

JBIC SUPPORTS ANTI-POLLUTION EFFORTS AND INLAND DEVELOPMENT IN CHINA

-- 197,197 Million yen ODA Loans in FY2000 --

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1. Japan Bank for International Cooperation (JBIC; Governor: Hiroshi Yasuda) provided a total of 197,197 million yen for 23 projects as ODA loans to the People's Republic of China in fiscal 2000, and signed new loan agreements today. This brings JBIC's cumulative ODA loan commitments to China to 283, totaling 2,667,909 million yen.
 2. This fiscal year marks the 20th anniversary since the first ODA loan was extended to China in April 1980, following the statement made by then Prime Minister Ohira in 1979 expressing Japan's willingness to cooperate with China's modernization efforts. ODA loans to China have been extended based on a "round" system in which commitments are made for a multiple-year period in line with the China's 5-year economic plans. Thus ODA loans provided for this fiscal year correspond to the final year segment of the 4th round (the latter 2 years) of the ODA loan package in November 1998. This package was agreed on at a summit of the Japanese and Chinese leaders when Chinese President Jiang Zeming made an official visit to Japan. In the 4th round ODA loan package, it was agreed that priority would be given to environment and agriculture as well as to support of inland development to reduce regional disparities. The two governments have also agreed that a total of 390 billion yen would be provided in the two-year period of fiscal 1999 and 2000. From fiscal 2001, the round system will be replaced by a new system under which projects to be financed will be agreed on annually based on the long list, or the list of projects planned in the coming years.
 3. The following are highlights of this year's ODA loan commitments.
 - (1) Support for anti-pollution measures Of the 23 ODA loan commitments, 20 (87%) are for the environmental pollution control projects. The "Environmental Model City Project (2)", among others, set up desulfurizing equipment and natural gas stations and put in place anti-plant pollution measures in individual target cities, with an eye to improving each region's environment. Following these successful experiences as good models, environmental measures and methods are expected to be applied in other cities in China as well.
 - (2) Support for preventing desertification China's forest resources, which were scarce in the first place, have been badly damaged by reckless logging and disorderly reclamation brought about by rapid economic growth and population increase in recent years. As a result, their water retaining ability has declined, giving rise to various problems and disasters including the Yellow River to dry up in the lower reaches and the flood damage along the Yangtze River in 1998. The newly signed ODA loans will help implement afforestation projects to expand the vegetation coverage, as well as other projects that will develop water-saving irrigation, thus providing support for preventing desertification and soil erosion. This financing is also expected to help target regions escape from the poverty-ridden status by boosting agricultural output.
 - (3) Support for inland region development Of the 23 ODA commitments, 15 were earmarked for inland region development projects. Since the 1980s, the economic development of China has been driven by the robust economic growth of the coastal region. However, the inland region has lagged behind due to the geographical factor and delayed infrastructure development. This is in part responsible for the eruption of such social issues as population inflow into the coastal areas and a widening income gap. JBIC's ODA loans for water resources control and development and railway construction are thus expected to contribute to narrowing the gap between the coastal and inland regions.

(See Appendix for details.)

1. Loan Amount and Conditions

Project Name	Amount (Mil. yen)	Interest Rate (%/Year)		Repayment Period/ Grace Period (Years)		Tying Status	
		Goods and Services	Consulting Services	Goods and Services	Consulting Services	Goods and Services	Consulting Services
Guiyang Environment Model City Project (II)	8,169	0.75**	0.75**	40/10	40/10	Bilateral Tied	Bilateral Tied
Dalian Environment Model City Project (II)	3,202	0.75**	-	40/10	-	Bilateral Tied	-
Chongqing Environment Model City Project (II)	3,289	0.75**	0.75**	40/10	40/10	Bilateral Tied	Bilateral Tied
Shenyang Environmental Improvement Project (II)	6,196	0.75**	-	40/10	-	Bilateral Tied	-
Tianjin Wastewater Treatment Project	7,142	0.75** 1.3* (South-East Suburb)	-	40/10 30/10	-	Bilateral Tied General Untied	-
Dalian Water Supply and Wastewater Treatment Project	7,142	0.75** (Wastewater Treatment) 1.3* (Water Supply)	-	40/10 30/10	-	Bilateral Tied General Untied	-
Changsha Water Supply Project	4,850	1.3*	-	30/10	-	General Untied	-
Yingkou Water Supply Project	2,504	1.3*	-	30/10	-	General Untied	-
Tangshan Water Supply Project	2,841	1.3*	-	30/10	-	General Untied	-
Shaanxi Loess Plateau Afforestation Project	4,200	0.75**	-	40/10	-	Bilateral Tied	-
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Inner-Mongolia Loess Plateau Afforestation Project	3,600	0.75**	-	40/10	-	Bilateral Tied	-
Zipingpu Multi-Purpose Dam Construction Project	32,199	1.3* (Generating Equipment) 1.8 (Others)	0.75**	30/10	40/10	General Untied	Bilateral Tied
Gansu Water-Saving Irrigation Project	6,000	1.3*	-	30/10	-	General Untied	-
Xinjiang Water-Saving Irrigation Project	14,400	1.3*	-	30/10	-	General Untied	-
Chongqing Urban Railway Construction Project	27,108	0.75**	0.75**	40/10	40/10	Bilateral Tied	Bilateral Tied
Shuoxian - Huanghua Railway Construction Project(IV)	11,581	1.8	-	30/10	-	General Untied	-
Heilongjiang Heihe-Bei'an Road Construction Project	12,608	1.8	0.75**	30/10	40/10	General Untied	Bilateral Tied
Shandong Tai'an Pumped Storage Power Station Project	18,000	0.75**	0.75**	40/10	40/10	General Untied	Bilateral Tied
Hubei Small-sized Hydropower Project	9,152	0.75**	-	40/10	-	General Untied	-
Gansu Small-sized Hydropower Project	6,543	0.75**	-	40/10	-	General Untied	-
Liaoning Television and Radio Infrastructure Improvement Project	3,210	1.8	-	30/10	-	General Untied	-
Wuhan Urban Railway Construction Project	2,894	0.75**	-	40/10	-	Bilateral Tied	-
Total 23 Projects	197,197						

* Interest rate for standard environmental project

** Interest rate for special environmental project