

# **Speech for the CBCSD 2011 Workshop on Latest Trends of Sustainable Development**

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Dear Mr. Bjorn Stigson,  
Dear guests, ladies and gentlemen,

Good afternoon!

It is a pleasure and an honor to be here, participating in the CBCSD 2011 Workshop on Latest Trends of Sustainable Development. First of all, on behalf of the Chinese Enterprise Confederation and the China Enterprise Directors Association, I'd like to express my sincere congratulations for the success of the CBCSD Annual General Meeting, and warmest welcome to all the board members, member companies and friends from the business community presented at this workshop.

China's 11<sup>th</sup> Five-Year Plan has just been completed. During the past five years, the Chinese government thoroughly carried out the scientific outlook on development with energy conservation and emission reduction as the key to restructuring the economy and changing the economic growth mode as well as a fundamental solution to reduce environmental pollution and tackle resource shortage and climate change, deepening the sustainable economic and social development with pragmatic actions. Though heavily impacted by the international financial crisis, we didn't lessen our efforts in energy conservation and emission reduction. The five-year accumulative energy consumption per unit of GDP was 19.1% lower, with COD and SO<sub>2</sub> emissions reduced by 12.45% and 14.29% respectively. While laying a solid foundation for its own sustainable and healthy economic and social development, China's remarkable achievements in sustainable development, also made great contributions to the world's sustainable development.

In the past five years, Chinese enterprises, proactive and creative in orienting their transformation and upgrading to sustainable development, played a crucial role in accomplishing the overall targets for energy conservation and emission reduction. Some of them, such as CNPC and China Datang Corporation, have abandoned energy-consuming and highly-polluting backward productivities and accelerated the development of the service industry to optimize and restructure products and capacities. Enterprises like CNBM and WISCO have vigorously strengthened the R&D of energy conservation and emission reduction technologies, promoted the industrialization of these technologies and actively built energy-saving technical service systems, and in return have been rewarded with obviously higher energy utilization efficiency. BYD and Himin Solar are the representative enterprises that transformed the business model and reinforced the supply chain management to provide the society with products and services of lower energy consumption and less emission. Baosteel Group, Sinotruk and some others focused on integrating the information technology into the construction, modification and promotion of an energy conservation and emission reduction management system and completed the detection and study of the overall environment of themselves. Ansteel and Shandong Tralin Paper Company are among those who have upgraded the corporate resource and energy consumption structure through dedicated effort in developing renewable resources and alternative resources. A higher resource and energy utilization efficiency of those like CPI comes from their efforts in actively developing circular economy industrial clusters on the basis of the resource endowments and sectors edges and extending the industrial chain for a comprehensive utilization of resources. These innovative practices, as valuable experience, should be learned and promoted for further application in the future.

2011 is the first year of China's 12<sup>th</sup> Five-Year Plan. The anticipated targets for economic growth for the next five years have been lowered down in the plan, reflecting the government's determination to improve the quality and performance of economic growth. According to the plan, to quicken the transformation of the economic development mode means to continue to focus on building a resource-conserving and environmentally-friendly society, and new targets for energy

conservation and emission reduction include increasing the share of non-fossil fuels in primary energy consumption from 8% to 11.4%, reducing energy consumption and SO<sub>2</sub> emissions per unit of GDP by 16% and 17% respectively, and cutting down the total release of major pollutants by 8% to 10%. In the new five-year period, the tasks for energy conservation and emission reduction will be tougher and the evaluations will be stricter, which requires more efforts and harder work.

