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General Energy Issues

Coal producers eyeing China for export growth

January 22 (China Daily) - As the financial crisis squeezes global demand for coal, foreign coal producers are seeing potential opportunities in China, and chief among them is Vietnam.

Lin Huijiang, a senior coal trader, told 21st Century Business Herald that his company will import 3,000 tons of coal from Vietnam soon and its import volume in 2009 would exceed one million tons.

Lin said the major markets for Vietnamese coal exporters are Guangdong province and Guangxi Zhuang autonomous region in South China, which account for 80 percent of their coal exports.

In 2009, Vietnam is planning to export over 19.5 million tons of coal out of the country's total coal output of 41 million tons, a Vietnamese newspaper reported.

At the annual coal prices negotiation conference recently, China's five leading power companies failed to reach an agreement with coal miners on next year's annual supply contracts.

A gap between China's domestic coal prices and international prices has attracted some foreign coal companies. Although both have been declining, internal coal prices are relatively higher than international ones.

At Qinghuangdao port, price of 5500-kilocalorie quality coal from Shanxi province reached 570 to 590 yuan per ton on Jan 8, 2009.

However, price of 5400-kilocalorie coal from Vietnam was 550 yuan per ton and price of the same coal from Indonesia was 520 yuan per ton, according to figures from Guangzhou port.

An expert at China Electricity Council, who declined to be named, said although exported coal prices at Guangzhou port are competitive, because many Chinese coal power plants are located in Northern areas, it would cost more if transport cost is included.

He said coal imported from Indonesia and Vietnam wouldn't influence the Chinese market very much in the short term.

An official from China Coal Energy Co Ltd said foreign countries' expansion of coal exports to China would have a small impact on Chinese coal enterprises, but it would be a threat when they set up plants in China.

He said the government will carry out certain policies to balance coal exports and imports if foreign coal enterprises increase their coal exports to China.

Wang Guangju, an analyst at Huatai Securities, predicted that the surplus of coal in China would exceed 350 million tons in 2009.

Huang Shenchu, president of the Beijing-based China Coal Information Institute (CCII), said due to impacts of the economic meltdown, the decreasing coal prices in China and across the global are unlikely to be reversed in 2009.

Wang said if China's GDP go back to 9 percent, China's coal supply and demand would be balanced until 2010.

High coal prices to bleed Huadian

January 14 (China Daily) - Huadian Power International Corp Ltd said in an earnings alert to shareholders that it expects a loss for 2008 due to the big increase in coal prices during most of the year.

The company, the listed arm of the country's top power generator China Huadian Corp, gave no specific figure for its loss, only saying that in 2007 it made a profit of 1.2 billion yuan.

"Compared with 2007, thermal coal prices have seen continuous significant rise in 2008. Although the government raised the electricity price twice in the year, it still cannot cover our increase in production cost," Huadian said in a statement to the Shanghai Stock Exchange.

Although most analysts have expected a bad year for China's power generation companies, Huadian was the first among the nation's top five to issue an earnings alert.

The company said in a separate statement that it produced 100.68 billion kWh of electricity in 2008, up 27.12 percent from a year earlier.

Xue Jing, director of the department of statistics and information under China Electricity Council, earlier told China Daily that China's power companies are expected to post a combined loss of 70 billion yuan in 2008.

Escalating coal prices in 2008 have plunged many domestic power companies into the red. These companies were further hit by a drastic fall in demand after the global financial crisis dragged major world economies into a recession.

Analysts predicted that 2009 will be better for China's power companies. "Coal prices have plunged since late last year," said Han Xiaoping, an energy analyst with Beijing Falcon Pioneer Technology Co.

China's five leading power companies have failed to reach agreement with coal producers in drawn-out negotiations on annual supply contracts for 2009. The top five power companies are China Huaneng Group, China Datang Corp, China Guodian Corp, China Huadian Corp and China Power Investment Corp.

Analysts said that coal prices at Qinhuangdao port, a Chinese benchmark in 2009, will be around 400 yuan per ton on average, down by 40 percent from 2008.

Chinese electricity consumption in 2008 rose by only 5.23 percent year on year, the lowest annual growth rate since 1998, according to the China Electricity Council.

The growth rate is 9.57 percentage points lower than 2007 levels, said the association. Total power consumption stood at nearly 3.43 trillion kWh over the full year.

Power Investment Corp plans Hunan, Guangxi nuke plants

January 10 (China Daily) -- China Power Investment Corporation, one of the country's five leading power generating companies, will

accelerate preparation for two nuclear power projects in Hunan and Guangxi, respectively.

The company signed an agreement with the Hunan provincial government on Jan 8, under which both parties will further boost their preparation work on the construction of the Xiaomoshan nuclear project.

Located in the Yueyang city, only 2 km next to the Yangtze River bank, the project is ideal in terms of geographic facilities, said the company. It is designed to have four 1,000-megawatt reactors, with the first phase containing two.

China Power Investment will also invest 60 billion yuan in the development of other power facilities in Hunan.

The second nuclear power plant will be located in Pingnan in southeastern Guangxi. Local media reported that total investment of the Guangxi project is expected to reach 50 billion yuan. It is designed to have four 1,000-megawatt reactors.

The Hunan and Guangxi projects are still up to approval from the central government and would likely be China's first batch of inland nuclear projects, said a company official who asked not to be named.

Besides the two projects, the company is also doing preparation work for nuclear projects in Hubei, Jiangxi, Jilin, Chongqing, Henan and some other regions, the official said.

As one of China's top five power companies with the most nuclear assets, China Power Investment now holds stakes in eight nuclear power stations, five in operation and three under construction, according to its website.

By the end of 2007 it had nuclear power assets with total capacity of 1,350.8 megawatts, accounting for 3.01 percent of the company's total power capacity.

Compared with coal-fired power, nuclear power is much more energy-efficient and environmentally friendly. More companies will enter the field to develop the clean energy, said Fu Manchang, a nuclear analyst.

China now has 11 nuclear reactors in operation, with a combined capacity of 9,080 megawatts.

Shares continue rally, coal in demand

January 7 (China Daily) -- Mainland stock market continued rising yesterday as coal shares surged, banks were supported by a solid earnings estimate from Pudong Development Bank, and leading property developer Vanke gained on December sales data.

The Shanghai Composite Index, which climbed 3.29 percent on Monday, ended Tuesday up 3 percent at 1937.145 points, just off the day's high of 1938.96.

Turnover in Shanghai A shares expanded to an active 68.7 billion yuan from Monday's 46 billion yuan.

"The index still faces resistance around 2000 points, so it might consolidate now above 1900. Sentiment has improved," said Zhou Lin, analyst at Huatai Securities.

Cao Xuefeng, analyst at Western Securities, said the index might test 2100 points, its peak in December, before Chinese New Year in late January.

But Zhou and other analysts said a sustained rally remained unlikely before the release of December economic data, which is due in mid-January and is expected to be poor.

Another worry for the market is the possibility of a resumption of initial public offers, which could worsen the supply-demand balance. Regulators have essentially halted IPOs in recent months as a means of supporting the market, but an extended market rally might prompt the ban to be lifted.

