

programmes, which have shifted their assistance priorities and guidelines to stress environmental projects and concerns.

- **Rapid Economic Growth** — High projected economic and industrial growth rates will both intensify the need for environmental products and services, and help generate the funding to support that demand.

China's new long-term plans set ambitious pollution abatement targets for the year 2000, which will have a significant market impact. Atmospheric pollution, now at the dangerous level of 800-900 micrograms of particulate per cubic metre in many northern cities, will be reduced to under 500 micrograms. Urban sewage will achieve a 30-40 percent level for treatment rates, while gas will replace coal for cooking and home use in over 50 percent of households. The amount of industrial waste water discharged by large and medium-sized industrial enterprises will be reduced by 50 percent over 1985 levels. Major efforts to clean-up China's polluted rivers and coastal areas are also mandated.

To achieve these goals, China is tightening its effluent and emission standards and beefing up its monitoring of environmental regulations and standards. In the near future, China's "polluter pays" system will jack up penalty rates by 100 percent. As a consequence, China's manufacturing sector will be compelled to increase spending on pollution-abatement equipment. Eighty percent of pollution penalties and fees are to be directed towards equipment acquisition.

State expenditures on environmental protection are also on the upswing. The Sixth Five-Year Plan (FYP), 1981-1985, allocated a modest 17 billion yuan for environmental protection investment. That sum was increased to 47.8 billion yuan for the Seventh FYP, (1986-1990), period, and then to 84 billion yuan for the current Eighth FYP, (1991-1995). This figure still falls well short of the estimated 1.5-2 percent of GNP needed to adequately tackle China's environmental crisis, but it