

Report on the Task Force Co-Chairs' Coordination Meeting

Arthur Hanson

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Present: Art Hanson, Sun Honglie, Zhang Kunmin, Uma Lele, Wang Song, John MacKinnon (representing Peter Schei), Thomas Johansson, Wang Yangzu, Rudi Kurz, Zhang Kun, Shi Hanchang, Tsugio Ide, Li Lifeng, Hu Tao, Hidefumi Imura, Jiang Xinyan, Liu Jian, Ye Ruqiu, David Runnalls, Jerry Warford, Shen Guofang, Earl Drake, Björn Stigson, Sir Crispin Tickell, Claude Martin, Pan Chenglie, Ni Weidou.

Introduction

This was the first group meeting of the Co-Chairs of the nine task forces so far approved to complete their work for presentation at the CCICED Annual General Meeting. Also in attendance were Minister Xie Zhenhua and Len Good, the Lead Expert Group and several members of Council. The Meeting was co-chaired by Prof. Sun Honglie and Arthur Hanson.

The discussions, lasting from 10 am to 4 pm, covered: the new procedures for operations of the task forces and the role of Lead Experts; expectations of the Council and Bureau concerning the work and results of task forces; brief reports concerning the status of work of each task force; coordination issues among the task forces; recommendations for the 2002 CCICED AGM; review of content and approach of the Chinese and international issues papers; future activities of task forces and CCICED.

Summary of Meeting Discussion and Outcomes

Implementation of Task force work in 2002

There is complete agreement on the changeover from the model of working groups to task forces, and acceptance of the procedures that have been designed to improve the effectiveness and immediate relevance of the output from task forces to urgent priorities of China. The focused effort should be helpful for a results-based management approach to the work of task forces and the Council.

However, there have been practical issues during this first year of implementation. Delays in obtaining funding approvals and other difficulties related to rapid and clear decisions led to a very short period to implement activities.

Some of the task forces were only able to start work from June 2002, and are preparing reports for dissemination at this meeting. Task forces reporting in 2003 also

began their work only in mid-2002. Now that the Third Phase of CCICED is functional, these problems are expected to diminish in the future. It is suggested that task forces should have a full two years in which to develop and complete their work.

Over the past year procedures for selection of new task forces have been developed and implemented with the assistance of the lead experts. In brief these are: recommendation for task forces may be made by Chinese institutions, council members, donors the suggestions must respond to Government of China urgent needs and be presented as a written proposal outlining scope, outputs, proposed members, etc.; after screening by the Secretariat, the lead experts will make technical written assessments on proposals; the Bureau will then reject, approve or seek further clarification or modification. Upon approval, the task force co-chairs will proposed members, workplan, and budget. The Secretariat arranges funding, with a target of USD 300,000 per year based on workplan and budget. It is not anticipated that work should extend beyond two years and a firm rule of one report to Council will be followed. Written progress reports, however, may be submitted to Council. The number of task forces reporting each year is likely to be five or fewer.

Over the past nine months, 17 proposals were considered by the lead experts and based on their advice, 9 were approved by the Bureau. It is anticipated that over the Third Phase about 42 to 44 task force support-years may be arranged based on an estimate of USD 12 million in total. Some funding may be drawn from a specific donor source, but a pool of funds is being established to which several countries are expected to contribute.

Council, members will have more time to discuss the results of the task forces, and it has been requested that task forces prepare their reports in a fashion that permits three options to be identified, and after discussions in Council, one option will be forwarded to the Government. In the past individual working groups had Council members who would take a particular responsibility for monitoring progress and who could act as advocates during Council meeting. This system will not continue, since it is assumed that a number of Council members are likely to have interest in the activities of each new task force.

Task Force Progress

There are four task forces reporting at the 2002 CCICED AGM.

Forests and Grasslands TF

This task force provided a preliminary report last year and winds up its work. The results show that China's forest policy is in need of major improvement and lags behind reform in other sectors, such as agriculture. There are long-term needs as well as immediate, urgent concerns such as re-thinking the logging ban. And there is a major issue of capacity-building. This task force has ideas that could lead to a new

proposal for work either within or outside the framework the CCICED.

Enironmental Economics

This year's report recaps work over the first 2 phases and helps to set the stage for future work needed on environmental economics. Future proposals may focus on strategic environmental assessment, green accounting and general equilibrium effects of green taxation. A critical issue to be addressed is the environmental aspects of income distribution and links to poverty reduction. Most imp econ issue in China is distribution of income and in addressing green taxation, may want to look first at incidence of cost of degradation, impacts on poor, and then basis for doing green taxation on economy-wide basis-general equilibrium effects of green taxation. Impacts: fiscal, growth, employment and income distribution (poverty alleviation). Need signal from Bureau that this is of interest and then can do detailed proposal after. Link with Runnals and WT .

WTO and Environment

The work being presented is based on the start-up of new activities that began in June 2002. The work has focused on the impact or WT entry on social, economic and environmental conditions. The report is a preliminary one and backstopped by a book based on current and previous analysis. The future work is supportive of the legislative initiatives, including strategic environmental assessment of the NPC, and of government, which has a major capacity building need in this new field.

Biosecurity

The title of this task force is still open for discussion. The focus of work is on ecosystem protection and biosecurity. The work being reported on this year concerns a national strategy for Alien Invasive Species (AIS). The issues were discussed at a workshop held recently by the task force. The future work of the task force may take different directions, for example a focus on western region development and on genetically-modified organisms. There is an urgent need for addressing issues of wetland management, and a question of whether this should be done though the proposed water basin management, task force or through this one.