Coal producers outperformed for a second straight day on recent strength in domestic coal prices and the surge in global oil prices fueled by tensions in the Middle East. Shenhua Energy jumped 7.84 percent to 19.66 yuan after climbing 3.99 percent on Monday.

One industry analyst noted a rumor that Shenhua had signed an annual supply contract

with Shenzhen Power at a price 8 percent higher than last year's.

HSI 0.4% lower

Hong Kong shares fell 0.4 percent yesterday, snapping a three-day, 9 percent rally, as investors locked in gains on telecom stocks on talk that the much-awaited 3G licences may be issued as early as today.

But sharp gains in local property counters, due to a significant improvement in December 2008 home sales as compared with the previous month, offset some of the losses on the broad market.

The Hang Seng Index ended 53.8 points lower at 15509.51 after opening 0.3 percent higher.

Mainboard turnover rose to HK\$53.9 billion from HK\$49.4 billion on Monday.

The China Enterprises Index of top locally listed mainland firms fell 0.4 percent to 8644.51.

China's energy product imports grow slower

January 28 (China Daily) -- Growth in China's energy product imports slowed down in the first 11 months of 2008, partly due to the effect of the global economic downturn and price fluctuations in the international markets, General Administration of Customs said on Wednesday.

Between January and November, China bought from abroad 240 million tonnes of energy products, a growth of 3.7 percent on the same period of 2007. The growth rate was 9.7 percentage points lower than the year-earlier level.

The imports were valued at US\$158.6 billion, up 74 percent.

The total arrivals included 164.52 million tonnes of crude oil, up 9.5 percent, 35.22 million tonnes of refined oil, up 13.1 percent, 2.15 million tonnes of liquefied petroleum gas (LPG), down 43.6 percent, 3.14 million tonnes of liquefied natural gas (LNG), up 18.1 percent, and 38.11 million tonnes of coal, down 18.4 percent.

Of the total imports, 54.9 percent came from Asia, and 30.8 percent from Africa.

Power firms shop overseas for cheap coal

January 24 (China Daily) -- China's major power generating companies are planning to buy more coal from overseas markets, as high domestic coal prices have cut their profit margins significantly.

The country's main power generators, including China Huaneng Group, China Datang Corp, China Guodian Corp, China Huadian Corp, China Power Investment Corp and China Resources Power Co, are contacting coal producers in other countries. They're planning to hold a conference for coal contracts after the Chinese Lunar New Year, celebrated on Jan 26, reported China Times, citing an executive with one power company.

"We are now talking with coal companies in Australia, Indonesia, Russia and Mongolia to secure stable coal supply," said the executive, who declined to be named.

In the first half of 2008, the sharp rise in domestic coal prices put many power companies into the red.

Xue Jing, director of the statistics department at the China Electricity Council, earlier told China Daily that China's power companies may incur 70 billion yuan losses in 2008 due to rising fuel costs and lackluster electricity demand.

"Although now the coal price has seen a sharp drop compared with last summer, we are still under big pressure," one source with China Huaneng Group told China Daily.

He said in past years Huaneng has imported some coal from foreign companies, but the amount was "not very big".

The company is now considering some investments in overseas coal mines, such as in Australia, he said.

To cope with the rising prices of raw material, Huaneng is eyeing abundant coal reserves in western China to increase its coal production, he

said. For instance, the company plans to take part in some coal projects in Shaanxi, Ningxia and Xinjiang.

China's leading power companies have failed to reach an agreement with coal miners on coal supply contracts in 2009 as they are unwilling to concede to the miners' demands for higher prices.

Coal companies were set to sell 840 million tons to power producers at the annual coal contract negotiations. However, only about half of the coal offered by the miners was sold, said an official with China Coal Transport and Distribution Association, who declined to be named.

China industrial output rises 12.9% in 2008

January 22 (China Daily) -- China's industrial output rose 12.9 percent year on year in 2008, 5.6 percentage points lower than the previous year, the National Bureau of Statistics (NBS) said Thursday.

Industrial output increased 5.7 percent in December, compared with the 5.4 percent growth in November.

Among industrial enterprises each with an annual sales income of at least 5 million yuan (\$731,283), industrial output of the state-owned enterprises and share-holding companies went up 9.1 percent and 15 percent respectively.

That of the companies funded by foreign investors or investors from Hong Kong, Macao and Taiwan was up 9.9 percent.

By sector, industrial output rose 13.2 percent for the heavy industry and 12.3 percent for the light industry.

NBS statistics showed total profits of the country's industrial enterprises reached 2.4 trillion yuan in the first 11 months last year, up 4.9 percent compared with the same period in 2007.

Of the total 39 industries, 31 of them reported year-on-year profit growth. Five industries took the lead, including petroleum and natural gas exploitation, mining and washing of coal,

manufacturing of transportation equipment, manufacturing of raw chemical materials and chemical products as well as smelting and pressing of ferrous metals.

Automobile and Transportation

China to subsidize use of energy-efficient vehicles

January 27 (China Daily) -- BEIJING -- China is to promote the use of energy-efficient and new-energy vehicles in public sector in 13 cities, the Ministry of Finance (MOF) said here Monday.

According to a joint statement by the MOF and the Ministry of Science and Technology, the central government will offer one-off subsidy for the purchase of mixed-power, electric and fuel-cell vehicles.

The statement said the subsidy will be decided by the gap between the prices of energy-efficient vehicles and automobiles powered by traditional fuel.

The program will be put into trial in public transport, taxi industry, postal and urban sanitary services in 13 cities including Beijing and Shanghai.

The program is aimed at facilitating the technology upgrading and structural optimization of the automobile industry, said the statement.

Local governments should also allocate funds for the building and maintenance of related facilities, said the statement.

Top 3 Chinese automakers take 48.7% of domestic market

January 27 (Xinhua) -- The top three Chinese automakers in terms of sales volume took 48.7 percent of the domestic market in 2008, up 1.8 percentage points year-on-year, the China

Association of Automobile Manufacturers (CAAM) said in a report.

Shanghai Automotive Industry Corporation (SAIC), China First Automobile Works Group Corporation (FAW Group) and Dongfeng Motor Corporation sold a total of 4.57 million automobiles last year, according to the CAAM.

SAIC's sales volume rose 10.72 percent year-on-year to 1.72 million units in 2008. Its growth rate was 3 percentage points higher than the nation's average. SAIC-GM-Wuling and Shanghai Volkswagen, two joint ventures of the SAIC, sold the most passenger vehicles and the second largest amount of sedans, respectively.

The top sedan seller was FAW-Volkswagen, a joint venture between the FAW Group and German automaker Volkswagen, which sold 499,000 sedans in 2008. The FAW Group sold more than 1.53 million vehicles in total, up 6.75 percent. Its sales revenue is estimated to grow by 8.8 percent to 218 billion yuan (\$318 billion) in 2008.

Both the sales volume and sales revenue hit a new high for the FAW Group since it was established in 1953.

Among the three automakers, Dongfeng Motor witnessed the fastest growth. Its sales volume rose 16.12 percent year-on-year to 1.32 million units in 2008, which surpassed the country's average growth rate by 9.42 percentage points.

