

Session Title: Is China able and ready to tackle its food, water, air challenges?

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China's environmental challenges frequently make international headlines. The green algae bloom plaguing the coastal city of Qingdao is a recent illustration of the environmental cost of China's economic development. It is estimated that environmental damage costs up to 10% of China's GDP every year. With 9% of the world's arable land and 7% of its fresh water supply, China needs to feed 20% of the human population. The country has experienced a 30% increase in the total number of cars in circulation. Environmental and food security are expected to be one of the country's most important challenges in the coming years.

It is not just an environmental problem but also one that has serious implications for social and political stability in China. Pollution issues are a frequent cause of public protests. As China's population becomes more physically mobile and technologically connected, it is becoming more aware of the dangers of pollution.

The Chinese government has started to recognize the need to act and to stop compromising the environment for economic growth. China has started to change its approach to environmental governance from a state-led, centrally driven process to one that is more decentralized to local governments, and based on greater information disclosure, public accountability, and legal regulations. For instance, anti-pollution measures have been enacted, and the Ministry of Environmental Protection publishes annual lists of factories that violate emissions regulations.



Despite growing political will to improve environmental governance, institutional challenges remain at the top levels of government. Several ministries of the State Council, referred to as the “nine dragons”, currently share water administration. There are overlapping mandates resulting in conflicts over policy design. Although the Ministry of Environmental Protection is the government's main driver for higher fuel standards and better automobile technology, it is not empowered to compel oil companies to be compliant with the existing regulations; it can only lobby other relevant ministries to take action.

The power struggles between central and local authorities, the lack of enforcement capabilities at the local level coupled with frequent changes in local governmental leadership, have also hindered effective environmental regulation. Furthermore, powerful state-owned enterprises, which continue to dominate the Chinese bureaucracy and economy, also continue to circumvent new rules. For example, Chinese oil companies have long delayed the cleaning of diesel fuel, a major cause of air pollution.

Nevertheless, there are indications that Premier Le Keqiang is making a greater commitment to move further and faster than his predecessors have, to improve environmental protection. Public expectations are high and there are increasing public demands for a better balance between growth and the people's rights to a clean environment. This attempt to put China's developmental path in a more sustainable direction will offer both risks and opportunities. The growth for environmental products and services offers promising opportunities for companies that succeed in navigating China's complex business and political landscape. New relations between the state, market and civil society may also help to steer China towards a path of greater democracy, where non-state actors – both private companies and citizens – are given and take more responsibilities and tasks in environmental governance.