However, despite our remarkable accomplishments in the past five years in the sustainable development field, especially in energy conservation and emission reduction, we should bear in mind the facts that energy conservation and emission reduction, as an internal need of enterprises, haven't been truly popularized resulting from the limits of our economic growth level and the constraints set by the systems and mechanisms, and that administrative measures have been overused for energy conservation and emission reduction. In the next five years, a period of all-around economic and social transformation of China, enterprises' enthusiasm in energy conservation and emission reduction should be further stimulated, hand in hand with laws, policies and administrative measures. But only with a better external environment and a larger market, can enterprises' enthusiasm and initiative in energy conservation and emission reduction be maximized. Regarding this, I have four suggestions:

I. Actively modify systems and mechanisms with a focus on the internal motive of enterprises in energy conservation and emission reduction. The market's basic role in resource allocation should be highlighted and the market-driven energy pricing mechanisms and trading mechanisms for energy conservation and emission reduction targets should be developed at a faster pace. The market mechanism should be used to elevate the overall efficiency of enterprises in energy conservation and emission reduction, including allowing enterprises to trade energy conservation and emission reduction quota via funds, technical supports and other forms, and establishing mechanisms for incentives and restraints for enterprises to spontaneously reduce pollutions. Considering the huge market demands for energy-saving services, energy management contracting and other advanced energy management models should be further promoted, and an energy-saving and

emission-reducing technical service market should be built step by step, so as to benefit all the participating parties.

II. Focus on the development of corresponding policies to enforce actions. Incentives for enterprises should emphasize the evaluation of policy effects of not only one single policy but the all the related policies with leveraging the role of government procurement, industrial guidance, financial and fiscal policies in driving the energy conservation and emission reduction of enterprises. Only when we take a comprehensive approach with all the supporting policies set, can we more effectively regulate and guide enterprises' behaviors as well as their mindsets.

III. Fully play the role of industrial associations and other social organizations. On the basis of the energy consumption, emissions and characteristics of different industries, we should stimulate the enthusiasm of industrial associations and other social organizations in energy conservation and emission reduction, encouraging them to supervise and server for the resource utilization and energy conservation of their own industries, and to follow up the up-to-date information of the industries and developed countries, identify the optimal technologies and standards of reducing material and energy consumptions of different sectors, and provide enterprises with useful information and trainings. In this regard, CBCSD key projects have been highly acknowledged and valued by the government, business community as well as other parts of the society. These exemplary cases have made notable contributions to the energy conservation, emission reduction and sustainable development in Chinese enterprises.

IV. Attach great importance to the energy conservation and emission reduction in SMEs. China has a large number of SMEs, yet the management of energy conservation and emission reduction in SMEs is immature. SMEs still lack the access to technology and information exchange, as well as comprehensive utilization of resource. On the other hand, the existing problems also show great potentials of SMEs in energy conservation and emission reduction. The Top-1,000 Enterprises Energy Conservation Action in the 11<sup>th</sup> Five-Year Plan period, focusing on the energy conservation and emission reduction of large enterprises and the efforts of local governments in promoting such work of key enterprises has greatly promoted the application of

advanced energy conservation and emission reduction measures and technologies in large enterprises. In the 12<sup>th</sup> Five-Year Plan period, we should pay close attention to the energy conservation and emission reduction in SMEs, while continuing to push forward the work in large enterprises, and to build an interactive market mechanism among large, middle and small enterprises through policy guidance, where large enterprises can help SMEs with mature and advanced measures and technologies of energy conservation and emission reduction, and promote the construction of a long-term mechanism for energy conservation and emission reduction among SMEs.

Dear friends,

The 12<sup>th</sup> Five-Year Plan period is crucial for China's acceleration of the transformation of development mode and the traditional ways of economic growth will face with new challenges. In the long run, the restraints from resources and environment will continue to grow, and there is still a long way to go to achieve the sustainable economic development of China. As the major force in the implementation of energy conservation, emission reduction and sustainable development, enterprises should envision the trends of development and understand that to meet the challenge needs quick actions and a sense of responsibility. Enterprises should set clear directions and targets, identify the key areas of future work and develop corresponding measures based on their realities, and to carry out these strategies with keen actions. I am confident that the unremitting efforts of enterprises will contribute to China's big leap forward in changing the economic development mode, as well as to enter a new phase of the sustainable development of enterprises themselves.

Again, I wish today's workshop a great success. Thank you.