Dongfeng Motor's sales revenue is estimated to increase by 15 percent to 190 billion yuan in 2008.

Autos: Dongfeng cuts 2009 sales target

January 23 (China Daily) -- Dongfeng Motor Corp, the parent of Dongfeng Motor Group, has drastically lowered its sales growth target for 2009 to 6 percent compared with the achieved growth rate of 16 percent in 2008.

China's third-largest automaker is expecting to sell 1.4 million vehicles in 2009, said Xu Ping, general manager, Dongfeng Motor, in the official Shanghai Securities News. It sold 1.3 million units in 2008.

Japanese automakers Honda Motor, Nissan Motor and French carmaker PSA Peugeot-Citroen are major partners of Dongfeng, which does not have self-developed car models, but relies on foreign brands to attract customers. The company outsold General Motors in China, thanks to the introduction of various new models by its Japanese partners.

Unit sales of vehicles in China, the world's second-largest market after the US, totaled 9.38 million last year, just short of the earlier target of 10 million. The single-digit growth was the lowest in 10 years.

To attract car buyers back into showrooms, the government announced last week a 15 billion yuan package that included halving the auto purchase tax for cars with engine sizes below 1.6 liters.

Despite government efforts to stem the decline, analysts warned that the measures have failed to address the core problem.

"The measures are weaker than our expectations in terms of both scope and scale," Kate Zhu, analyst, Morgan Stanley, said in a report. "Although we agree this plan can partially offset declining demand, it will be difficult to completely reverse market sentiment."

Some smaller Chinese automakers, however, have set more aggressive growth targets for 2009, banking in part on policy support to boost demand for pick-up trucks and small cars.

Great Wall Motor Co and Geely Automobile Holdings Ltd, which make mostly pick-up trucks and compact cars, are expecting a nearly 70 percent jump in sales this year.

China's auto industry gets a shot in the arm

January 15 (China Daily) -- Sales tax on vehicles with engines of less than 1.6 liters will be halved and exchange of old vehicles for new ones with smaller engines subsidized to boost the auto industry.

A total of 5 billion yuan (\$731.45 million) will be set aside for the subsidy to be given to farmers. And sales tax will be cut from 10 percent to 5 percent from Jan 20.

The stimulus package for the country's auto industry, the third largest in the world, was announced by the State Council Wednesday after its sales growth fell to a 10-year-low of 6.7 percent last year.

The package is expected to boost the steel industry and designed to promote fuel-efficient and low-emission vehicles, too.

"In order to adjust and revive the auto sector, we must implement a proactive consumption policy to stabilize and boost auto demand," the State Council said.

"Any unreasonable rules" hampering auto sales would be removed in order to spur demand.

The government said it would support the alternative-energy vehicle sector by promoting the mass production of electric-powered cars in big and medium cities.

In the next three years, the government will provide 10 billion yuan (\$1.5 billion) to automakers to help upgrade their technology and develop alternative energy vehicles.

The move, likely to benefit more than 80 auto- and steel-related firms in Shanghai and Shenzhen, is part of a series of industry specific policies to stimulate the economy.

The government is expected to release supportive policies for eight other industries, including shipbuilding, petrochemicals and textiles, in the next few days.

Analysts said the package announced Wednesday would help the two pillars of the national economy immensely. "The wide-ranging supportive measures will certainly give the auto industry a shot in the arm," said Jia Xinguang, a Beijing-based auto analyst.

"But it's hard to say how big an impact it would have in the short term", he said.

About 9.38 million vehicles were sold in the country last year against a target of 10 million.



The slump in demand saw the combined January-November profit of the country's 19 biggest automakers fall 0.5 percent year-on-year to 65.6 billion yuan, China Association of Automobile Manufacturers (CAAM) said on Monday.

A quarter of the 45 carmakers tracked by the association failed to reach even half of their annual sales targets, CAAM said.

China mulls steel, vehicle support programs

January 13 (Xinhua)--- China's State Council, or the Cabinet, is expected to meet this week to discuss a support plan for the steel and vehicle industries, a spokesman of the country's top economic planning body told Xinhua Tuesday.

The official of the National Development and Reform Commission (NDRC) said, without elaborating, that a final government plan for these industries would follow the discussions.

According to a report in Tuesday's Shanghai Securities News, the NDRC met with industry associations and research institutes to discuss specific amendments to the proposal.

The plan sets a goal of 12 percent annual growth in car production and sales for each of the next three years, the newspaper reported, quoting the Ministry of Industry and Information Technology.

The plan might include measures concerning car purchase taxes and the recycling of used cars, the newspaper said. It added that sales taxes might be abolished on cars with engine capacities below 2 liters.

The vehicle and steel industries are among those China is trying to support amid the global economic crisis, according to the China Business News. Others include shipbuilding, chemicals, textiles, manufacturing and nonferrous metals, the Shanghai-based publication said on Tuesday.

China Business News quoted an unidentified government official as saying that these plans

were part of the 4 trillion yuan (\$586 billion) economic stimulus package issued last November.

The impetus for support plans comes from China's industry-wide overcapacity, which caused inventory build-ups and declining corporate profits, said Wang Yuping, an industry researcher with the NDRC.

Wang told the China Business News that industrial restructuring, which should include eliminating obsolete capacity and speeding up technological improvement, would be guidelines in the plans.

"Production capacity was expanded in good times, but a problem such as overcapacity can also occur in times outside of a financial crisis. The crisis and sagging demand just made the problem emerge sooner," Zheng Xianling, an analyst with the CITIC Group, told the paper.

Sales of domestically produced cars rose 6.7 percent year-on-year in 2008, a drastic reduction from the 21.84 percent growth rate in 2007, according to the China Association of Automobile Manufacturers.

R&D investment to help parts makers tide over crisis

January 15 (China Daily) -- China's auto parts industry is facing tough challenges as the economic downturn puts the brakes to the country's automobile sales growth.

This will add to the list of problems the sector already has to deal with, such as industry fragmentation, limited export channels and poor R&D capacities.

Purchase orders received by Chinese auto parts suppliers are decreasing sharply due to plunging demand from automobile manufacturers, company executives say.

"The orders our company receives have dropped 50 percent," said Hu Zhengzhi, board chairman of Shanghai Dayou Co Ltd, a plastic mould manufacturer for auto use.

Founded in 2004, the company once realized sales of 50 million yuan in its peak period. In 2008, it set up a branch in Beijing. However, due to the slack auto market, the company has had to suspend its expansion project in the city.

The number of auto part suppliers in China exceeded 10,000 in 2006, according to the National Bureau of Statistics.

Chen Wenkai, president of Gasgoo.com, China's largest automotive B2B marketplace, estimates 5 percent, or at least 500 auto part suppliers, will be bought out or eliminated.

In Zhejiang province where manufacturers of small-piece auto parts concentrate, many have stopped production or even gone bankrupt, according to China Business News.

"European and US vehicle manufacturers tend to order more low-cost auto parts from Chinese suppliers to maintain competitiveness," Chen said.

