

# User-Pay System in Sea Use Law of China

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### Topics of this presentation

- Background: Environmental problems in China
- Sea Use Law (property rights & user fee)
- Implementation of the Law
- Results: Impact of the Law
- Future work



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### BACKGROUND: Economy is good, but . . .



Port development



**Fisheries** 



**Tourism** 

http://www.yslme.org



Photo: UNDP/GEF, 2007

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# Environmental quality is degrading.







**Pollution (excess nutrients)** 

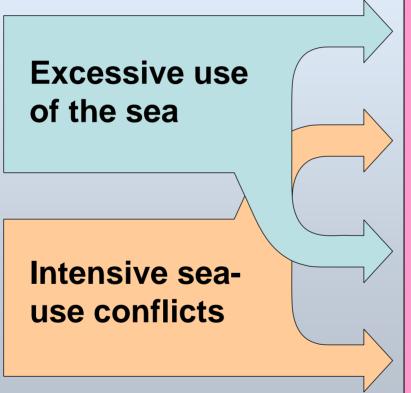
Photo: UNDP/GEF, 2007

http://www.yslme.org



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### **Environmental problems in China**



- Pollution
- Ecosystem degradation
- Fishery resources reduced
- Natural landscape destroyed
- Disaster prevention capacity reduced



Source: Li, 2006



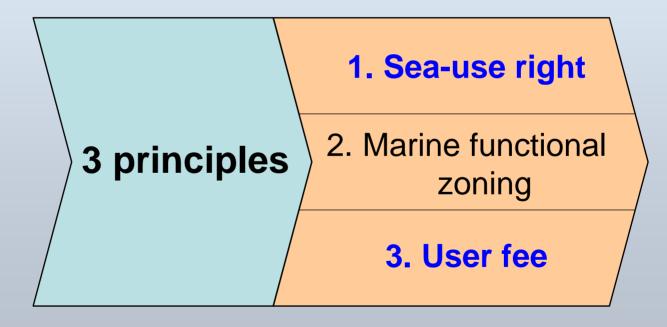






### "Law on Management of Sea Area Use"

 To mitigate environmental problems (Promulgated, Jan 2002)





Source: Li, 2006

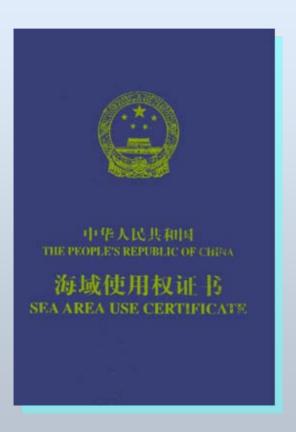








### Sea-use right: Certificate



海城属于国家所有。因务院代表国家行徒为

利受法律保护。任何单位和个人不得侵犯。

一横白《中华人民共和国海域使用管理法》

The sea areas are owned by the State and the State Council holds the ownership on behalf of the State.

Any entity or individual that intends to use the sea areas has to acquire the sea area use right according to

The applicants shall obtain the sea area use right from the date of receiving the certificate.

The rights of making use of the sea area and profiting from it in accordance with the law by the owner of the sea area use right shall be protected by the law and may not be infringed upon by any entity or

-Extracts from the Law of the People's Republic of China on the Management of Sea Area Use

Certificate No.

中华人民共和国

THE PEOPLE'S REPUBLIC OF CHINA

海域使用权证书

SEA AREA USE CERTIFICATE

国家海洋局印制

State Oceanic Administration



Photo: UNDP/GEF, 2007

http://www.yslme.org



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### **User fee**

- Unified standard for sea area use fee
- According to 6 categories and usage of sea area
- Mostly based on land value (e.g. Fee = 30% of land value)
- Bidding/auction introduced
- 30% of fee → State Gov.
   70% of fee → Local Gov.







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### Standard fee (example)

Class/ usage	1st	2nd	3rd	4th	5th	6th	Levy
Reclam ation <sup>1</sup>	180	135	105	75	45	30	One time
Port	0.75	0.60	0.45	0.30	0.21	0.15	
Beach	0.45	0.36	0.30	0.21	0.15	0.06	Every
Playgr ound	2.25	1.65	1.20	0.81	0.51	0.30	year
Maricul ture		Standards are set by province.					



