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Foreword

China's explosive economic growth since the inception of the reform and opening policy in 1978 has brought unprecedented wealth to the country. However, so too have the social and environmental impacts of this growth been made all the more visible. Indeed, the rising China seems an easy target of criticism as its domestic environment deteriorates and its development extends beyond its boundaries. And, with among the highest overall greenhouse gas emissions in the world, China's impact on the world's climate has become an issue of international concern.

The statistics are alarming. According to the White Paper on China's Policies and Actions for Addressing Climate Change, China experienced 21 consecutive warm winters from 1986 to 2006, and in early 2008, experienced a massive blizzard that affected 14 provinces, damaging hundreds of thousands of homes and millions of hectares of cropland. These extreme weather conditions are likely to continue as GHG emissions rise. On the other hand, China also faces large-scale water and energy shortages, and some 30 million people hovering at the poverty line, among whom 15 million are inadequately clothed and fed, underscoring the need for continued economic development. With two major, seemingly conflicting crises to resolve, the Chinese government has a major burden to deal with.

These facts hint at some deeper problems with the country's institutional structures, which have affected not only social and economic equity, but also the priorities placed in policy making. This is complicated by government's efforts to balance supply and demand for a nation whose resources become scarcer when divided among its huge population base.

1 For a downloadable pdf of the White Paper, please go to http://www.geochina.org/_upload/file/climate_change/WHITE%20PAPER%20ON%20CLIMATE%20CHANGE-EN.pdf.

China Insight offers a uniquely Chinese perspective on the country's visible economic and environmental problems and their less visible causes. By conducting an analysis of the institutions set up for addressing these challenges, the authors explore effective ways to tackle these problems while at the same time examining their historical and structural roots. China Insight 2008 focuses on three particularly pressing challenges, namely, rural financing, energy conservation and forest resources. These are by no means the only problems China has to cope with, but they are typical of the challenges confronting the country.

Challenges China Faces

Despite the rapid urbanization in recent years, most of China's population is in its vast rural areas. Yet rural residents, who account for more than half of the country's population of 1.3 billion, have scarce access to financial resources. Du Xiaoshan, deputy director of the Rural Research Center under the Chinese Academy of Social Sciences, has devoted himself for a long time to the study of rural finance. His contribution, Thoughts on Rural Poverty Alliation Financing in China, looks at methods for addressing rural poverty in China, and in particular, examines the applicability of an inclusive financial system in rural China, comparable to that practiced by the Grameen Bank in Bangladesh.

In addition to poverty alleviation, tackling global climate change has also spurred a positive interest from the Chinese government in cooperation on the international stage to mitigate this mounting crisis. Jia Heping, a senior journalist who is among the first to follow this issue, presents the article on Challenges to Energy Conservation and Emission Reduction, which looks at the political and economic strategies being adopted by the NDRC for dealing with the country's energy problems as well as his own proposals for long-term energy solutions.

In the third paper on China's Forest Resources, Professor Wang Lilun at the Beijing Forestry University examines the status of China's forests, efforts towards afforestation and reforestation, and the dynamics of China's timber import and export industry. Her paper points out that much of China's timber imports have ended up in finished wood product exportation. In other words, China has mainly been processing timber for international markets rather than domestic consumers. In light of this, a shared global
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vision and collaboration at the international level are required not only to save China's forests, but for the health of forests worldwide.

Solutions to Those Challenges

As an organization that focuses on solutions that address both environmental protection and economic development, the Global Environment Institute (GEI) initiated the book project with financial support from the Blue Moon Fund in the United States, not only to expose these problems but also to present constructive approaches towards solving them. China Insight 2008 has incorporated three articles on both completed and ongoing GEI projects, which offer real-life demonstrations of some of the strategies discussed above. An Xin and Chen Shiping’s article discusses GEI’s biogas and organic agriculture project in Lijiang, Yunnan Province, which offers both profitable and ecologically sound farming methods to local villagers. Wang Yanjia and Chen Shiping’s essay examines the potential of the Energy Service Company (ESCO) model for promoting energy-efficiency in China’s heavy industry. Finally, Chen Mingjie and Wang Aimin’s article looks at GEI’s implementation of the “Community Conservation Agreement” model in Baoping County, Sichuan Province, which aims to protect the integrity of a local nature reserve and at the same time alleviate poverty among residents living at its periphery.

For all developing countries, conflicts between economic growth, social equity and environmental protection are sure to arise. This conflict is especially apparent in the area of climate change, where it is compounded by demands from developed countries on developing countries to reduce their greenhouse gas emissions, even when developed countries have historically been the major contributors in climate change. It is important to recognize that no goal—be it economic growth, social equity or environmental protection—should be promoted at the expense of another. With the world facing three major and equally intimidating crises of food, economy and environment, solutions that address all three are becoming all the more important to find.

Douglas Whitehead & Xiong Lei
Co-Editors

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About China Insight
China Insight is a collection of articles on the origins of and solutions to challenges faced in China’s path towards economic development, including challenges posed by energy-consumption, deforestation and poverty alleviation. The articles introduce a wide-range of innovative and successful models for solving these problems, including the energy service company (ESCo) business model, the inclusive financial system, timber saving and substitution, payment for ecological services and conservation concessions agreement.

About the Global Environmental Institute
The Global Environmental Institute (GEI) is a non-profit organization founded in Beijing in 2004. Its mission is to provide market-based models for solving environmental problems in order to achieve development that is economically, ecologically and socially sustainable. Over the last four years, GEI has carried out award winning rural development projects in southwestern China, promoted sustainable business models in some of China's most heavily polluting industries and developed a set of guidelines for Chinese timber enterprises operating overseas. Members of GEI's staff have rich backgrounds in the environmental sciences, rural development and business management. Several of its staff members have contributed articles to this volume.