Research on the Present Situation Analysis and Countermeasures of Environmental Protection Service Industry in China

Zhang Yingkui, Hou Liyuan, Wu Di
School of Economics and Management, Beijing University of Chemical Technology, Beijing, P.R.China, 100029
(E-mail: zhangyk@mail.buct.edu.cn, hly200551047@126.com, wdbuct@sina.com)

Abstract  With the increasingly worsening of ecological environment and the enhancement of the public awareness of environmental protection, environment protecting industry emerges huge demand. More and more attention is paid to the environmental protection service industry which is an important part of environmental protection industry. First, This article discusses its concept. Second, it analyzes the Present Situation of the environmental protection service industry in China. Last, it gives some countermeasures according with the Present Situation.

Key words  Environmental protection service industry; Present situation analysis; Countermeasures

1 Introduction

In 1996, the Organization of Economic Cooperation and Development (OECD) proposed the concept of environmental service: engaging in projects or activities on wastewater treatment, waste disposal, air pollution control, noise elimination etc., providing services of analyzing, monitoring, evaluating and protecting were involved as well. Or Technology and engineering services, environmental research and development, environmental training and education, environmental accounting and legal services, advisory service, eco-tourism, and other environment-related services.

This paper holds that the environmental protection service industry refers to a comprehensive series of support systems, which provides contents from research, development, design to construction, operation, advisory and monitoring etc. The industry mainly includes the following components: development of environmental technology, design and construction of environmental engineering project, operation of environmental pollution control facilities, environmental consulting, environmental information, trade of environmental service, and personnel training.

Environmental protection and the environmental protection service industry are both influenced strongly by policies and laws, playing an important role in utility. Therefore they were borned with a distinct trait from others. From an economic point of view, environmental protection service industry is nonprofit-oriented, monopolistic, and technology-intensive. However, it doesn’t affect that many marketing characters existing in environmental service-related companies.

2 Present Situation Analysis of Environmental Protection Service Industry in China

China’s environmental protection industry booms with the development of environmental protection. Although China’s environmental protection industry lags behind others, it has been enlarging during the lastest 30 years. Despite the great improvement, the industry, as a whole, can not keep pace with the increasing social demands and economic development. A complete market of environmental protection industry consists of four parts: First, the environment-friendly products manufacturing market; second, the environmental technology development market; third, the environmental protection service industry market; and finally, the environmental protection capital market. Among the four, environmental protection service industry tightly connects with the others, playing the most essential role. However, environmental protection service industry market which holds dominant position of the environmental production industry needs to be refined, socialization, specialization and intensification because it is unable to satisfy the demand of market economy and the socialization production.

China’s environmental protection service industry has achieved several remarkable successes so far. In contrast, lacks of an effective platform for inner-industry and inter-companies communication; the influence of the government is inadequate such as too many local norms; no explicit administrative department, which leads to irregular and short of a universal standard criterion and self-discipline and business directly constraint the advancement of the industry. After all, we consider that several causes contribute to the phenomenon, which chiefly lie in the following aspects.

2.1 The Weakness of whole society’s concept and awareness of environmental protection service
In the process of urbanization, the development of China’s environmental protection service industry lags behind that of the economy, owing to the constraint of the thought concepts, the mechanisms and the systems. As a result, the situation renders that some parts of the environmental protection service industry, such as operation, planning, urban construction, urban management and reform of urban public utilities, are still in the framework of the conventional system. A real market-oriented operation mechanism hasn’t been fully established. Consequently, cities are lack of vigor and vitality. On the other hand, the public show little awareness in the issue by doubting, distrusting and ignoring, which should be settled properly at the same time of promoting the development of China’s environmental protection service industry. China’s environmental protection service industry will be pushed forward rapidly in the condition that problems mentioned above are solved.

2.2 Relevant laws and management on environmental service is imperfect, and the enforcement of environmental laws is not strict

China has issued a number of laws and regulations related to environmental protection service industry. However, there are many problems in the existing laws and regulations: first, most of them are antiquated. For example, with the refining of the industry, some laws and regulations no longer adapt to the development of the new situation; second, systematic research of the policies and regulations should be introduced in the environmental protection service industry, such as taxation, pricing, credit and industry-orienting; third, The policies and regulations fail to match. In addition, the intensity of the policies and regulations is insufficient. Therefore, it is difficult to prevent and control pollution. For example, in China’s environmental taxation system, fines are lower than disposal cost. As a result, the whole community has to pay a high social cost. Existing management model of China’s environmental protection is vertical administration. In this model, departments only take their own business into consideration. Coordination and communication among them do not go deep enough, and both cross-sectoral and inter-departmental managements are not sufficient.

2.3 The development mechanism of the environmental protection service industry is incomplete

At present, China’s environmental protection service industry is led by the policies. The government shoulders too many responsibilities and obligations. Duties and responsibilities among the government, the market and the companies are ambiguous. The basic function of market, namely recourse allocation, is limited. China’s environmental protection service industry relies on the drive of the government regulations, which leads to an inadequate demand: first, the system fails to deal with market mechanism; second, the administrative departments shoulder too many “pay” obligations, without introducing market operation mechanism and effective supervision.

2.4 The degree of marketization and specialization in China’s environmental protection service industry is not well developed

The market-based operation of the environmental protection service industry calls for a large demand of the establishment and development of firms that engaging in environmental service professionally. Although many of China’s current environmental service companies are independent from the Environmental Protection Agency and all levels of administrative authorities, the chief-planned habit is still uneasy to eliminate. Simultaneously, the specialization of China’s environmental protection service industry needs to be improved, and the division of labor should be meliorated. For instance, most of the design units and construction units of environmental engineering mainly offer part-time jobs, and the ratio of the environmental protection companies which deal with design and construction is low. In market economy, China’s environmental protection service industry is incomplete; people’s concept hasn’t formed fully; and functions of the government and the companies mixed up. These problems damage the industry directly.

