

CHINA'S WAR ON SMOG: MEASURES AND CHALLENGES

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Executive Summary

1. The heavy smog since 2013 has prompted the Xi Jinping-Li Keqiang government to declare war on air pollution. The Xi-Li government has taken a series of proactive measures to prevent and control air pollution.
2. The air quality monitoring criteria were overhauled in line with international standards and a nationwide air quality monitoring and early warning system has been developed. Real-time readings of air quality data of more cities have been made public. Emergency response plans for severe urban air pollution have been formulated and tested.
3. The most concrete policy agenda is the Air Pollution Prevention and Control Action Plan (September 2013) which includes 10 policy initiatives to improve overall national air quality and regional air quality in Beijing-Tianjin-Hebei, Yangtze River Delta and Pearl River Delta regions, and to dramatically reduce heavily polluted days by 2017.
4. The Action Plan is expected to cost immense financial resources. It will be difficult to just rely on centrally planned command and control to meet the ambitious goals outlined.
5. Fiscal reforms to create new revenues from substantial increases of taxes and levies on energy use, car ownership and polluting activities are needed. These reforms are also necessary to incentivise firms and households to reduce pollution and economise energy use. Although there are signs that such tax reforms are on the government's agenda, details are still lacking.
6. The government has included air cleaning targets in officials' performance evaluation. It remains a challenge to apply the new criteria in practice due to the externality of air pollution across jurisdictional boundaries.

7. Control and prevention of air pollution requires high-level coordination of governments at different levels and various local jurisdictions. Political risk of possible failures in meeting these challenges, however, may hold back the central government from taking on more explicit responsibilities in coordinating local efforts in air pollution prevention and control.