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## **China's Parliament unveils environmental and energy-saving policies**

### Synopsis

During the recent National People's Congress, Beijing has announced plans of environmental and energy-saving policies, specifically targeting heavy industries.

Group Managing Director of Spire research and Consulting gives his views on the measures:

"Well, the Chinese government certainly gets it when it comes to environmental issues and they've place tremendous emphasis on environmental goals and policies. That is quite remarkable, by the standards of emerging countries."

"... However, going forward, what I think is lacking in China is the enforcement infrastructure. China really lacks the resources and infrastructure to enforce the progressive legislation that is already in place, let alone the new measures..."

For this reason, we don't see a major impact on the economy in the short term from the environmental measures that will be announced. Having said that, we do foresee that the Chinese government will be making more attempts in the next one to two years to migrate the power generation infrastructure from inefficient, old coal-fire technology towards more clean technologies and will make more of an attempt as well to close down energy-inefficient iron and steel foundries and factories...

... There is also upside potential in terms of business growth. China is looking keenly at biofuel cultivation, production and export, and China is also a major consumer of solar panels, so we expect that there is potential for China to develop itself into an export-oriented hub for biofuels and solar panels as it has done with many other manufactured products.

... Having said that, we expect that any changes that the China government introduces will be cautious and staggered and phased in, because I think the key concern of the China government this year and next year is to preserve economic and political stability in the year of the CCP Congress, which will be

taking place later this year, as well as more importantly, in 2008 when they hold the Beijing Olympics."

