

CHINA

BEITEN BURKHARDT

百达律师事务所

PRC Law on encouraging the 'circular economy'



By Tina Zhang

Background to the concept

The concept of a 'circular economy' took shape in the 1960s in the United States, and the term 'circular economy' appeared in the PRC in the mid-1990s. By promoting the circular economy, China hopes to raise energy efficiency and improve the environment by promoting the careful use of resources according to certain ecological and economic standards and the 3R principles: Reduce, Reuse and Recycle.

In 2005, the State Council promulgated the Opinions on Issues Concerning Acceleration of Development of the Circular Economy, which provide a policy basis for the development of a circular economy in China. Three years later, on 29 August 2008, the Circular Economy Promotion Law of the PRC (Circular Economy Law) was adopted at the 4th session of the Standing Committee of the 11th National People's Congress. It came into force on 1 January 2009.

The Circular Economy Law is intended to promote the development of circular economy, enhance recycling efficiency, protect and improve the environment and support sustainable development. The 'circular economy' as defined in the Circular Economy Law refers to the reduction, reuse and recycling of resources during the process of production, circulation and consumption.

The 3R principles

'Reduction' refers to reducing resource consumption and waste disposal in the process of production, circulation and consumption. 'Reuse' refers to using waste in unchanged form as a product, or after repair, retrofit or reproduction, or using all or part of it as part of other products. 'Recycling' refers to using waste as a raw material or regenerating the waste for use.

The Circular Economy Law determines the planning rules as well as the assessment and examination system of the circular economy with the aim of resource conservation. Focusing on

enterprises with high energy and water consumption, it also calls for a stronger rational incentive mechanism in a producer's responsibility extension and management systems.

The Circular Economy Law requires:

- the government to closely monitor energy consumption and pollution emissions in industries that use a lot of energy and pollute heavily, including those involved in steel and non-ferrous metal production, power generation, oil refining, construction, and printing;
- government departments to promote recycling, improve standards for saving energy and reusing waste and develop policies to divert capital into environmentally friendly industries;
- industrial enterprises to introduce water-saving technologies, strengthen management, and install water-saving equipment in new buildings and projects;
- crude oil refining, power generation, steel and iron production plants to stop using oil-fired fuel generators and boilers in favour of clean energy, such as natural gas and alternative fuels;
- enterprises and government departments to adopt renewable products, such as those related to solar and geothermal energy, in new buildings;
- enterprises to recycle and make comprehensive use of coal mine waste, coal ash, and other waste materials.

The Circular Economy Law is an optimal model for promoting the strategy of sustainable development. However, enforcement of the Circular Economy Law requires the enactment of supporting regulations and administrative rules by relevant authorities under the State Council. Some of these have been enacted and are being enforced, and others are still being drafted.

BEITEN BURKHARDT

Suite 3130, 31st Floor,
South Office Tower,
Beijing Kerry Centre,
1 Guang Hua Road, Chao Yang District
100020 Beijing, China

Tel: (86) (10) 8529 8110

Fax: (86) (10) 8529 8123

Email: Tina.Zhang@bblaw.com

www.beitenburkhardt.com