

China promises cleaner air, steady 7.5 percent growth

March 5 2014, by Carol Huang, Kelly Olsen

China on Wednesday declared "war" on the lethal pollution that has blighted its stunning industrial transformation, as it unveiled a steady economic growth target of 7.5 percent for this year.

Premier Li Keqiang said pollution would be fought with the same intensity as the campaign of recent decades to lift millions out of poverty, via reforms that have made China the world's second-largest economy.

Commensurate with that economic rise, the ruling Communist Party has embarked on a costly drive to modernise its military—to the concern of the United States, Japan and others—and it unveiled another double-digit rise in spending on the People's Liberation Army.

Li's target for [gross domestic product](#) in 2014 would equate to the lowest growth levels seen by China in nearly a quarter of a century and comes as the government strives to realign the economy to a more sustainable track after years of breakneck expansion.

"We must keep economic development as the central task and maintain a proper growth rate," Li said in opening the annual session of the National People's Congress, China's Communist-led parliament, in front of a backdrop of giant red flags in Beijing's Great Hall of the People.

"On the basis of careful comparison and repeatedly weighing various factors, as well as considering what is needed and what is possible, we

set a growth target of around 7.5 percent."

'Red-light warning'

China's three decades of rapid industrialisation have transformed its economy and seen incomes soar, but have also brought severe environmental consequences including smog that regularly blankets its cities.

Li said pollution was a "red-light warning" against inefficiency, as he sought to address public concerns on issues ranging from poisoned waterways to food safety.

"We will declare war against pollution and fight it with the same determination we battled poverty," he said.

Writing in the Lancet in December, former health minister Chen Zhu cited studies showing air pollution caused up to 500,000 premature deaths a year in China.

In recent years air pollution indicators have been published more widely, but the country relies heavily on coal for energy and accounts for around half the world's consumption.

The government will shut down 50,000 small coal-fired furnaces this year, clean up coal-burning power plants and remove six million high-emission vehicles from the roads, Li said.

He also pledged cuts to "outdated production capacity" in industries such as steel and cement and reforms to pricing for household utilities.

"We will definitely enjoy more peace, happiness and prosperity as well as greater development," he said.

'Mission impossible'

But promises have been made before and experts say implementation is crucial.

"In the coming years the key battle will take place in the big polluting provinces," said Li Yan, a climate and energy campaigner for the environmental activist group Greenpeace in Beijing.

"The central government clearly wants local government to take responsibility in delivering what they have promised but the achievement of those [air pollution](#) targets would probably mean the closing down of factories and the losing of jobs, and that is a choice local government is still hesitant to make," she told AFP.

Hong Kong-based Societe Generale economist Yao Wei described the combination of tasks Li set out as a "mission impossible".

"The new government promises to speed up reform, manage debt risks, fight pollution, and yet maintain 7.5 percent [economic growth](#) all at the same time," she wrote, adding of the proclaimed anti-pollution measures: "None of these are exactly pro-growth."

The government also unveiled a 12.2 percent increase in defence spending to 808.23 billion yuan (\$132 billion), another double-digit budget percentage rise for the world's largest military.

Conservative targets

China's once regular annual double-digit growth rates have been slowing, and the world's second-largest economy grew 7.7 percent in 2013, the same as in 2012—which was the slowest rate of growth since 1999 when

it grew 7.6 percent.

The last time expansion was any lower was in 1990, when it was measured at 3.8 percent in the year after the Tiananmen Square protests and crackdown.

Rising prosperity is a key part of the Communist Party's claim to legitimacy in China, and the government usually sets a conservative economic growth target that it regularly exceeds.

"The bottom line is that economic growth cannot slip below around 7.5 percent," Xu Shaoshi, chairman of the National Development and Reform Commission, told reporters.

The target figure is closely watched by analysts for insight into the leadership's thinking about the economy and how they expect it to perform.

China's leadership says it wants to transform the growth model away from an over-reliance on often wasteful investment, and instead make private demand the driver for the country's future development.

They expect the change to result in slower but more sustainable rates of expansion.

Li also called for keeping China's yuan currency "basically stable at an appropriate, balanced level", while expanding the band within which it is allowed to float against other units and moving towards capital account convertibility.

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Citation: China promises cleaner air, steady 7.5 percent growth (2014, March 5) retrieved 1 May

2024 from <https://phys.org/news/2014-03-china-cleaner-air-steady-percent.html>

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