

**CHINA'S INCREASING ENVIRONMENTAL
AWARENESS AND
ITS BROAD IMPLICATIONS**

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Executive Summary

1. In most days of January 2013, many Chinese cities including Beijing and Shanghai were in an unprecedented smog crisis that saw air pollution indicators reaching hazardous and off-the-chart levels.
2. The government was more tactful this time and took the side of the public and reported candidly on the pollution. The new leaders played an important role in pushing for the disclosure of pollution data.
3. As a major source of the government's legitimacy, GDP growth's political importance has been declining as the new leadership is catering to the demand for clean environment, social justice and fair income distribution of the middle class.
4. Pollution, a common enemy of both the rich and poor, is a by-product of industrialization and consumerism. The smog reinforces the government's resolve to de-emphasize GDP growth in quantitative terms in its development strategy.
5. Chinese cities only released PM2.5 data in 2012 when "PM2.5" became a hot topic in on-line forums and mini-blogs. With incoming Premier Li Keqiang's intervention, citizens now have access to real time PM2.5 readings.
6. Smog poses not only an image problem for the country, but also a health hazard for hundreds of millions of city dwellers. The impact is more devastating than SARS, since no one could escape from the smog, while the latter can be quarantined.
7. The smog could be attributed to the extensive use of coal, the growing car population and the ongoing massive urbanization and industrialization in the country. Substandard fuels provided by domestic oil giants are also blamed for polluting the air.

8. In February 2013, the State Council announced stricter petrol standard with lower sulphur content to replace the current standard. Municipalities have suspended construction projects, shut down factories and banned travel in government cars on polluted days to lower pollution levels.
9. The Chinese government needs to introduce more economic incentives and disincentives to curb pollution. Emission fees and environmental taxes can do a better job than administrative orders for their long-lasting effect.