CONSULTANCY STUDY ON SOCIAL, ECONOMIC AND POLITICAL DEVELOPMENTS IN PAN-PEARL RIVER DELTA REGION

TWELFTH MONTHLY REPORT

COVERING FUJIAN, JIANGXI, HUNAN AND HAINAN

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EXECUTIVE SUMMARY

1. In view of environmental problems in the Pan-PRD region like deteriorating water quality, declining air environment, worsening ecological environment, as well as further pressure anticipated to exert on the ecological environment by the region's future economic development, Pan-PRD regional cooperation in environmental protection is an important issue.

2. The four south-eastern provinces (Fujian, Jiangxi, Hunan, Hainan) of the Pan-PRD region will strive to develop a recycling economy and advance the development of their environmental protection industries during the period of the 11th Five-Year Plan. The four provinces aim at developing a low input and high output, recyclable, and sustainable economic system, as well as a resource-saving and environmental-friendly society.

3. Fujian will invest RMB33.9 billion in protecting and developing its environment and ecology during the period of the 11th Five-Year Plan. For year 2007, Fujian has arranged RMB257 million to support deeds in resource-saving and environmental protection. Fujian has also arranged a special fund of RMB20 million to support or to subsidise key transformation and development projects in energy saving. Private enterprises in Fujian are actively developing resource-generating technology that transforms refuse into regenerated energy in refuse incineration.

4. Jiangxi strives to develop an environmental-friendly, green ecological society during the 11th Five-Year Plan period. It will arrange RMB360 million to reward the development of treatment plants for household sewage of cities and towns. In year 2007, Jiangxi will expedite the installation of automatic monitoring systems for key polluting sources throughout the province. 248 key pollutants-monitored enterprises will install "electronic eyes" for environmental protection, so that excessive discharge of pollutants will always be monitored.

5. During the period of the 11th Five-Year Plan, Hunan plans to invest RMB32.5 billion to carry out 154 key projects of environmental administration. The pollution prevention and administration efforts will focus on the Xiang River and its basin, the Changsha-Zhuzhou-Xiangtan region, the key industries, and the public environment. Amid the rapid development of the environmental protection industries, the nonferrous metals regenerating industries in Yongxing county, Miluo city, Hengdong county, and Yiyang city are worthy of more attention.

6. The goal of Hainan on environmental protection during the period of the 11th Five-Year Plan is to further improve its quality as an ecological province, and to develop Hainan into an ideal "second place of residence" in the eyes of the nationals. Hainan will also strive to develop an ecological compensation mechanism during the period of the 11th Five-Year Plan. The province will arrange special funding to compensate for the mountain area in the middle of the region and for the key public ecological forests. The provincial government has determined to thoroughly restore the ecological functions of its coastal forests within three years starting from year 2007.

7. Through an analysis of Hong Kong's strengths, weaknesses, opportunities, and threats in participating in the Pan-PRD regional cooperation in environmental protection, this report proposes Hong Kong to fully comprehend the goals of China and the four south-eastern provinces on environmental protection and key environmental developments in their 11th Five-Year Plans. The environmental protection sector should evaluate the risk, demand, and related factors, and actively invest in the environmental protection industries of the Mainland or cooperate with its Mainland counterparts. The sector should also grasp the business opportunities and serve as the middleman between foreign environmental protection enterprises and the Mainland.