"Purchase of low-cost auto parts will increase from 23 percent in 2007 to 40 percent in 2010," said Xu Qingzhao, deputy director of purchasing at Peugeot-Citroen Asia.

But experts say Chinese auto parts firms should become more innovative.

"Chinese auto part suppliers should find more channels such as exhibitions and online trading to promote export," said Wen Jiaping, president of Beijing Renew Automobile Consulting Co Ltd.

Auto part exports reached 15.37 billion yuan during the first half of 2008, according to China Association of Automobile Manufacturers.

Foreign auto giants such as Ford plan to transfer production and research and development into China to reduce costs.

"Chinese auto part manufacturers should invest more in R&D to prepare for the opportunities," said Chen.

Auto giants report rising sales in China

January 13 (China Daily) -- Global auto giants reported rising sales in China, the world's

second-largest auto market, despite the gloomy picture in the global market.

The Detroit's "Big Three" auto makers -- General Motors, Ford and Chrysler -- experienced double-digit sales declines in the United States last year as the global financial crisis sapped demand. GM and Chrysler warned of collapses amid the crisis and got \$13.4 billion in government loan aid in December.

In contrast, two of the Big Three reported sales increases in the Chinese market.

GM said auto sales in China climbed 6.1 percent last year from 2007 to 1.09 million units. Its sales in the US market, however, contracted 22.7 percent in 2008.

Chrysler, whose US sales slumped 30 percent last year, saw its sales double in the Chinese market.

Ford Motors announced on Monday that it sold 306,306 vehicles in China in 2008.

However, Ford's joint venture, the Chang'an Ford Mazda Automobile Co, said car sales fell 5.9 percent last year from a year earlier. Total sales reached 204,334 vehicles, down from 217,100 units in 2007.

Europe's largest auto maker, Volkswagen AG, reported a 12.5-percent jump in China sales last year to exceed 1 million vehicles, building on its successful sponsorship for the Beijing 2008 Olympics.

Toyota Motors, the Japanese auto giant, sold 17 percent more vehicles in China last year. Its rival, Honda Motors, posted an 11.7-percent growth in 2008 in China.

Although auto giants closed out 2008 with outstanding performance in China, the country's auto market was not immune from a global industry recession.

Chinese auto makers reported a 6.7-percent rise in sales in 2008 compared with the previous year, the lowest rise in 10 years, China Association of Automobile Manufacturers said on Monday.

The industry group expected the growth rate of auto sales to drop to 5 percent this year as

consumer confidence waned with a slowing economy.

China's GDP slowed to 9 percent in the first three quarters last year, down sharply from 10.4 percent in the first half of 2008 and 11.9 percent for 2007.

The Chinese government was planning stimulus measures to boost the ailing sector.

It is speculated that the plan would include cuts on car purchase taxes and incentives for the development of low-emission and clean energy-powered cars.

Oil and gas

NDRC rules out fuel price cuts

January 13 (China Daily) –The National Development and Reform Commission has ruled out a further reduction in the prices of gasoline and diesel, despite the fall in global crude prices.

The NDRC, which sets energy policy and fuel prices in China, said it would not lower the December ceiling of retail oil products.

The watchdog said it would not be able to reduce prices further as the current adjusted retailing prices are more or less on par with the \$80-90 per barrel manufacturing cost after refining by China's oil enterprises.

"We have no plan to readjust the retailing prices as the present prices are well reflected in the cost," an NDRC spokesman told China Daily yesterday.

In December, the commission had cut the retail price of gasoline by 0.91 yuan per liter, and diesel by 1.08 yuan. The reduction in retail prices followed a government announcement that it would cut factory gate prices for gasoline, diesel and jet fuel, and also impose a fuel consumption tax from Jan 1 onward.

The spokesman said the December price cut and ceiling are based on the averaged cost of

\$80 per barrel. "We found there is no room for further retail price cuts at the national level," said the spokesman.

Han Xiaoping, senior analyst with China Energy Web, however, has a different viewpoint. "We still have room for cuts as the current crude prices are hovering around the 2003 and 2004 levels," said Han in a recent interview.

At that time, China's averaged retail oil prices stood at 4 yuan per liter while the averaged price now is around 5 yuan per liter. "So we can still cut the price by a maximum of one yuan if the crude prices are around \$40 per barrel," said Han.

The NDRC spokesman admitted that the growing stockpiles, due to declining oil demand brought by economic recession, have already forced retailing companies in many parts of China to reduce prices of various grades of fuel.

In Zhejiang and Shanghai, the retailing prices have been reduced to around 4.7 yuan per liter after many companies stopped operations. In suburban Beijing also several filling stations have cut fuel prices.

"The price cuts would spread to other filling stations in Beijing also as the capital has huge stockpiles," said Guan Qingyou, energy researcher, Tsinghua University.

The State-owned enterprise caretaker said PetroChina and Sinopec are in dire straits due to the rising stockpiles and dwindling demand.

Wang Xiaoqi, head of planning and development at the State-owned Assets Supervision and Administration Commission had earlier warned that Sinopec could incur refining losses of around 230 billion in 2008, as it cannot pass on the higher crude costs to consumers due to government curbs.

Natural gas prices set to go up

January 13 (China Daily) -- China will reportedly raise natural gas prices within the year in an effort to ensure healthier profits for the sector,

the Shanghai Securities News reported, citing unnamed sources.

The country's largest oil and gas producer, China National Petroleum Corp (CNPC), has suggested that the central government take that route, said the report.

"We have suggested accelerating the reform on natural gas pricing system a long time ago, and the government is at present studying the issue," one source with CNPC was quoted as saying by the newspaper. "After the reform, natural gas prices of CNPC, Sinopec and China National Offshore Oil Corp will become almost the same," he said.

Compared with prices of other natural resources such as oil and coal, natural gas prices are relatively low, said Lin Boqiang, an energy analyst with Xiamen University. The pricing mechanism is subject to further reform so it can match its international counterparts.

Natural gas prices are currently around one third of the price of crude oil. In western countries, the price is around 60 percent of crude oil prices.

Analysts said a price hike would be a boon for China's big producers CNPC and Sinopec, as their production of natural gas has seen a rapid increase in recent years.

In 2008, CNPC produced about 2.1 trillion cubic feet of natural gas from its domestic fields, an increase of about 14 percent over 2007.

Nation to double natural gas output by 2015

January 18 (China Daily) -- The country aims to more than double its annual natural gas output to 160 billion cu m by 2015, and produce about 6 billion tons of oil in the next 30 years, or 200 million tons a year.

China wants to increase its annual production of coal, too, to more than 3.3 billion tons, said Hu Cunzhi, chief planner of the Ministry of Land and Resources, at a press conference yesterday.

That represents an increase of about 30 percent and 7 percent for coal and oil from 2007.

About 10 billion cu m of coal bed methane will also be produced each year by draining gas from coal mines by 2015, Hu said.

The country's energy consumption increased by an average annual rate of 5.4 percent between 1979 and 2007, fuelling an average yearly economic growth of 9.8 percent.

The continuous rise in demand for oil has made exploration and discovery of oil sources at home more important, said Ju Jianhua, deputy director of the ministry's planning department.

