

China applies green index to foreign investment

China will add an environmental protection index and a land-use intensity index to the evaluation of foreign-funded enterprises so foreign capital can be used more effectively, the Foreign Investment Office of the Ministry of Commerce (MOC) said Friday.

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The environmental protection index will include capital input in the areas of environmental protection, annual sulfur dioxide emission and chemical oxygen demand. These factors will have to be considered by regional economic planners when approving foreign-funded enterprises.

According to a joint statement from the MOC and Ministry of Environmental Protection issued on February 3, foreign-funded companies will have to provide assessments from local environmental protection departments.

These moves are intended to tighten scrutiny of energy-intensive and polluting facilities funded by foreign investments, the MOC said.

The land-use index will include gross fixed-asset investment and the total area of land used, as well as a breakdown of how that land is used - for example, for buildings, residential facilities or "green" areas.

The MOC urged local governments Thursday to consider several factors when approving foreign investment, including the investment environment, overall quality, industrial upgrading, innovation, energy conservation and environmental protection and ethical issues.

Foreign direct investment (FDI) in China was \$7.5 billion in January, down 32.7 percent year-on-year, the fourth consecutive month of decline. China used \$108.3 billion of FDI in 2008, up 29.7 percent.

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