

# BUSINESS

 **Two Sessions**



Employees check production at a smart facility of an aluminum product company in Liupanshui, Guizhou province. PROVIDED TO CHINA DAILY

## Coal-gobbling city preparing to shed black and wear green

Liupanshui in Guizhou province pursues industrial transformation for new life

By LIU YUKUN in Beijing and YANG JUN in Guiyang

More supportive policies can help Liupanshui in Guizhou province better transit from a coal-gobbling city to a local economy supported by more environmentally friendly enterprises, its top official said.

Li Gang, mayor of Liupanshui and a deputy to the 13th National People's Congress, called for more financial support from the National Development and Reform Commission within the central budget on investment.

Li said the larger goal is to promote green transformation of traditional industries and speed up development of new industrial clusters for more sustainable development in the city.

Li said: "Liupanshui will step up efforts in green transformation of traditional industries. Coal has been a pillar industry in Liupanshui's economic development. The city will continue its efforts in offering financial support to coal companies for technology innovation to cut emissions and improve efficiency.

"The local government will also encourage coal mines to adopt mechanization and intelligent transformation, and promote devel-

opment of coal-related industries to extend the supply chain.

"Liupanshui will also speed up development of new industrial clusters to diversify energy sources and explore the new path of green and low-carbon development in the city. The focus will be on areas of new energy like lithium and hydrogen power, and emerging industries like new materials, the internet of things, and modern logistics. That's the way to promote Liupanshui's development of new industrial clusters."

Li's call for green transformation of Liupanshui's pillar industries is in line with the central government's strong green commitment.

While delivering the annual Government Work Report to the 13th National People's Congress on Friday, Premier Li Keqiang said China plans to reduce carbon dioxide emissions per unit of GDP by 18 percent during the 14th Five-Year Plan period (2021-25).

The carbon intensity target reaffirmed China's strong green commitment. Last year, China pledged



Li Gang, mayor of Liupanshui

to peak carbon emissions by 2030, and reach carbon neutrality by 2060.

Liupanshui's long-standing reliance on coal has defined its economy so far. According to the local government, proven coal reserves in Liupanshui reached 23.32 billion metric tons.

Last year, total profit from the city's coal mining and washing sector reached 2.98 billion yuan (\$458.7 million), up 495 percent compared with 2015.

Tax revenues from coal mining and thermal power electricity generation surpassed 3.67 billion yuan, contributing more than 30 percent of the city's total.

"Coal, together with electricity, steel and construction materials, contributed about 85 percent of the added value of industries whose revenue from main businesses exceeded 20 million yuan each," Li said.

The city figures among the second batch of demonstration areas identified for industrial transition and upgrade by the NDRC and four other ministry-level departments in 2019.

Following their guidelines, the municipal government of Liupanshui invested 53.04 billion yuan in 183 projects in areas of public infrastructure, public service platforms, and industrial innovation.

This was to support development of industries like new materials, new energy, modern logistics, and

the internet of things.

Thanks to persistent efforts in promoting sustainable development, the city has been able to reach certain milestones in the green transformation of traditional sectors and development of emerging industries.

Two Liupanshui-based coal mines — Faer coal mine and Shanjiaoshu coal mine — have been included in China's first batch of showpiece coal mines that underwent transformation to emerge as intelligent or smart enterprises.

The city's first route of hydrogen-powered buses, which is also the first such attempt in Guizhou, has been put into operation on March 5.

The city's hydrogen production plant and hydrogen refueling station have also started trial operations.

In addition, Liupanshui tied up with a team of hydrogen experts from top institutions such as the Chinese Academy of Sciences, Tsinghua University and the China University of Geosciences on technology innovation.

The team now offers technology support, guidance and consulting services to hydrogen-powered projects in the city.

Wang Jin contributed to this story.

Contact the writers at liuyukun@chinadaily.com.cn

## Why growth target stirs debate among experts

TALKING BUSINESS

By Zhang Yue

Economists have lauded China's 2021 economic growth target of above 6 percent, saying it will help stabilize the expectations of various markets, including the capital market and the consumption market.

Some observers, however, said the goal is a "low bar" in a good way, considering last year's low base due to the impact of the COVID-19 pandemic.

Delivering the Government Work Report to lawmakers on Friday, Premier Li Keqiang said China will "keep major economic indicators within an appropriate range and set annual targets for economic growth in light of actual conditions" during the 14th Five-Year Plan period (2021-25).

On Monday, Hu Zucui, deputy director of the National Development and Reform Commission, the top economic regulator, shared his insights. "This is the first time in history that China has decided not to set a specific economic growth target in its draft of a new five-year plan."

Noting that GDP remains an important gauge in assessing China's economic performance during the 14th Five-Year Plan, Hu said that "not setting a specific growth target for the future five-year period will leave more room for nimble policies in the face of uncertainties, risks and challenges."

Should China set a GDP growth rate target or not — that question stirred fierce debates among the experts since January, observers said.

Those against the idea of setting a growth target argued that COVID-19 has created shifting dynamics both in and out of China. So, setting a target could necessitate stimulus measures, which, in turn, could spark debt defaults and other financial risks.

Others highlighted that since 2002, China has been setting growth targets in the annual Government Work Report. Over the years, barring the unusual 2020, that convention helped catalyze investment, consumption and foreign trade. Such targets also guided companies' investment and spending decisions.

Fu Lin, associate professor of economics at the Central University of Finance and Economics in Beijing, said that this year, amid uncertainties, the growth target at national level will provide a gauge for local-level governments to incentivize business activities.

"This means a lot in guiding local government operations, as what lies behind a national

growth rate target is the amount of investment, production capacity, the release of demand, and the intensity in job creation."