The ministry, though, has said that it is likely to find 16 new oilfields, each with more than 100 million tons in reserves, by 2015.

Six new oilfields are likely to be discovered by next year, and 10 more between 2011 and 2015, Ju said.

Gong Jinshuang, a researcher with China National Petroleum Corporation (CNPC), said the discoveries were quite possible considering the number of new oilfields CPNC had found in recent times.

"On an average, we have found about 200 million tons of oil a year," Gong said.

But he said he was skeptical about the new oilfields being able to meet the surging domestic demand.

Scientific analysis has shown that the country has a potential oil reserve of 90 billion tons, a third of which can be explored effectively, he said.

The country has accelerated its pace to build strategic reserves for energy security, too, the ministry said. "We're working toward building underground storage soon," Ju said.

The country has already explored several places that could be underground storage sites with a minimum capacity of 1 million tons, he said.

The country will set up a basic reserve of potential mines of rare metals, too, in the next four years, Ju said.

More than 10 such large- and medium-sized potential mines have already been reserved, the report said.

A reserve of potential mines can ensure the country's long-term energy security, Ju said. "If needed, we will explore these potential mines after they are constructed in five to 10 years."

Oil fund in the pipeline

January 9 (China Daily) -- China is reportedly planning to establish a giant government-led fund along the lines of the National Social Security Fund, in a bid to stabilize oil supply, demand and prices.

The fund is expected to come into being within a year, reported Newexpress Daily, a Guangdong-based newspaper.

It will also increase the negotiating power of China in oil trade with other countries.

"The timing is good for setting up the oil stabilization fund," said Han Xiaoping, an energy analyst with Beijing Falcon Pioneer Technology Co. "At present the international oil price is relatively low and China has adequate forexreserves."

China should use the fund to build more crude oil reserves and digest some of its foreign exchange reserves, he said.

According to Newexpress Daily, some government departments are studying the establishment of such a fund, pending approval from the State Council, the country's cabinet.

However, some analysts said the establishment of such a fund will require a long time, and will involve discussion among many ministries and commissions.

"The size of the fund would be very large," said Lin Boqiang, director of the China Center for Energy Economics Research at Xiamen University. "Otherwise it would not be very effective in stabilizing oil prices."

As the world's second largest energy consumer, China's oil consumption has seen rapid growth in recent years. Stabilizing the domestic oil market requires a large amount of money, said Lin.

In 2007, China imported nearly 200 million tons of oil, over 10 percent more than in 2006. Imported oil accounted for 46 percent of the country's total consumption.

According to a recent report by the State Information Center, 55 percent of the country's oil consumption will be provided by imports in 2010, and the figure will rise to 66 percent by 2020.

Countries like Iran and Russia already have their oil stabilization funds, which help protect them from the fluctuation of international oil prices and stabilize their national economies.

China's crude oil output hit 190 mln tons in 2008

January 30 (Xinhua) -- BEIJING -- China's crude oil output rose 2.3 percent year-on-year, the highest growth in three years, to 190 million tons last year, the China Petroleum and Chemical Association said Thursday.

China imported 179 million tons of crude oil in 2008, an increase of 9.6 percent from the previous year.

The imports accounted for 48 percent of the total crude oil demand in the world's second-largest energy user, 1.8 percentage points higher than that in the previous year.

When considering the imports of oil products, China relied on imports for nearly 51 percent of its oil demand, said Zhu Fang, deputy director of the association's information and market department.

China's consumption of oil products rose 11.9 percent to 215 million tons last year. The growth rate was 5 percentage points higher than that in 2007.

Zhu said the oil product demand will grow at a slower pace this year.

The government measures to boost domestic demand and lower oil prices will spur fuel consumption, but the growth will be limited by the economic slowdown, he added.

PetroChina has forecasted China's crude oil consumption will rise to 379 million tons this year. The demand for gasoline, diesel, and kerosene may climb to 64.4 million tons, 144 million tons and 13.1 million tons, respectively, said the oil giant.

CNPC expands oil and gas business to 29 countries

January 25 (China Daily) -- The China National Petroleum Corporation (CNPC) had expanded its oil and gas businesses to 29 countries by the end of 2008, according to sources with the CNPC.

Currently 75 cooperative projects are underway in these countries, with five oil and gas cooperative zones being built in Central Asia, Africa, South America, the Middle East and the Asia-Pacific region, the sources said.

In addition, CNPC has largely improved its international competitiveness in engineering and technological services. By the end of 2008, CNPC had offered engineering and technological services in 44 countries and regions, and exported materials and equipment to 69 countries and regions.

At present CNPC has 526 engineering and technological service teams especially for overseas businesses.

Wang Dongjin, deputy general manager of CNPC, said that dampened by the international financial crisis, oil price has dropped dramatically and oil demand in the international market shrunk considerably, posing new challenges to CNPC's development of international business.

He said in 2009 CNPC will pay attention to overseas oil and gas prospecting and

exploitation, and focus on the development of large oil and gas projects.

Shenhua shows the way to make gas from coal

January 22 (China Daily) --In the middle of the Ordos Desert that borders North China's Inner Mongolia autonomous region and Shaanxi province, a huge factory was recently built to perform the kind of tricks that most people believe only magicians are capable of doing - turning black solid coal into clean liquid fuels.

The factory, owned by China's biggest coal producer, the Shenhua Group, is surrounded by dozens and dozens of coal mines and sits on top of an enormous coal deposit renowned for its quality. It is also home to many top scientists who are undertaking research and development of direct coal liquefaction technology.

Although relatively unfamiliar in most people's vocabulary, the technology dates back to World War II when German scientists developed a technology to convert coal into liquid fuels like gasoline and diesel.

With oil prices falling since 1985, the interest in coal liquefaction also slowly declined across the globe. China, a net oil importer with rich coal reserves, however decided to pursue the efforts and teamed up with the US, Japan and Germany for feasibility studies in Inner Mongolia autonomous region, Heilongjiang province and Yunnan province, respectively.

Shenhua's proposal of building a direct coal liquefaction plant in Ordos in Inner Mongolia was granted State approval in 2002, and after seven years of efforts, this world's largest direct coal liquefaction facility rose from paper, adopting a cutting-edge technology tested only on some small demonstration programs before.

The first trial operation of this 10-billion-yuan facility was launched on Dec 30, 2008 and the quality end products, namely diesel, naphtha and liquefied natural gas, came out on the second day. The trial was stopped after it ran successfully for more than 300 hours.

"We are happy to see the trials going on for over 24 hours. So far the results have far exceeded our expectations," said Zhang Jiming, manager, Shenhua direct coal-to-liquids (CTL) project in Ordos.

"With the success of the trials, China officially becomes the first country in the world to have the core competence to build and run a direct coal-to-liquids project capable of producing 1 million tons of fuels annually," he said.

"If the second trial operation, to be launched in summer, turns out to be a success, its production will be normalized and we will begin to expand this project to three times its current size," Zhang said.

By then, the entire coal liquefaction facility would be able to contribute 3 million tons of clean fuels annually. China imported 178 million tons of crude last year, and its oil import dependency was around 50 percent. "Coal liquefaction could greatly reduce the country's dependence on foreign oil when it is widely adopted, but mastering the technology is our priority for now," he added.

