LARGE PROJECTS IN QUAKE-STRICKEN AREAS AFTER THE SICHUAN EARTHQUAKE

Fan Xiao

The Sichuan Earthquake that occurred on May 12th, 2008, caused severe damage to many large projects, brought about secondary disasters, and had serious impacts on the environment. China needs to draw profound lessons from the disaster and reflect on its heavily invested reconstruction scheme. The goal is to fulfill the task in a manner that is people-oriented, balanced, scientific, and that respects the laws of nature.

Key words: 5.12 Sichuan Earthquake, hydropower project, heavy chemical industry, environmental impact, post-disaster reconstruction

I. Pre-Quake Conditions of Large Projects in Longmen Shan, Western Sichuan, and the Neighboring Areas

During the several years prior to the May 12th, 2008, Sichuan Earthquake (also known as the 5.12 Earthquake), China was experiencing unprecedented growth in its GDP and a rapid increase in investment in state-funded large construction projects. This resulted in a surge of hydropower projects, heavy chemical projects, and industrial parks.

A. Hydropower Projects

An example of the abundance of hydropower projects can be seen in Southwestern China. The rich water resources in almost all river basins and tributaries there have been exploited by companies big and small. Tax revenues are controlled by different levels of government, ranging from provincial and city levels to county and township levels. The development follows the cascade model, namely, reservoir power stations are built one after another like a cascade, with no part of the river untouched.

B. Heavy Chemical Projects

Thanks to the significant contribution to GDP growth by heavy chemical projects, and the implementation of a production value-added-tax
(VAT) in China’s current fiscal and tax system, these projects generate much larger tax revenues than other projects with the same amount of investment. Hence, the heavy chemical industry has become an important sector for local governments to enlarge their base for local taxation. Since 2003, a “fever” in developing heavy chemical projects has swept across the nation. Driven by financial returns, local governments have competed to develop heavy chemical projects as government-invested pillar projects. This is in spite of the heavy strain on resources and the environment, the inability to create more job opportunities than other projects, and the over-consumption of energy, arable land, and fresh water, that these projects are causing. The following is a description of the pre-quake conditions of heavy chemical projects in Sichuan and Chongqing, both of which are located in the upper reaches of the Yangtze River.

1. Chengdu Plain, Sichuan Province
As early as 1988, Sichuan planned to transfer crude oil from Xinjiang Autonomous Region and build an oil refinery in the province. With numerous revisions, the plan kept growing larger. According to Chengdu’s city government plan, the Pengzhou City Mega Petrochemical Project (四川彭州建设巨型石化城) will include two ethylene plants, with an annual capacity of 800,000 tons for the first plant and one million tons for the second, an oil refinery with an annual capacity of 22 million tons, and an aromatic hydrocarbon plant with an annual capacity of one million tons.1 Covering an area of 15.3 square kilometers, the entire project is expected to be completed by 2020 with a total investment of nearly 80 billion RMB. The first ethylene plant was approved by the National Development and Reform Commission (NDRC) on December 13th, 2005 and its foundational stone was laid in Pengzhou on February 28th, 2006. It is reported that the NDRC officially approved the construction of the oil refinery with an annual capacity of 10 million tons on April 21st, 2008, in the Official Reply to Approve the 10-million-ton Oil Refinery in Sichuan (Fagai Gongye 2008 No. 961) (关于四川 1000 万吨/年炼油项目核准的批复 (发改工业 (2008) 961号)).