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Cost of Environmental Damage in China Growing Rapidly Amid Industrialization

By EDWARD WONG

BEIJING — The cost of environmental degradation in China was about \$230 billion in 2010, or 3.5 percent of the nation's gross domestic product — three times that in 2004, in local currency terms, an official Chinese news report said this week.

The statistic came from a study by the Chinese Academy of Environmental Planning, which is part of the Ministry of Environmental Protection.

The figure of \$230 billion, or 1.54 trillion renminbi, is based on costs arising from pollution and damage to the ecosystem, the price that China is paying for its rapid industrialization.

“This cuts to the heart of China's economic challenge: how to transform from the explosive growth of the past 30 years to the sustainable growth of the next 30 years,” said Alistair Thornton, a China economist at the research firm IHS Global Insight. “Digging a hole and filling it back in again gives you G.D.P. growth. It doesn't give you economic value. A lot of the activity in China over the last few years has been digging holes to fill them back in again — anything from bailing out failing solar companies to ignoring the ‘externalities’ of economic growth.”

And the costs could be even higher than the ministry's estimate, he said. The \$230 billion figure is incomplete because the researchers did not have a full set of data. Making such calculations is “notoriously difficult,” Mr. Thornton said.

The 2010 figure was reported on Monday by a newspaper associated with the ministry, and so far only partial results of the study are available. In 2006, the ministry began releasing an estimate of the cost of environmental degradation. The ministry has issued statistics only intermittently, though its original goal was to do the calculation — what it called “green G.D.P.” — annually.

The rapidly eroding environment across the country has become an issue of paramount concern to many Chinese. In January, **outrage boiled over** as air pollution in north China reached record levels, well beyond what Western environmental agencies consider hazardous. The public fury forced propaganda officials to allow official Chinese news organizations to report more candidly on the pollution.

Chinese state-owned enterprises in the oil and power industries have **consistently blocked efforts** by pro-environment government officials to impose policies that would alleviate the pollution.

There have also been constant concerns over water and soil pollution. The discovery of at least 16,000 dead pigs in rivers that supply drinking water to Shanghai has ignited alarm there. This week, China Central Television reported that farmers in a village in Henan Province were using wastewater from a paper mill to grow wheat. But one farmer said they would not dare to eat the wheat themselves. It is sold outside the village, perhaps ending up in cities, while the farmers grow their own wheat with well water.

The Beijing government on Thursday released details of a three-year plan that is aimed at curbing various forms of pollution, according to a [report on Friday in China Daily](#), an official English-language newspaper. The report quoted Wang Anshun, Beijing's mayor, as saying that sewage treatment, garbage incineration and forestry development would cost at least \$16 billion.

In 2006, the environmental ministry said the cost of environmental degradation in 2004 was more than \$62 billion, or 3.05 percent of G.D.P. In 2010, it released partial results for 2008 that totaled about \$185 billion, or 3.9 percent of G.D.P. Several foreign scholars [have criticized](#) the methods by which Chinese researchers have reached those numbers, saying some crucial measures of environmental degradation are not included in the calculations.

There is consensus now that China's decades of double-digit economic growth exacted an enormous environmental cost. But growth remains the priority; the Communist Party's legitimacy is based largely on rapidly expanding the economy, and China officially estimates that its G.D.P., which was \$8.3 trillion in 2012, will grow at a rate of 7.5 percent this year and at an average of 7 percent in the five-year plan that runs to 2015. A Deutsche Bank report released last month said the current growth policies would lead to a continuing steep decline of the environment for the next decade, especially given the expected coal consumption and boom in automobile sales.

Patrick Zuo contributed research.

This article has been revised to reflect the following correction:

Correction: April 3, 2013

A picture caption on Saturday with an article about the rapidly growing environmental degradation in China that can be traced to its proliferating industrialization misidentified the substance shown spewing from a power plant in east Beijing. It is steam, not smoke.