Zhang Xiwu, chairman, Shenhua Group, equates the importance of Shenhua's direct coal liquefaction technology to the satellite monitor technology demonstrated in the successful mission of China's third manned spacecraft Shenzhou VII last September.

The end products are composed of 70 percent clean diesel, and the rest are liquefied natural gas and naphtha, which could be used as chemical feedstocks.

"This technology certainly produces clean fuels with low sulfur, nitrogen and metal content. We minimize the pollutants and could achieve almost zero-emission during the production process," Zhang said, adding that the diesel produced with his CTL process is even cleaner than fuels of Euro V emission standards.

However, debates over the economic viability to put the coal liquefaction technology into full-scale commercialization never abate, but only grow louder after international crude prices dropped significantly from a record \$147.27 a barrel in July 2008 to as low as \$33.87 in December.

Coal can be used to produce liquid fuel suitable for transportation applications by removal of carbon or addition of hydrogen, either directly or indirectly. Direct liquefaction is one of the most efficient technologies currently available for this.

However, the cost of converting coal into liquid fuel is higher than the cost of refining crude. What still makes the technology attractive to pursue is the relative price of coal and oil.

Shenhua Group completed the feasibility study of the direct CTL project in 2001 when international oil prices were about \$23 a barrel. But experts believe that a CTL plant in China needs an oil price of \$40 or more to be free from financial risks.

"If this line's operation could be normalized, we can definitely make ends meet. However, to make this operation more economically sound, we have to expand its scale," said Zhang.

"Anyway, the price of coal here is very cheap. Actually, our project is sitting right on top of a large coalfield that could feed this project for over 100 years," he said.

With a proven coal reserve of 223.6 billion tons, Ordos is listed as the eighth biggest coal mine in the world.

"Despite all the talks about economics, I feel it a must for China to master the technology, as the country needs more and more liquid fuels, most of which are imported. The pirates along the oil transportation routes and the political changes in the Middle East are affecting our imports," he said.

"The fuel we produce out of coal could be an important source of strategic oil reserves to ensure energy security."

The National Development and Reform Commission issued a notice in September to suspend all other CTL projects except for the two run by Shenhua, one in Inner Mongolia and the other in Ningxia Hui autonomous region, saying there are still risks involved in this technology and capital-intensive business.

Since then, Shenhua is the only official player in this mega-buck game.

According to Zhang, the CTL project needs an investment of 10 billion yuan to increase

capacity by 1 million tons and it could make better profit when it is run on a large scale.

The project, however, had its share of critics too, who termed it an environmental hazard.

Many people believed that the CTL project is water-consuming and hence the decision to build the facility in the middle of a desert could be definitely unwise, said Kenneth G. Tasker, director and technical advisor, Axens, a US company which provides engineering design and technical services for the Ordos project.

"However, they didn't know that the CTL project has installed a facility to achieve complete recycling of the water used," he said.

To provide enough water for the Ordos CTL project, groundwater is piped in from 100 kilometers away. Statistics show that the project needs about 6.5 tons of water to produce one ton of liquid fuel. The water consumption per unit of industrial value-added is only about 7 percent of the nation's average level.

"In addition, with this piped-in water, the trees we grow in the middle of this desert could be watered everyday. These trees could keep the sand down, so that it does not blow towards Beijing," he said.

The process of converting coal into liquid fuels releases CO₂, just as the extraction and refinement of liquid fuel production from petroleum would do.

Therefore, the Ordos project has proposed to adopt carbon dioxide sequestration measures to avoid releasing it into the atmosphere, said Zhang.

"Though sequestration will add to the cost, we will carry on with the feasibility study and apply it when the expansion project gets started," he said.

Climate Change and Air Pollution

Challenges in building a low-carbon economy

January 07 (China Daily) -- As global temperatures continue to rise, calls have been mounting worldwide for the development of a low-carbon economy (LCE). With global warming posing a looming threat to the world, how to contain it has become an overwhelming challenge to mankind.

Beyond its relations with some natural factors, climate change is also closely related with human activities, particularly carbon dioxide emissions in the process of fuel burning. LCE refers to a low energy-consuming and low-pollution economy that has a minimal greenhouse gas emission into the biosphere. Relying on technological innovations, its development is mainly fueled by the use of renewable energy, ranging from solar power and wind power to hydropower.

Due to a worldwide energy shortage and environment degeneration, an energy-efficient and environmentally-friendly LCE has been widely regarded as the world's third revolution after the Industrial Revolution and the information revolution. Its popularization is due to change the global economic track once again. Developing such an environmentally-friendly economy means that mankind must make unremitting efforts to pursue a new type of economic model that cares more about the combined effect in resources, energy and environment in the pursuit of a steady economic growth. Undoubtedly, this will bring about revolutionary changes to the world's current energy consuming structure, economic development model and mode of human behavior.

Since the adoption of the reform and opening up in 1978, China has also paid a high price in its resources and environment despite achieving a miraculous economic progress. The country's sustainable development has been increasingly threatened by its accelerating resources exhaustion, environment pollution and biological deterioration. Without fundamental changes to its past extensive economic growth model, it would be difficult for the fast-growing economy to carry on its high-paced growth.

In a report delivered to the 17th National Congress of the Communist Party of China (CPC) Central Committee early last year, President Hu Jintao vowed to step up the country's efforts toward energy conservation and

emission reduction and develop a circular economy. LCE, an emerging trend in the world's economic development, obviously remains one of the few options for the world's largest developing country to follow international practices.

The country has taken an LCE development road and made its due contribution to the global battle against climate change. In June 2006, China promulgated a document formulating its policies toward global warming, the paper to make public its stance on this issue. The country has ever since taken a range of measures to join the world's fight against global warming. They include changing its economic growth model, adjusting its economic and energy structure, containing population growth and resorting to new and renewable energy technologies.

The development of a low-carbon economy in China will not only help ease pressure on the country's rising energy demands and reduce its dependence on energy import, but will also help boost environmental protection. The development and popularization of low-carbon technologies will also help create more jobs in the country and sharpen its edge in the increasingly fiercer international competition.

However, there still exist some difficulties on the way to a low-carbon economy. How to maintain a steady growth despite slashing greenhouse gas emissions remains one of the country's most difficult problems.

Acquiring from developed countries the needed technologies is another challenge. A low-carbon economy is still in its experimentation stage and the cost of developing some of its technologies is still high. Compared with traditional ones, available LCE technologies are still at a disadvantage in market competitions.

In particular, in China, a country whose natural resources mostly contain high carbon content such as coal, developing a low-carbon economy is even more complicated. No other nation in the world consumes coal at such a high ratio in its energy structure. In the traditional economy, the coal-dominant energy consumption structure enjoyed a certain advantage in international trade. However, this is not the case for a low-carbon economy.

Gaining the initiative in the new round of global competitions that involve the development of a

low-carbon economy and pulling itself out of the dilemma of the energy-consuming economic development are testing the wisdom of the Chinese people. Technological innovations turn out to be the only way out. China should try to overcome technological hurdles and not repeat the old models once adopted by developed nations.