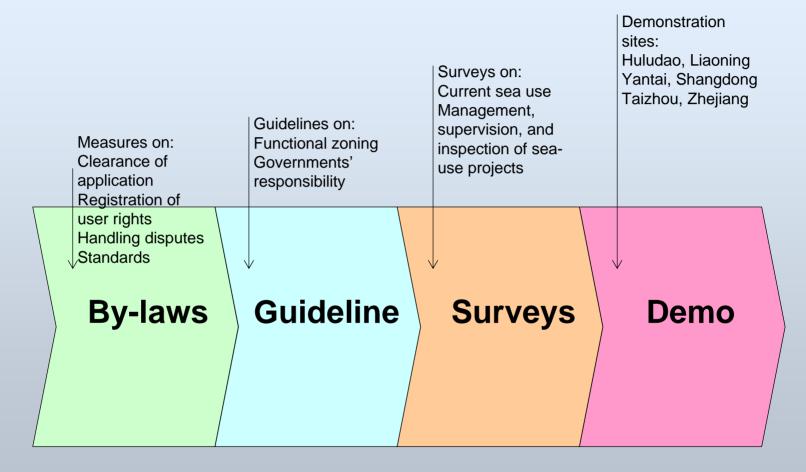
Unit: 10 thousand Chinese Yuan/ha Note: <sup>1</sup> Reclamation for construction

Source: SOA, 2007



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### Implementation of the Law





Source: Li, 2006







### Impact of the Law

**Excessive use controlled** 

- 40,000 certificates issued<sup>1</sup>
- 1.1 million ha covered
- 3.5 billion
  Yuan
  collected<sup>2</sup>

Distribution of marine resources optimized

Sea-use conflicts alleviated<sup>3</sup>

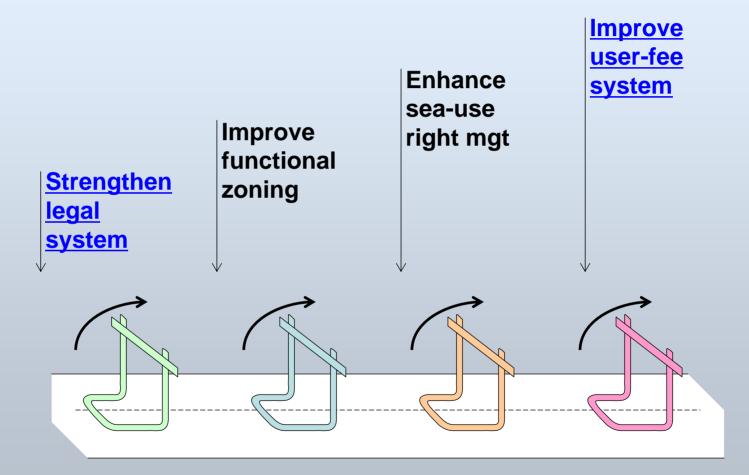






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### **Future work**





Source: Li, 2006

http://www.yslme.org











### Future work (cont.)

- Strengthen legal system
  - Prepare supporting regulations and by-laws (e.g. regulation on sea-use fee collection and on conflict resolution)
- Improve user-fee system
  - Charge based on scientific assessment, not land value













### Improve user-fee: Efforts being made

- The first value assessment in Shandong Province was carried out for the "cargo field backfill project in the eastern part of Lan Shan Port (this port locates in Rizhao)" in Feb. 2004.
- Beijing De Xiang Asset Assessment Co. Ltd carried out this assessment. More than ten experts (majored in marine resources, marine engineer, port and navigation, land management and asset assessment) took part in this assessment.
- The sea area use fee for 735 mu (1/15 ha) is 83,435,900 Yuan.
- Relevant government agencies approved this assessment on Jun 30, 2004.



Source: Hycflt.com, 2007



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### Conclusion

- Introduced <u>sea-use right & fee system</u> to address excess use of marine resources.
- Based on the law and marine functional zoning.
- By-laws and guidelines prepared for smooth implementation of the system.
- Surveys and demonstration activities conducted.
- As a result, <u>excess use controlled & conflicts alleviated</u>.
- However, there is a need to strengthen legal system & to improve user-fee system.











Thank you!













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