommendations.

1.1 Executive Branch

- (1) Elevate SEPA to full cabinet rank in the government (Ministry of Environment – MOE).
- (2) Establish a leading group on national environmental issues chaired by the Premier, with membership comprised of the ministers of all relevant agencies (the Green Cabinet model).
- (3) Reforming the institutional status of the ministry will place new burdens on it. In particular, MOE will need to develop internal mechanisms for coordination across departments in order to build more comprehensive policy regimes and integrated databases. A mechanism for identifying new and emerging environmental threats also needs to be developed.
- (4) Improve multi-level governance by realigning local environmental management directly with provincial environmental protection bureaus (EPBs). In addition, MOE should enhance the performance of local management by providing support to those provinces in greatest need, and by establishing performance requirements for environmental outcomes.

- (5) Enhance the science and technology capacity of MOE, by establishing independent advisory commissions in particularly salient and complex areas. The work of these commissions should be documented in publicly released reports. Resources should be provided in supporting research in universities and research institutions improving scientific and societal understanding of emerging environmental problems.
- (6) Enhance the capacity of the environmental administrative system of China's central government, and fund the costs of demonstrating innovative environmental management programmes in cooperation with local EPBs.

1.2 Legislative Branch

- (7) Strengthen the legal foundations of environmental management, and ensure that all environmental policy tools have an appropriate legal basis.
- (8) The capacity of the National People's Congress to oversee the implementation of the nation's environmental laws should be strengthened. In particular, the Committee on Environment and Natural Resources should get a standing professional staff and budget.

1.3 Judicial Branch

- (9) Train judges and public prosecutors in environmental problems and solutions to make them aware of the extensive damages to human health and the environment caused by various types of pollution.

2. Business

The Task Force is of the opinion that the immense power of the market to address environmental problems should be harnessed to create a resource-efficient and environmentally friendly society (cf. Weale et al. 2000; Kanie & Haas 2004). In view of the knowledge and capital accumulated in the non-public sector, every effort should be made to mobilise these resources to facilitate the implementation of environmental management. Performance-based environmental responsibilities either required by the government or self-imposed by companies will create additional opportunities for innovation towards ecological modernisation of China. Economic incentives can help energise business and harmonise economic and environmental goals.

- (10) Establish clear, legally enforceable environmental responsibilities for enterprises. Reinforce compliance by establishing penalties for non-compliance with environmental laws and regulations. Use the penalty structure to create a deterrent to pollution. Additionally, provide incentives for companies to improve environmental management and thus move towards cleaner technology and products.
- (11) Establish reporting requirements for data to assure comparability of data across facilities and over time. Establish an internet-based reporting system, with source by source data publicly available to all stakeholders.
- (12) Establish civil and criminal liability laws for damages caused by operators of facilities responsible for environmental pollution and accidents. Provide a rigorous methodology for the calculation of environmental damages.
- (13) Require companies to report the presence of chemicals and other hazardous substances, and establish respective emergency mechanisms.
- (14) For the special case of the management of hazardous wastes and toxic substances, establish a Hazardous Substances Response Fund for cleaning up emergency spills, financed by a tax on companies using hazardous substances.
- (15) Enhance corporate environmental responsibility by requiring the designation of a corporate officer as the individual accountable for environmental compliance. Encourage environmental audits and annual public environmental reporting commensurate with the annual financial reports.
- (16) Develop public-private partnerships and dialogues among government, business, and non-governmental organisations (NGOs) to leverage the resources, perspectives, and capacities of these stakeholders to find commonly agreed solutions.

3. Civil Society

The complexity and quantity of the environmental issues confronting all nations today has overwhelmed the capacity of even the strongest and best prepared of governments, acting alone. Most developed countries have, as a result, opened their societies to greater environmental NGO participation. They have removed many of the legal, political, and financial obstacles preventing the full realization of the capacity of non-governmental groups (cf.

Mazmanian & Kraft 1999; Imura & Schreurs 2005). The Chinese government is responding and has become increasingly open to civil society participation in environmental decision-making and implementation. The Task Force is of the opinion that strengthening this reform through various measures is necessary to achieve effective environmental governance.

- (17) Enhance the legal status of citizens and NGOs, clarifying their rights in environmental controversies and providing them with legal standing in the courts on behalf of persons injured, of social groups and the environment.
- (18) Conduct outreach and education of the public about the possibilities and opportunities to participate actively in environmental decision-making.
- (19) Establish public advisory bodies convened around specific issues for the purpose of broadening government consultation with civil society (in line with the German and/or Japanese model of advisory boards).
- (20) Improve public access to environmental information concerning emissions and their consequences (in line with the "Aarhus Convention") in order to empower meaningful public participation.
- (21) Mitigate any barriers limiting citizen and NGO participation by streamlining the procedures for NGO registration, appointing NGO representatives to advisory boards and commissions, and informing non-governmental groups about the government's strategy and measures to enable participation.
- (22) Enhance NGO capacity by clarifying the regulations concerning the qualifications necessary to achieve tax advantaged status.

4. International Cooperation

The Task Force concentrated its focus on the domestic elements of environmental governance. Increasingly, however, environmental problems are beyond the scope of any one nation (cf. Kato 2001; Harris 2002; Knill & Liefferink 2006; Hyun & Schreurs 2006; Worldwatch Institute 2006). Global environmental threats such as stratospheric ozone depletion, climate change, biodiversity loss, persistent organic pollutants, water shortage, and soil degradation require coordinated international action. The Task Force recognised that effective international action is dependent on the capacity to act effectively. The recommendations on improving environmental governance will enhance this capacity. China's rise in the global economy (cf.

OECD 2002) has made the nation vital to the international efforts to conserve the global ecology (cf. Schreurs & Pirages 1998; Weber 2004; Day 2005).

- (23) China should propose to other nations in the region the establishment of an environmental commission to promote a comprehensive regional approach to environmental protection and sustainable development. This commission should include mechanisms for environmental dispute resolution and participation by civil society from the participating nations.
- (24) China should prepare for playing a more active role in the implementation and further development of ratified UN environmental conventions and multilateral environmental agreements, especially on climate, biodiversity, desertification, persistent organic pollutants, water and forests.
- (25) Enhance the effectiveness of China's environmental diplomacy and participation in global environmental governance by improving and strengthening the environmental training of the diplomatic corps.

Conclusion

China is at a crossroads. Environmental expectations are rising among its citizens along with impatience at the persistence and magnitude of environmental damage. World attention is focused on China as a result of its rapid economic growth and emergence on the global scene. Yet, increasingly the image of China is as the world's factory with rampant pollution blanketing the landscape, urban areas clogged with cars, skies filled with the emissions from innumerable smokestacks, and rivers too polluted to sustain either life or productive use. While this is a caricature, it contains too many elements of contemporary reality to ignore.

China has many good environmental laws on the books. Its environmental professionals are dedicated and serious about their responsibilities. Considerable progress has been made in managing environmental problems. However, the fundamental problem facing China is the mismatch of the speed of change driven by global market forces in the business sector and the relatively slow pace of institutional change to cope with the unwanted and damaging by-products of rapid economic growth. Of special importance therefore is the need for institutional reform in environmental governance. The Task Force has attempted to identify the key elements of such a reform by focusing on changes in institutional arrangements and processes that – if adopted – could significantly enhance the effectiveness of China's environmental governance.

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Products of the Task Force**Full Report**

The Full Report was produced both in Chinese and English, and can be obtained through: <http://www.cciced.org>. An English version (80 pages) has been published in form of a Discussion Paper (P 2007-001), and can be downloaded from the WZB website: <http://www.wz-berlin.de/publikation/>

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