The remaining five task force reports will be made at the 2003 CCICED AGM. Their progress was reported as follows.

Energy

Work will start shortly. The focus of effort is on polygeneration in order to reduce the environmental impacts of coal burning. This will include a modeling effort designed to examine the role of polygeneration within in the broader framework of sustainable

energy use, and to look at cost implications.

Cleaner Production and Circular Economy

No meeting of the full working group has been convened yet. The first full meeting with both international and Chinese members will take place in Liaoning this December. A meeting of Chinese members occurred in the summer. It is proposed that a previous focus on cleaner production be expanded to the broader concept of a circular economy. This is in line with Chinese priorities for 10 model cities and 5 model industries using this approach. However, the NPC has enacted legislation for cleaner production and it is therefore important to examine urgent implementation needs.

Financial Mechanisms for Environment Protection

Activities are progressing well with this task force. It is focusing on a range of mechanisms that could be used to expand funding during the Tenth Five Year Plan for environmental initiatives, especially for investing in urban environmental infrastructure.

A particular effort will be made to address needs for small and medium sized enterprises (SMEs), and to encourage the engagement of the private sector. Innovative mechanisms such as procurement via municipal bonds will be examined.

Development of an Environmental Protection Industry

Work started in April with a meeting in Beijing and a further meeting has taken place in Germany with EU experts to discuss results of EU environmental industry development. The task force is defining environmental protection industry in workable manner; deciding how much effort to focus on air, water, waste, renewable energy, and service sector; and determining what lessons can be learned in Europe; and what part of EU experience can be transferred to China.

Industry and Sustainable Development

The effort is focusing on policy advice to bring Chinese industry to a world standard on sustainable development. Four sectors have been selected to illustrate and address the issues: paper, cement, sugar, petrochemicals (likely focused mainly on refineries).

Coordination Needs Among Task Forces

Several coordination needs were identified. These include the long -standing issue of ensuring that environmental economics informs the work of most task forces; the need for linkages between trade and the issue of alien invasive species; how work on water resources might be coordinated among several task forces including some currently

being proposed; and the linkages of results from the Forests and Grasslands Task Force to initiatives such as work on AIS and on economic approaches to poverty reduction. The theme of strategic environmental assessment is of interest to several of the task forces, although each is examining the topic from a specific approach.

Next year's presentations to the AGM provide an excellent opportunity for a well-coordinated approach and for early identification of policy recommendation across the full range of five task forces. All have a theme that relates to the private sector, pollution reduction, eco-efficiency and other industrial and built environment concerns.

The point was also made that coordination should be carried out in a fashion that does not reduce the richness and diversity of the results arising from individual task forces.

Recommendations

The draft recommendations introduced for discussion were based on an approach of selecting key items only, and of interest to senior levels of government. There are other more technical materials that can be submitted to individual departments of government. And, of course, there are many publications arising from the CCICED's work that will be valuable to academics, researchers and others.

It was agreed that more work is needed on the recommendations to accurately reflect statements in the individual task force reports. Also that additional text will be required to incorporate ideas arising from Council debate, especially on the directions needed in this period after the WSSD and other meetings such as D HA. It may be desirable to provide observations on China's progress in environment and development during recent years.

Issue Papers

There is general agreement that having general issue papers is a useful approach. It is of potential value to the Council in helping to sharpen discussion on the "Big Picture" and may help to inform some of the directions of working groups. There was extensive discussion about particular issues raised in the papers, including the role of the private sector, which has not been adequately addressed in the Chinese issue paper, which has focused on government rather than governance. The international issues paper addresses leadership in sustainable development. This raises a number of points about what is the actual meaning of global sustainable development leadership, how much can be expected from any single country, and what China's position might be a few years from now and a decade from now. and interest on the part.

In both papers it is hard to avoid the connections between economic growth and environmental protection. Perhaps this would be a central theme in future papers. The

issue of consumerism as it exists in richer countries today, and in China in the future probably needs more attention.

Closing Discussion

This part of the meeting was joined by Xie Zhenhua and Len Good.

Task force co-chairs expressed an interest in continuing to focus effort on western development in China, with an emphasis on poverty reduction, income disparities, environmental effects of infrastructure development, industrial development, and ecological security. More work is needed on transportation and on topics such as ecotourism. One area could be selected as a site for an integrated approach by several task forces.

There is an urgent need to place more effort on effective participation by Chinese business interests in the work of the CCICED. Some of this should happen during the coming year, with its task force focus on business and industry. But there is not a strong representation of business among Chinese members of Council.

The dramatic shifts arising from both rapid economic growth and from membership in the WTO will have major impacts on environment and options for environmental management over the next several years. Strategic environmental assessment is one of the tools to address this need, and we need to understand at a much more fundamental level how to use this tool well, especially in relation to policy analysis. The issue of appropriate indicators and criteria is an urgent one.

The role of economics and environment is beginning to prove itself. Benefits such as the increased value of real estate in urban sites that have been cleaned up is an example. So we can start thinking about new investment, not simply addressing environmental protection as a cost. We need to consider how to apply environmental economics more broadly and creatively, for example via green tax reform.

Both Minister Xie and Len Good commented that the work of the task forces is indicative of a good start to Phase 3 of CCICED and anticipate further improvements in the years ahead.

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