

**Third Party Evaluator's Opinion on
Shanghai Baoshan Infrastructure Improvement Project (1)(2)**

Xie Yingxia
Director, Senior Engineer
China Academy of Urban Planning and Design

[Port]

Relevance

The project accords with national development stratagem of striving Shanghai to international shipping center, and is consistent with the goals of the current tenth national five-year plan (2001-2005) and Shanghai's tenth five-year plan, which enhanced the construction of berths of coastal port of Shanghai, enhanced the completion of coastal transportation system through priority layout and adjusting structure of berths, and construction and improvement of berths. The project granted a great achievement and remains highly important in that accommodates the demand for coal, iron ore etc. The project has contributed to the economic development of Shanghai. The production lines of Baoshan Iron and Steel Corporation were built since the coal and iron ore were increased through the berth construction. The project plays the role in terms of economic benefit of Baoshan Iron and Steel Corporation and Shanghai city. Demand of construction berths is still tremendous. The cargo handling capacity was predicted to reach 4.5 billion Tons for whole coastal ports until 2010 by department of shipping transport. The raw and other materials handling demand in this district was predicted too large since inadequate transportation for coal, crude oil and raw ore etc. Therefore, the expansion of the handling capacity is necessary. These reasons make Evaluator convinced that the relevance of the project at present time is as strong as that of the time of appraisal.

Impact and Sustainability

Doubtless, the implementation of the project brought great benefits in terms of social and economic, but the environmental problem must be emphasized, normally there are some environmental problems in cargo handling in China which were not to be solved. The sustainability of the project benefit seemed secured for a short period, but is challenging for future time. One issue has to be concerned that the construction of Yangshan Port is near to Shanghai and is part of Shanghai Port and has been building since 2002, so that some transportation volume of this area may be taken apart in the future, there may be some changes between the supply and demand of berths. So it is necessary that the function division and coordination between the ports after Yangshan Port completed in near future. Another matter, the development of the port may be limited since the level of water is not deep enough in Shanghai bay. Overall, the project has been met government's relevance and priority, has been implemented efficiently, and has brought benefit to many people and many fields, but the project benefit's sustainability remains as a challenging issue in the future.

[Power Plant]

Relevance

The electric inadequateness has been a serious issue in China since 2003, and Shanghai and east part of China are one of the most serious areas. The average level of electricity consumption per person in China is lower than world's average. The power generation was predicted to reach 3.092 trillion KWh, and increase at an average rate of 6% a year, and generating unit was predicted to reach 680 MWh in next five years in China. The power supply/demand situation will be serious, so the project objectives were the priority national needs in China. The project objectives, overall goals are in line with the priority needs at present time as well as that of time of appraisal.

But, the project is not consistent with the national current policy and plan. The Tenth five-year plan mentioned that 1) the structure of power resource would be adjusted further during the five years, 2) the small coal thermal power plant would be reduced, and 3) the new thermal power plant that used coal as fuel would be restricted especially in coastal areas. These

policies will be sustained for next five years. Nation will control the construction of small coal thermal power plant.

Impact and Sustainability

The effectiveness of project promotes the growth of industrial and agricultural production and gain economic benefit. Negative impact is the environment problem. Although Ex-post evaluation report commends, “the current situation indicates that measures have been taken to minimize negative impact on the environment” and “There is no negative impact on fisheries in the surrounding area”, environmental problem is still a serious issue in Shanghai region. Especially for sulfate pollution, the acid rain have been appeared in Shanghai frequently since the air is polluted by sulfa substance, which express that the atmosphere of Shanghai is not as well as the other regions. The environmental capacity is limited in this region so that the sustainability of the project is restricted also. In order to control pollution, the total emission amount of sulfate has to be reduced, the coal consumption amount has to be cut down. In my opinion, the hydroelectric power and oil power plant should be developed priority than coal thermal power plant, and thermal power plant that used coal as fuel should be limited in the important area especially in Shanghai.

On the other hand, the nation is going to put stratagem of “constructing national power net and translating electricity from western to eastern” into effect. One of the main power net routes is under construction and will link up the middle part and east part of China in near future, as the hydroelectricity coming from tributary of Yangzi river will be transferred from western to the eastern by this route. The power contradiction between the supply and demand will be solved partly in this area in near future.

The project benefit’s sustainability may be affected by these elements and will be facing a great challenge in the future.