It should make great efforts to directly develop new low-carbon technologies and set up the mechanism and policy that can bolster the development of a low-carbon economy. This is the key to the country's future development. Otherwise, the scope for the country's development will be greatly limited and it would still lag behind others in the new round of international competitions.

Thus, it is particularly necessary that in its efforts to develop a low-carbon economy, the country should redefine its core competitiveness and reconsider its strategies for national technological development, economic growth and promotion of international relations.

The author is a senior economist with the State Information Center

China will work closely with G-77

January 24 (Xinhua) -- UNITED NATIONS - China Friday voiced its active support to the new chairman of the Group of 77 (G-77) and vowed to work closely with the international body to promote the common development in the world.

The statement as Zhang Yesui, the Chinese permanent representative to the United Nations, was speaking at the G-77 chairmanship hand-over ceremony, at which Sudan takes over the G-77 leadership from Antigua and Barbuda.

Zhang extended his congratulation to Sudan on the take-over of the G-77 chairmanship and thanked Antigua and Barbuda for its work as the chairman in 2008.

Also present at the ceremony were Miguel d'Escoto Brockmann, president of 63rd session of the UN General Assembly, UN Secretary-General Ban Ki-moon, UN Deputy Secretary-General Asha-Rose Migiro, and Sha Zukang,

the UN under-secretary-general for economic and social affairs.

Liu Zhenmin, the deputy Chinese permanent representative to the United Nations, also took part in the ceremony.

At the ceremony, Ban said: "I will be counting on the Group of 77 and China to play a strong and constructive role, and I am keen to work closely with you" in painstaking efforts to deal with such challenges as the global financial crisis, climate change and global health.

G-77 is an international organization established in 1967 to promote economic cooperation and greater influence in world affairs among developing countries. Originally consisting of 77 countries, the organization had 133 member states in 1998, primarily in Africa, Asia and Latin America.

Only united efforts can tackle global challenges

January 23 (China Daily) -- With the demise of what was once called the bi-polar world, the global power structure has grown more complex, not simpler. Evidence of this new reality may be seen in the jostling for dominance among the world's sole remaining superpower and a legion of emerging second-tier powers.

Twenty years of globalization has reshaped the global perspective as major powers moved to reposition. Briefly, the United States enjoyed a period of virtually unrivaled dominance in global affairs at the turn of the century.

Nonetheless, my assessment of the global political picture today reveals a world in transition toward an international power structure that is multi-polar and multi-faceted. The likelihood of the world coming under the domination of a single political entity grows increasingly remote as the challenges facing the world grow increasingly complex.

A multi-polar world augurs the rise of more global and regional powers capable of asserting an influence in the global arena, in the traditional sense of economic and military might. A multi-faceted world, however, creates a new set of

rules and opportunities for countries to influence the geopolitical climate in non-traditional ways by demonstrating their "soft powers".

Nations in a multi-faceted world are able to gain influence through their capability of mobilizing national resources, through the ability to execute policy effectively, by improving the "happiness index" among citizens, by promoting unique or distinctive cultural values" and so on.

The interaction of such elements ultimately appears to be reshaping the world political scene and redefining concepts of international standing of nations. The influence of non-governmental organizations (NGOs), business, the media and interest groups becomes much greater than ever before. Rising powers no longer find them restricted to following the roadmap drawn at the behest of Western industrialized countries.

Today, a nation's evolution tends to proceed along pathways best adapted to its domestic circumstances, its culture and its national traditions. The experience of China, Russia, India, South Africa and Brazil offer clear demonstration of how strong nationhood can be achieved, independent of conventions established by the prevailing world order. Information technology and resources are contributing factors to the rise of nations.

Western countries may become wary of emerging countries that choose their own paths. Even countries that choose to adhere to the Western model may continue their economic development while retaining their intrinsic, native values and their ethnic and national identities.

On matters of global security. Russia, the former superpower, complains bitterly at US presumptions to act unilaterally. International tensions may arise from regional tensions. The Russia-Georgia conflict is one example. Dispute and confrontation, however, no longer dominate relations between nations as they once did. Regardless of the individual paths nations choose, the rising tide of globalization establishes a natural environment strongly favoring cooperation.

In the Russia-Georgia conflict, concerned parties including Russia, the United States and Europe had plenty of room to maneuver within the environment of negotiation and cooperation.

As the world's only superpower, the United States failed to chart a course for international security acceptable to the rest of the world in the post-Cold War era. The US' determined pursuit of unilateralism and double standards contributed to the spread of disorder and threats to global security.

While confronting the specter of terrorism, the US has maintained a wary vigilance toward other leading powers. Although efforts to curb terrorism will remain a top priority for the new US president, US foreign policy strategy is likely to diversify as the new administration sets out to achieve better coordination with principal allies and to secure support for US policies that has wavered in recent years. The pressing issue at the moment is to avert any deepening of the global economic recession. The endeavor will test the new US administration's ability to lead in multi-lateral efforts.

The challenges posed by climate change, environmental protection, energy conservation, terrorism and proliferation of weapons of mass destruction are far greater than the immediate threat of conflict among nations. In a multi-faceted, multi-polar world, unilateralism would work to the detriment of achieving an international solution.

The rest of the world waits to see whether the new US administration possesses the ability to make good use of diverse forces and to tolerate different developmental paths. In an increasingly interdependent world, the US should look at things from a brand new perspective and come up with a global strategy free of the old school Cold War mentality. Such a move will help to build trust among the world's leading powers and serve as a stimulus for unified efforts to tackle the common challenges we all face.

In a multi-faceted, multi-polar world, collective management of international affairs makes far greater sense than the hegemony of a solitary superpower. Collective management does not spell the decline of the US. Collective management however is a necessity, driven by the complexity and urgency of today's problems.

Although developed nations such as the US must shoulder greater responsibility, global solutions demand global effort. Globalization has created fresh opportunities for global development. It has side effects that cause

some developed nations to balk and reconsider their positions on the trend.

Once a synonym for Americanization, globalization is a force that many in the US see as careering out of US control. Industrial outsourcing, an exodus of jobs and the climate presenting higher financial risks are combining to cast doubt. Globalization is getting a second and more wary look in the US.

On trade matters, the US is more focused today on bilateral agreements than multi-lateral accords. With its enthusiasm waning, the US is likely to play a diminishing role in the globalization process. The European Union faces its own difficulties. The EU also is likely to be less proactive in promoting globalization.

The external economic ties of developed nations are also undergoing changes. Industrial outsourcing and the shrinkage of manufacturing sectors are lowering these countries' dependence on raw materials and half-finished products from developing nations.

The Wall Street financial crisis raised new questions about laissez-faire capitalism and the US-style free-market economy. The merits of the high-consumption US lifestyle with its associated low savings record are becoming widely questioned.

The diminished ability of developed nations, the US in particular, to drive global economic growth does not portend the end to globalization. With the existing world trade system still functioning, international commerce will not soon fall apart. From a mid- and long-term point of view, the future of globalization lies in concerted efforts by the existing superpower, the US, China and other rising powers.

