

Policy Developments

Tax Incentives for Cleaner Cars

According to a statement released jointly by the Ministry of Finance and the State Administration of Taxation, China will cut the sales tax by 30 per cent for cars that have reached the European Union “Euro-II” emission standards. These standards, which came into effect in the EU in 1996, call for carbon emission limits of 2.2 grams/kilometre, hydrocarbons plus nitrogen oxides limits of 0.5 g/km, and zero limits for particulate matter.

Although China already has a compulsory limit on automobile emissions, these are enforced very erratically.

The report states that manufacturers must have their products examined by government-authorised quality control agents, in order to qualify for the tax break. The statement did not mention any reduction in tariffs for imported autos, which typically exceed 100 per cent but are due to be reduced in stages as China prepares for entry into the World Trade Organisation (WTO).

Plans to Divert Yangtze

One of the results of the worst drought in a decade is the decision to reconsider plans for the construction of a 1,200-kilometre canal to divert water from the Yangtze River basin to dry northern China. This South-to-North Water Transfer project was first proposed by Mao Zedong in 1952, but was shelved until re-examined by Chinese engineers in 1995.

The project involves three possible routes: a) an eastern path following the ancient Grand Canal north to the port of Tianjin; b) a middle path starting at the country’s largest reservoir, Danjiakou, which feeds a tributary of the Yangtze, and heading to Beijing; and c) a western path that would link the middle stretch of the Yangtze to the headwaters of the Yellow River.

All of these proposals will mean substantial upheaval for the populations in the areas finally chosen, and will raise questions about the environmental impacts of such a huge scheme. (MJ) 