

Feature

# Green Movement Plants Roots in China

Text: Zhang Lijia & Calum MacLeod

Liang Congjie has a nightmare vision. "If each Chinese family has two cars like families do in America, then the cars needed by China, something like 600 million vehicles, would exceed all the cars in the world combined. That would be the greatest disaster for the whole of mankind."

To save the planet's people from choking to death on automobile emissions, Liang leads by example. The 69-year-old former history professor still bikes to his office in Beijing's city center where he runs Friends of Nature, one of several environmental non-governmental organizations (NGOs) that are playing an increasingly active role in China.

"It was not very easy to establish an NGO since the concept was so new that no one knew exactly how to deal with it," Liang explains in fluent English. "Also, the government always has the mentality of being a parent, used to looking after absolutely everything. But it has realized the positive contribution that could be made by NGOs and is giving us more space."

In October and November, Beijing played host to three ground-breaking conferences at which officials stressed the

important role NGOs can play in combating both poverty and environmental degradation. While these 'third sectors' still face many restrictions in China, NGOs are booming within certain parameters. And like in restricted societies elsewhere, the pioneers of honesty are green and their growth suggests the steady rise of civil society.

Since square one back in 1994, when Friends of Nature was approved, at least 39 environmental NGOs have been established and are now active in China, says Nick Young, a British development worker based in Beijing. In his recently published directory of Chinese NGOs, Young estimates the total is far higher, as student groups multiply in several cities and courageous individuals tackle local causes. Some estimates suggest the total number of NGOs exceeds 200,000, with environmental NGOs topping 2,000, though few would qualify as truly non-governmental organizations to foreign observers.

Hot issues among green NGOs include battery recycling, saving rare

monkeys and curbing the use of disposable chopsticks that is swallowing China's forests. Independent advocates pushing these causes are better placed to raise awareness than authorities that have been previously unable to stop environmental degradation.

"For five decades the government imposed all kinds of campaigns on people, urging them to do this or to be that," says Young. "[These campaigns] are no longer credible. Just imagine which would be more effective: to let the government put up a wall slogan like 'Let's protect the environment,' or to let enthusiastic activists like Liang do the work?"

And there is a lot of work to do. Two decades of breakneck economic growth have left countless environmental casualties. China is now home to seven of the world's top ten most polluted cities. Desertification threatens a quarter of its land, mass logging strips hillsides and rivers turn toxic black with industrial waste.

The consequences of ecological meltdown spread far beyond China's vast borders. If the West has polluted the world to date, its future may rest in Chinese hands as the PRC overtakes the US in coming decades as the worst global warmer and source of acid rain. But Liang can take heart that his efforts to raise awareness are finally hitting home.

In a nationwide survey of 15,000 Chinese published earlier this year, 65 percent regarded pollution as the single most important global issue. Some 68 percent supported tax hikes to pay for better environmental protection, and 65 percent claimed they were willing to pay 20 percent more for environmentally friendly products. Liang and fellow activists encourage such sentiments by targeting schools



Zhang Lijia/CIB

Liang Congjie, Friends of Nature



Chai Jijun/CIB

Industrial waste does severe damage to China's rivers and wildlife

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For securities firms in China, investment banking earnings represent a considerable part of operating income. Guotai J&A Securities Co., Ltd is a leading player who made 2 billion yuan in pre-tax profits for the year 2000, nearly 20 percent of which was generated through investment banking.

To date, 32 domestic securities firms offer investment banking services. The dawning of foreign competition and a slowed IP market are driving many of them out of the investment banking business.

As of July 31 the two bourses in Shanghai and Shenzhen entertained only 61 new floats or share placements, down 25 percent from a year ago. Leading players like Citic Securities, Southern Securities, Guotai J&A Securities and GF Securities gobbled up 29 of the deals. The balance was underwritten by 18 other firms.

"Quite a few firms with top leader manager got no deals at all fro the first seven months," the Jiefang Daily

reports.

