Joint project on fostering green growth in China in a context of industrial upgrading

• Four modules:
  1. Creation of a set of green growth-related indicators for China.
  2. Recommendations/Best practices on strengthening the implementation of environmental policies in China.
  3. Recommendations on efficiently managing industrial restructuring and addressing excess capacity issues.
  4. Digital innovation and transformation of production for green growth.
• June 2015: DRC-OECD **Joint-Workshop** in Beijing.
• Oct. 2015: official **approval** of the project by DRC.
• 20 Nov.-20 Dec. 2015: DRC’s **Dr. Xu Zhaoyuan will be at the OECD to work with the SB and steel units.**
• First, second and third quarters 2016: **joint-workshops in Beijing and Paris** to discuss results and recommendations to be included in the report.
• 2017 or 2018: **official launch of the joint report** by the OECD Secretary-General and DRC President Li Wei.

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**Strong commitment on DRC side (extract from a message from DRC’s DG Zhao).**

• “**DRC-OECD joint project this year has been positioned as the flagship cooperation between the two agencies, so DRC side give this project a very high priority.**”

• “**Minister Li Wei will be the principal person of the project, and two vice-ministers will be the actual people in charge of the project.**”

• “**We will organize a research team from several different department under DRC based on the requirement of the research while Department of Industrial Economy and Resource and Environment Research Institute will certainly be main forces.**”
Goals of module 3

- DRC and the OECD shipbuilding and steel units are in charge of the module 3 that aims to provide recommendations on the following aspects:
  - adopting good practices in fostering industrial upgrading,
  - managing industrial restructuring processes,
  - addressing over capacity issues.

Module 3 on industrial restructuring and addressing excess capacity issues (1/2)

- Analysis of the causes and implications of excess capacity, starting with the steel and shipbuilding industries.

- Mapping of China’s industrial structure and collection of firm-level data for the steel and shipbuilding industries.
Module 3 on industrial restructuring and addressing excess capacity issues (2/2)

- Reviews of examples of **successful policies implemented in the past in OECD economies** in addressing excess capacity, so as to provide recommendations for China.

- Assessment of the **cost and benefits of different policy measures** for addressing excess capacity in the steel and shipbuilding industries.

Collaborative work within the OECD Secretariat

- ENV, GRS and STI main contributors on the OECD side.
- Strong cooperation between the three entities.
- Global Relations Secretariat (GRS) provides:
  - Translation of recent articles in Chinese on excess capacity in heavy industries, in particular shipbuilding.
  - Briefing Notes on Recent Development in Chinese Industrial Policies updated on a rolling basis.
  - Stocktake of industrial (financial) and environmental data availability for China.
Current data collections efforts (1/2)

• **Firm level financials and employment.**
• Detailed information for each yard on the **White list**
  – i) criteria,
  – ii) scoring system,
  – iii) scores for each individual plant

• **Plant-level data** with the largest coverage possible (beyond the yards in the White list) including activity and capacity figures.

Current data collections efforts (2/2)

• In order to relate policies to changes in the industrial structure and the evolution of industrial performance:
  – Creation of a dataset with the **policy changes over time** — time span equivalent to the data on firm performance.
Thank you for your attention