3 Countermeasures for the Development of China’s Environmental Protection Service Industry

An advanced China’s environmental protection service industry has been expected by far-sighted people. An advanced China’s environmental protection service industry can not only be a significant milestone, as it can rapidly improve the proportion of China’s service industry, change industrial structure, increase employment rate, and promote economic development, but also gears up a whole and collaborative development of China’s environmental protection industry. Thus, there will be a better groundwork of resource and environment for China's social and economic development. For these
reasons, Chinese government, related authorities and the companies should learn from foreign experience, clarify their ideas, and accept changes. For promoting of the environmental protection service industry, we propose the following basic Countermeasures:

3.1 Establishing an overall strategy for the development of China’s environmental protection service industry

Until 2008, there is no general and explicit strategy for the development and opening-up of the environmental protection service industry in China’s national policy system. In order to speed up the industry and meet the requirements of ever-increasing environmental protection, China should work out an overall strategy for the environmental protection service industry and the opening-up of its trade. Thus, the industry, which is still in its initial stage, will go to the right track as soon as possible. The general strategy should aim at the current issues about the development of the environmental protection service industry, such as spontaneous, blind, small-scale, low-level redundant construction, duplication of development efforts, duplication of introduction, duplication of research etc. China should come up with a general model of environmental protection service industry, and understand its directions and goals. What’s more, setting planners of short, medium and long term systematically, and adding the environmental protection service industry to the policies about the development of third industry and environmental protection industry should also be put into agenda. When enacting formulations of environmental service development, the government should base on the national macroeconomic policy and the market demand. The government should handle the development direction of the industry, and put forward the objectives, priorities, steps and initiatives of its development clearly.

3.2 Strengthening the marketization and creating a multiplex investment environment of environmental protection service industry

The social commonweal of environmental protection determines that the government plays a significant role in sewage treatment, waste collection and disposal, management of rivers or lakes, and other services. The government should be responsible for forming a natural monopoly and restricting the marketization of the environmental protection service industry by some extent. At present, China is in the embryonic period of privatization and marketization, so the market-oriented level of the industry is very low. Marketization brings the top priority for the future development of the environmental protection service industry, which emphasize the significance to strengthen the construction of China’s environmental service market, to adopt the measure of “who pollute, who pay”, to ask for the independent legal entity to respond to the socialized services of environmental governance, to form a number of specialized pollution control companies. Meanwhile, China should stimulate the development of the environmental service market, and encourage domestic and foreign investors to invest the areas of environmental service by all kinds of effective economic policies, in order to accelerate the construction of this market.

3.3 Cultivating key enterprises of environmental protection service industry in China vigorously

Nowadays, China’s environmental protection service industry is in its infancy, with a relatively low concentration. In the next stage, the industry will be faced with an integration of resource, a higher level of competition and an increase of concentration. International environmental service companies are imperiling the domestic companies after China’s accession to the WTO. Therefore, China should be market-oriented, and regard companies as the main body. Cultivating a number of large-scaled and powerful companies in the environmental protection service industry through listing, merger, combination, reorganization and other approaches, and making the companies hold their own with the foreign ones are appropriate is necessary. Meanwhile, China should guide small and medium-sized companies towards the direction of specializtion, quintessence, novelty, peculiarity, and provide backup services for large companies or general contracting company. Only in this way will the optimum distribution of resources and scale effect be realized, and the market competitiveness and international competitiveness of the environmental service companies will be strengthen, while the small and medium-sized companies will gain a firm foothold in the future competition.

3.4 Cultivating domestic elites for environmental protection and environmental service

Environmental protection industry is known as a sunrise industry in the 21st century, which has tremendous potential. With the substantial growth in the investment of environmental protection, China’s environmental protection and the environmental protection service industry bloom, becoming an important part of the national economy. The speediness and the efficiency in this area, undoubtedly, attributes to the research and development of technical personnel. However, China’s current environmental protection market, particularly the environmental protection service industry, is confronting a serious shortage of skilled technicians. The existing technical personnel of environmental
protection industry is difficult to catch up with the development of the national economy.

3.5 Promoting the services for environmental protection facility and pollution control

The development of the environmental protection service industry fosters that of the environmental protection technology and the environmental protection investment. Therefore, operation of environmental protection facility and pollution control, are important tasks for promoting the environmental protection industry currently. This is a key to propel the other areas of the industry as well [3]. Promoting the services for environmental protection facility and pollution control means to establish and perfect the economic policy system of the socialist market economic structure, and forms an economic prompting mechanism. It ensures that the polluter pays and the investor benefits, in order to attract domestic and foreign investors to the environmental field, to create a capital market and an investment market of environmental protection, to transform potential demand into real demand, and to expand the requirement of the services of environmental protection facility and pollution control.

4 Conclusion

Environmental protection service industry plays an important role in the development of economy and society as a new economic growth point. With the advancement of China's economy and society and the increase of people's awareness of environmental protection, the government promulgates a variety of policies about environment production. China’s environmental protection service industry shows a huge market demand and a strong momentum. Simultaneously, with China’s accession to WTO and the development of China's environmental protection industry, there is an urgent requirement to study the developing path of the environmental protection service industry in the open environment. The trend of industrialization in this industry is also accelerating, which asks for a systematic research from the view of industrial economy. After all, under the condition of market economy, the environmental protection service industry should bring in market-based management, for the purpose of an all-round development.

References