On one hand, it won't be long before most leading management companies drop out of the investment banking arena or merge with bigger companies, the paper reports, predicting only five to six of the 32 comprehensive securities firms will survive the industry consolidation.

On the other hand, without investment banking profits, affected companies will suffer in overall earnings prospect, prompting more mergers and acquisitions throughout the industry.

Open door

Given their primitive business setup, securities firms in China normally get 50 percent of their profits from brokerage commissions. In competing for a critical mass in client numbers, the firms and their 3,000 outposts in China have habitually offered commission discounts. As transaction volume plunged with the market index, making ends meet became difficult. It is predicted that the official commission rate will go down in the near future, from 0.35 percent to 0.2 percent commission rate, yearly transactions must reach 7 billion yuan. If this is the case, only the top-10 brokerage firms can survive, and they will have to slash outposts without high enough turnover.

Banks will happily fill voids left in the market, as Beijing softens its stance on keeping them out. The withdrawal of local securities for international competitors whose entry into China is just a matter of time.

A recently issued preliminary decree on inter-bank operations has cleared on inter-bank operations has cleared many hurdles for banks and competitors with provisions that banks can engage in all other securities brokerage operations, except for underwriting and dealing in equities with their own funds. That's tantamount to breaching up the securities brokerage monopoly and paving the way for a significant shakeup in the sector.

For an investment banking head start, banks with their funding prowess can easily buy a few brokerage firms and further blur industry separation lines.

A consultation paper on a proposed ordinance governing securities firms from the CSRC suggests it would be best to transform the firms into holding companies, with full-fledged operations in futures, brokerage, underwriting, investment banking, fund management and financial advisory, with separate subsidiaries running each operation.

Due to scarcity of licenses, no securities brokerages will go broke in the near future. Instead, companies in a tight spot will get a capital injection or merge with bigger brothers. Reviving market sentiment might prepare the way for the IPO market's re-opening and boost securities firms' final results in the last five months of fiscal year 2001. But even still, it seems the coming winter will be a long one. And journalists with their educational message.

Unlike tactics adopted by western pressure groups, China's green NGOs are not confrontational.

"I don't think it would achieve a lot to accuse the government of not doing enough here and there," says Li Hao of Television Trust for the Environment's China program. "There is so much work to do and enough space for NGOs like us." After being reintroduced to Beijing's smog on return from study abroad in Germany in 1996, Li left science to pursue environmental education.

"When I first raised the idea of separating rubbish to the city authority, they were surprised. But they listened. Together, we worked out a plan to reform rubbish collection," recalls the energetic 42-year-old environmental educator. "When I first returned to China from Germany, I was probably the only one who sorted the rubbish. Tens of thousands of Beijingers do so now."

Such enthusiasm is infusing grassroots groups with rising purpose, confidence and a sense of global community. When Professor Liang lobbied Tony Blair from the endangered Tibetan antelope, Scotland Yard sent a letter promising to regulate the trade.

The government has actually begun to co-opt the green movement. Both Liang and Sheri Liao, the high-profile head of another NGO, Global Village Beijing, were invited to advise the capital's 2008 Olympic bid committee. Amid a plethora of government fronts Beijing was keen to show off some 'real' NGOs to the world. The ploy was obviously successful.

As Party leaders consider green but painful reforms such as higher energy and water prices, they many employ leading activists to ready the public for tough policy reforms ahead. Both Liang and Liao have become 'social monitors' for the National Environmental protection Agency. Liang is already a member of China's leading advisory body.

But much more needs to be done. At the October 2001 poverty reduction conference in Beijing, NGO delegates called on the government to adjust its administrative power over NGOs and speed up the drafting and passing of long delayed laws intended to bolster the sector. The lack of relevant regulations greatly hinders the development of NGOs in China. It also remains unclear when rules governing the registration of foreign NGOs will be issued.

“It will be very interesting to see how things develop,” comments Young. “Will the NGOs be content with the way [the situation is now], as with Professor Liang’s ‘softly, softly approach’ with the government, or will they become more aggressive or confrontational, and demand to be part of policy making in China?”