He also said it is conducive to boosting public confidence that incomes will increase in the future. This expectation itself can generate consumption demand. This will, in turn, incentivize and upgrade production and keep businesses up and running.

"A clear growth target will surely reduce the level of uncertainty that public feel about economic prospects, particularly when the global COVID-19 situation remains fluid," he said.

Concurred Gao Yuning, associate professor with the School of Public Policy and Management at Tsinghua University in Beijing. Gao said he believes the most important meaning to draw from China's moderate growth target is that it will help the general public, local officials and various markets to remain confident about the country's economic fundamentals and the near-term prospects.

Economists said the right way to look at the growth target is not in terms of whether it is high or low, but to appreciate the fact that it is there at all, which should give confidence to people and markets alike, helping shape positive expectations.

Gao said it is not about whether or not China needs a GDP growth target; rather, it is about what kind of growth target people care about.

This, Gao said, should explain Premier Li's assertion that the country will "set annual targets for economic growth in light of actual conditions" during the 2021-25 period.

Economists believe the statement is an indication that the target will be there; only, it will be adjusted and refined as and when needed.

Li Keaobo, a senior researcher at Tsinghua University, said such flexible tone-setting approach to growth targets, and the 6 percent GDP growth target set for this year, are a clear signal that "growth will be maintained".

"Announcing the target per se is a signal to sub-national governments that economic growth is still important and will be a gauge in evaluating their work," he said.

This should inform the market that efforts will be continued in realizing the goal of doubling total economic volume or per-capita income by 2035.

"Doubling the volume can be realized with a stable growth rate of about 5 percent year-on-year," Li of Tsinghua said. "Registering a 6 percent growth rate will be very ideal at the start of the new five-year plan (2021-25)".

Contact the writer at zhangyue@chinadaily.com.cn

## More efforts needed for sustainable goals

By LIU YUKUN

Government authorities should ramp up efforts to encourage companies to shift toward green development in order to achieve carbon neutrality, experts said.

The call came amid China's reaffirmed strong commitment to protecting the environment and preserving a vibrant ecology.

Song Xin, a member of the 13th National Committee of the Chinese People's Political Consultative Conference and chairman of China Energy Conservation and Environmental Protection Group, called for more government support to set up a zero-carbon demonstration zone, encourage technology research, development and innovation, establish carbon-negative industry clusters to promote low-carbon industrial transformation, and optimize the carbon emissions trading mechanism to stimulate the vitality of the trading market.

Carbon emissions trading allows entities that have higher carbon emissions to purchase the right to release more carbon dioxide into the atmosphere from entities that have lower carbon emissions.

Song's remarks were in line with China's strong green commitment. Last year, China vowed to reach the

goal of peaking carbon emissions by 2030 and reach carbon neutrality by 2060. Carbon neutrality refers to achieving net zero carbon emissions by striking a balance between emitting and absorbing carbon.

China's commitment to green development was also reiterated by Premier Li Keqiang on Friday during the two sessions. While delivering the Government Work Report, Li said China plans to reduce energy consumption per unit of GDP by 13.5 percent and carbon dioxide emissions per unit of GDP by 18 percent in the 14th Five-Year Plan period (2021-25).

Lin Boqiang, head of the China Institute for Studies in Energy Policy at Xiamen University, said the country's carbon emissions come primarily from fossil fuel power generation and the industrial sector, a small percentage from the transportation sector and an even smaller portion from agricultural, commercial and residential sectors.

"More efforts are needed for China to control the consumption of fossil fuels and offset emissions from high-energy intensive and heavy industries. Power generation should also shift its heavy reliance from thermal power to clean and renewable sources of energy. It is also important to build a clean ener-

gy structure, promote the development of renewable and clean energy and advance carbon capture, utilization and storage," Lin said.

Lin added that it is an arduous task to achieve carbon neutrality within the stipulated time frame and sustained efforts are needed to first ensure the country's target in the 14th Five-Year Plan.

Song said: "Currently, the well-known successful cases of carbon peaking are mainly seen overseas and in developed areas in China. Both authorities and companies in many less-developed areas in China still lack an understanding regarding peaking emissions and carbon neutrality."

In this regard, Song suggested creating a zero-carbon demonstration zone where companies that lacked sufficient understanding and technology in green development can gain experience.

Song added that both authorities and companies should learn from advanced and relevant experiences from both at home and abroad, create a zero carbon demonstration model that companies can refer to, combine the government's systematic exploration with companies' independent innovation and encourage more qualified places



Employees assemble photovoltaic panels at a production facility in Liupanshui, Guizhou province. PROVIDED TO CHINA DAILY

and companies to take action.

"In addition, companies should speed up tackling core technology barriers and exploring technology solutions to peaking carbon emissions. Authorities should also roll out supportive policies for companies to tackle core technologies like carbon capture and storage," Song said. Carbon capture and storage is the process of capturing waste carbon dioxide, transporting it to a storage site and safely depositing it.

Song also suggested authorities establish carbon-negative industry

clusters to promote low-carbon transformation for relevant industries.

"First, authorities can select industrial parks where there are energy-intensive companies and then offer financial support as well as low-carbon production model demonstrations and innovations to systematically manage and regulate energy consumption within the parks. It is also important to optimize the carbon emissions trading mechanism to stimulate the vitality of the market. At present, the carbon emissions trading market lacks uni-

fied approval and entry standards, which has led to relatively low trading efficiency and vitality," Song said.

"More efforts are needed to set up a unified standard for entry into the carbon emissions trading market, develop a relatively mature trading mechanism, enhance supervision and regulation enforcement over carbon emissions trading and improve technologies needed for the supervision of carbon emissions, in order to ensure that China's carbon emissions trading market is developing in an orderly manner."