

China Closes Polluting Factories For Being 'Backward'

BEIJING (AP) — China's government has ordered 2,087 steel and cement mills and other factories with poor energy efficiency to close as it struggles to cut waste and improve the country's battered environment.

The "backward" facilities produce steel, coke, aluminum, paper and other materials in areas throughout China and must close by late September, the Ministry of Industry and Information Technology announced Sunday.

Authorities said last week that a five-year plan to improve energy efficiency suffered a setback this year as China's economic rebound and a construction boom boosted demand for steel, cement and other energy-intensive products.

The plan calls for a 20 percent reduction in China's energy consumption per unit of economic output, or energy intensity, by the end of this year. The government said in March it had cut energy intensity 14.4 percent by the end of 2009 but it said last week that energy intensity crept up 0.09 percent in the first half of this year.

China overtook the United States last year as the world's biggest energy consumer, though with a larger population it still is well behind in consumption per person, according to the International Energy Agency.

China's surging energy demands have alarmed communist leaders, who worry about dependence on imported oil and gas from volatile regions such as the Gulf and pollution damage to scarce water supplies and forests in a densely populated country.

The country's growing presence in international energy markets has prompted complaints that it is pushing up crude prices and making supply deals with international pariahs such as Iran and Sudan.

China is the world's biggest steel producer and a major producer of other industrial materials as well. Its newest facilities are equipped with the latest technology but there are thousands of small, outdated paper mills and other businesses that local authorities are reluctant to close for the sake of jobs and tax revenue.

In the latest crackdown, the facilities would lose their certification to emit pollutants at the end of September, utilities would cut off power supplies and banks would be ordered to stop dealing with them, the ministry said.

Its list included 762 cement factories, 279 paper mills, 175 steel mills, 192 coking plants and an unspecified number of aluminum mills.

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Provinces with the biggest numbers of affected facilities are Henan in central China and Shaanxi in the north, both traditional centers for heavy industry, with more than 200 each.

Beijing warned in March that China was lagging on efficiency due to its stimulus, which was based in part on pumping money into the economy through massive spending on building new highways and other public works. Banks also were ordered to lend more to support private sector construction.

That set back government efforts to shift the economy away from heavy manufacturing and toward more technology-based businesses and cleaner service industries.

The economy grew by 11.9 percent in the first quarter over a year earlier and by 10.3 percent in the second quarter. Stimulus spending and a flood of lending by state banks helped to boost growth from a low of 6.1 percent in the first quarter of 2009.

Chinese industries use 20 to 100 percent more energy per unit of output than their U.S., Japanese and other counterparts, according to the World Bank. Chinese officials say energy use is 3.4 times the world average.

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Associated Press researcher Bonnie Cao contributed to this report.

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