The progress of globalization has not impaired cooperation at the regional level. Apart from Asia, where progress remains slow, regional cooperative arrangements are gaining importance in Africa and Latin America.

The days are gone when big nations vied for influence to lead or control international and regional organizations. The challenges posed by global warming, environmental protection and regionalization are too daunting for any nation to desire to shoulder on its own. Therefore, the jostling for dominance gives way to a set of

conditions better suited to a new spirit of increased cooperation.

The author is assistant president of the China Institute of Contemporary International.

Antarctica is warming, not cooling: study

January 22 (Agencies) -- ROTHERA BASE, Antarctica – Antarctica is getting warmer rather than cooling as widely believed, according to a study that fits the icy continent into a trend of global warming.

A review by US scientists of satellite and weather records for Antarctica, which contains 90 percent of the world's ice and would raise world sea levels if it thaws, showed that freezing temperatures had risen by about 0.5 Celsius (0.8 Fahrenheit) since the 1950s.

"The thing you hear all the time is that Antarctica is cooling and that's not the case," said Eric Steig of the University of Washington in Seattle, lead author of the study in Thursday's edition of the journal Nature.

The average temperature rise was "very comparable to the global average," he told a telephone news briefing.

Skeptics about man-made global warming have in the past used reports of a cooling of Antarctica as evidence to back their view that warming is a myth.

Cooling at places such as the South Pole and an expansion of winter sea ice around Antarctica had masked the overall warming over a continent bigger than the United States where average year-round temperatures are about -50 Celsius (-58.00F).

The scientists wrote that the Antarctic warming was "difficult to explain" without linking it to manmade emissions of greenhouse gases, mainly from burning fossil fuels.

Until now, scientists have generally reckoned that warming has been restricted to the Antarctic Peninsula beneath South America, where Britain's Rothera research station is sited.

Temperatures at Rothera on Wednesday were 2.6 C (36.68F).

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"The area of warming is much larger than the region of the Antarctic Peninsula," they wrote, adding that it extended across the whole of West Antarctica to the south.

Rising temperatures in the west were partly offset by an autumn cooling in East Antarctica. "The continent-wide near surface average is positive," the study said.

Antarctica's ice contains enough frozen water to raise world sea levels by 57 meters (187 ft), so even a tiny amount of melting could threaten Pacific island states or coastal cities from Beijing to London.

West Antarctica "will eventually melt if warming like this continues," said Drew Shindell, of the NASA Goddard Institute for Space Studies, who was one of the authors. A 3 Celsius (5.4 F) rise could trigger a wide melt of West Antarctica, he said.

Greenland is also vulnerable. Together, Greenland and West Antarctica hold enough ice to raise sea levels by 14 meters.

"Even losing a fraction of both would cause a few meters this century, with disastrous consequences," said Barry Brook, director of climate change research at the University of Adelaide in Australia.

Ten ice sheets on the Antarctic Peninsula have receded or collapsed since the 1990s. The Wilkins sheet is poised to break up, held in place by a sliver of ice 500 meters (1,640 ft) wide compared to 100 km in the 1950s.

Other scientists said that the study did not fully account for shifts such as a thinning of ice sheets in West Antarctica.

"This warming is not enough to explain these changes," said David Vaughan, a glaciologist for the British Antarctic Survey at Rothera, by an iceberg-strewn bay. He said the thinning was probably linked to shifts in the oceans.

The Nature study compared temperatures measured by satellites in the past 25 years with 50-year records from 42 Antarctic weather

stations, mostly on the coast. Scientists then deduced temperatures back 50 years.

Over 80% of China's sea areas suffer from pollution

January 16 (Xinhua) -- BEIJING - About 83 percent of China's sea areas were polluted to some extent, according to a report released Friday by the State Oceanic Administration (SOA).

The polluted areas, up from 78 percent the year before, were affected by eutrophication, a process in which water bodies receive excess nutrients that stimulate excessive plant growth such as algae and nuisance plants weeds.

It also indicated other problems, including lack of oxygen and severe reductions in water quality, fish and other animal populations.

Li Haiqing, a senior official with the SOA said the administration had called on all oceanic departments to strengthen monitoring and prevention of "red tides" and other algae blooms.

Pollutants were blamed for the cause of the red tides in which large amounts of algae kill sea life. These algae vary in colour from green to brown, but are mostly red.

China saw 68 cases of red tides last year, fewer than the 82 cases in 2007. However, they contaminated a total of 13,738 square km of sea area, up 2,128 square km from the previous year.

Last June, algae invaded the eastern coastal city of Qingdao, which hosted sailing events during the 2008 Olympics, blocking proposed sailing routes and affecting preparations for the Games.

For a month, the city government mobilized soldiers and volunteers to clear more than 1 million tons of algae, and built barriers and fences to keep it out of the sailing venue. The algae was completely cleared on August 1.

While some experts said it was a result of climate change and heavy rain, environmentalists believed the algae blooms were largely due to sewage and agricultural pollutant run-off.

According to the report, marine disasters resulted in 152 people dead or missing in China last year, with direct economic losses of 20.61 billion yuan (US\$3.03 billion). The figure in 2007 was 8.84 billion yuan.

China punishes 15,000 firms over pollution in 2008

January 14 (China Daily) - BEIJING - About 15,000 enterprises were punished for pollution last year and nearly 100 people deemed responsible were disciplined, China's environmental regulator told a national environmental protection meeting held here Tuesday.

Environmental Protection Minister Zhou Shengxian told the meeting that "China made great progress last year in pollution abatement."

According to Zhou, 156 projects totaling 473.7 billion yuan (about US\$69 billion) were rejected last year because they were deemed to be energy-intensive or highly polluting.

Approved projects, numbering 579, will prevent the emission of 468,600 tons of sulfur dioxide and 38,400 tons of chemical oxygen, he said.

China increased urban sewage treatment capacity by 12.8 million tons daily and installed desulfurized coal-fired generating units with a combined capacity of 86 million kw.

As of September, more than 51 billion yuan had been invested in 881 projects to control pollution on eight major rivers, including the Huaihe, Haihe and Songhua rivers.

In rural areas, 500 million yuan was used for environmental protection programs covering more than 700 villages and up to 4 million people.

Beijing considers charging vehicle emission fees

January 31 (Xinhua) -- Beijing's environmental watchdog said it considered charging emission fees on vehicles in order to improve air quality and curb rapid car growth.

An official with the Beijing Municipal Environmental Protection Bureau blamed vehicles for emitting particulate matters.

Statistics from Saturday's Beijing Youth Daily showed Beijing had more than 3.5 million registered vehicles by the end of 2008.

The municipal government was thinking of charging emission fees in accordance with air displacement of vehicle engines and respective emission standards.

However, charging of emission fees should be approved by the government, the official said, adding that a public hearing might be held before the measure is implemented, the paper said.

Beijing takes a temporary restriction on vehicle running in the city. One fifth of the vehicles, mostly private cars, are banned to run on road each day.

Starting from 1998, three Chinese cities, Hangzhou, Zhengzhou and Jilin, introduced the vehicle emission charges on a trial basis. The practice ended in 2003, yielding satisfying results.