

China's existing level of environmental damage is imposing a huge economic burden on its chances for growth. It's the need for transparency and accountability in tackling these environmental problems, not the technical aspects of new green technology, or new financial instruments, that will determine its economic future.

If the Australian government feels so threatened by public interest in environmental protection that it tries to [wind back legal access for lobby groups](#), how much harder will it be for a one-party authoritarian system to take action?

Environmental protection is a key focus area of [China's 13th Five Year Plan \(2016-2020\)](#) and was further emphasised in the 2015 [report on establishing China's Green Financial System](#).

That report's 14 recommendations are designed to mobilise private and public sector resources for a more sustainable Chinese economy. In the shorter term, it's aimed at helping to close the large funding gap (around 1.2 trillion RMB or US\$ 200 billion) China currently faces in the [areas of environmental protection and climate change](#).

Transparency and public participation form the backbone of at least four of the report's key recommendations – establishment of a green rating system and green stock index, establishment of public interest environmental cost analysis and requiring environmental disclosure by listed companies and bond issuers.

A [number of commentators have argued](#) that the unusual nature of China's stock markets, which are dominated by small investors, makes them more prone to the kind of extremely volatile behaviour seen in August 2015 and early 2016.

But the greater number of investors can have benefits if market disclosure rules enable investors to build environmental performance into investment decision making.

## Company transparency could help overcome resistance to environmental action in China

Written by The Conversation

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As the Establishing China Green Financial System report points out:

Disclosure of corporate environmental cost information enables corporate stakeholders and the public to follow corporate environmental performance, exert influence on companies through such channels as public opinion, green procurement and green investment, and thus improve environmental performance.

There are some promising signs of reform that play an important role in [raising investor awareness of bank and corporate exposure to environmental risk](#), even if it rarely results in short term behaviour change.

Examples of this are the [publication of Civil Society comments](#) on the China Banking Commission's 2012 Green Credit Guidelines and the letter from International Rivers to Industrial Bank of China raising concerns about the Bank's funding of the [Gibe 3 reservoir in Ethiopia's Lower Omo basin](#).

It would be the height of irony if China was to lead the way in showing Australia how to use markets to overcome political inertia when it comes to protecting the environment.

The gold standard internationally for transparency, public participation and access to justice in environmental decision making is [the Aarhus Convention](#). Since 2001, the Aarhus Convention has required its 47 European signatories to have laws in place facilitating public participation and access to review of decisions made by public authorities affecting the environment. Neither Australia nor China are members of the convention but it's something both countries should seek to attain.

China's revised Environmental Protection Law, which authorises civil society groups to sue polluters to protect the public interest has come into force. However, it has mostly been state-backed organisations (government-organised NGOs or GONGOs) or local procuratorates that have used this. It signals that government officials are trying to contain the political fallout from environmental disasters by taking control of lawsuits via state agents serving as plaintiffs.

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The temptation for local governments to control environmental litigation has only increased. The Central Government realised that using GDP as the main indicator of local development performance was only contributing to environmental harm. Local governments were pursuing rapid economic growth for short-term gain.

So in 2014 [new indicators were added to the government performance indicator system](#) including resource consumption, environmental damage, eco-efficiency, excess capacity and technology innovation have more importance in the evaluation process.

Environmental NGOs in China are becoming more active, albeit within the political constraints of China's one-Party system. Environmental information disclosure laws have created [a new and legitimate \(although limited\) role for them](#) to hold local authorities accountable for the release of such information and use public records to bring to light company violations of environmental law.

But there are also worrying signs that the government is [cracking down on civil rights groups](#) throughout the country. So China's grassroots and international environmental NGOs are likely to be wary in directly challenging decisions made by governments at this stage. However their role as transparency enablers and advocates for the environmental is still an important one.

*Alice de Jonge ne travaille pas, ne conseille pas, ne possède pas de parts, ne reçoit pas de fonds d'une organisation qui pourrait tirer profit de cet article, et n'a déclaré aucune autre affiliation que son poste universitaire.*

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