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General Energy Issues

Let the G in GDP be for green

Jan 8 (china daily) -- The time has come to talk of many things, not of cabbages (plentiful in Beijing winters) or why the sea is boiling hot (global warming?).

It is that time of the year again no, not for resolutions, the time for that has passed but for bigger things like economic forecasts and targets.

There is (almost) unanimity that the world's fastest-growing major economy will keep pace with previous years and notch up another year of 10 percent growth maintaining its Perfect 10 record of the past four years.

But there will be one red blot on the report card the green component.

I am no tree-hugger (even though the phrase "chipko" which literally means sticking to something originated in my home country, India. Environmentalists started hugging trees and would not let go, to protest against logging in forests).

But I have started to change subtly refusing unnecessary plastic bags, switching off lights not needed and reusing towels (I live in a serviced apartment).

It could be peer pressure. Most of my friends seem to be going green and at least one, a former colleague, is making a living out of it. Or the persuasion of New York Times columnist Thomas Friedman, who declares that "Green isn't Girlie" and used three columns in a row recently urging China to be a global green leader.

There's justifiable cause for concern.

Last month, the National Development and Reform Commission, the country's top economic planner, said energy efficiency goals would miss their mark in fact, way off for the year. In a disappointing turn, energy consumption per unit of GDP grew by 0.8 percent in the first half of the year compared with the target of annual reduction by 4 percent.

That means the ambitious target of reducing energy usage per unit of GDP by 20 percent in the 2006-10 period got off to a bad start.

One reason is the "Green GDP" project, launched amid much fanfare a couple of years ago with 10 provinces and municipalities signed on seems to have lost momentum. Some of the local governments it wasn't revealed which want to pull out.

The usual suspects, as in other matters like work safety, are local government officials who fear they may fall behind in the economic sweepstakes.

Green GDP attempts to factor in the cost of environmental degradation into economic growth; and experts estimate that if ecological costs are deducted, China's annual growth could be cut by as much as 3 percentage points.

The Chinese government is well aware of the figures and the consequences and has taken a host of measures to address the issue.

But there's more to be done.

Without a new cultural revolution to make China greener and more environmentally sustainable, the Chinese growth juggernaut will destroy itself, says Friedman, whose new book is entitled "Green is the New Red, White, Blue".

"We have never seen 1.3 billion people grow as fast in the history of the world. If you grow now and clean up later, there will be no 'later'."

Speaking of later, one of the most touching epitaphs in India to soldiers killed in battle against the Japanese in 1944, reads:

When you go home

Tell them of us and say,

For their tomorrow,

We gave our today.

We?

Just make a few compromises with our lifestyles so that our children have a better tomorrow.

China needs to improve energy efficiency: UNEP official

Jan 21 (xinhua) -- China is facing daunting challenges to address environment pollution and ecosystem degradation with its remarkable economic growth, and its future for a sustainable economic development relies on efficiency improvement, said a United Nations Environmental Programme official.

"The future for a sustainable economic development, I believe, relies on cooperation across the world in industrial restructuring, efficiency improvement, adoption of renewable energies, and adjustment of the current modes of production and consumption," said UNEP deputy executive director Shafqat Kakakhel in his letter to a recent economic forum held in Tianjin.

China has become a large economy in terms of nominal gross domestic product, thus China's impact on global growth, resource allocation, trade and investment has direct consequences for the entire world, Kakakhel said in the letter.

In efforts to protect environment and build an energy-saving society, the Chinese government will accelerate the establishment of a standard scientific evaluation system on energy consumption to meet energy and pollution targets, according to Xie Fuzhan, head of the National Bureau of Statistics.

"China is playing an increasingly important role in the international development arena, and taking on more and more responsibilities in global environment governance and sustainable development," said Kakakhel.

China to audit gov't energy consumption

Jan 18 (xinhua) -- China's government and large public buildings will be subject to a system to gather, audit and publish energy consumption information from this year, said Vice-Minister of Construction Qiu Baoxing on Thursday.

Seventeen municipalities and provinces, including Beijing, Tianjin, Shanghai and Sichuan, will be among the first to implement the system to calculate energy consumption.

A compulsory energy saving trial system will be applied to newly-built government buildings and large public buildings, said Qiu.

Efforts to implement energy saving codes and achieve energy saving goals would be taken into account when evaluating officials' performance, said Qiu.

The Ministry of Construction would promote the use of renewable energy to save more energy in buildings, he said.

Businesses would face severe punishment if they failed to follow energy saving codes in building design and construction.

The government was working on preferential policies to encourage the construction of energy saving buildings, such as financial subsidies and tax breaks.

The ministry will hold the Third International

Conference on Intelligent, Green and Energy Efficient Buildings and New Technologies and Products Expo in March to promote the development of green buildings.

Greener tax incentives

Jan 6 (china daily) -- The nearly one-fifth increase in tax revenue is just one of the double-digit growth figures China will proudly announce in the coming weeks. Amid surging economic growth, the country's tax revenue hit a new high of 3.76 trillion yuan (\$480 billion) in 2006.

While this figure indicates the robustness of the Chinese economy, more importantly, it means that the country can now introduce bigger tax incentives to boost its pursuit of energy-saving and environmentally friendly sustainable development.

Last year was the first in China's 11th Five-Year-Plan (2006-10). While the economy performed better than expected in terms of almost all major growth indicators, policymakers had to admit the great difficulty in achieving the annual goal of cutting energy consumption per unit of gross domestic product by 4 percent. The latter was crucial to realizing the country's ambition to cut energy intensity by 20 percent and major pollutants by 10 percent during this five-year period.

A key reason why the country has so far made little progress in raising energy efficiency and enhancing environmental protection is that, in comparison with its strong growth momentum, it still lacks the means to facilitate a change in its growth pattern.

But this does not mean that China's policymakers have failed to work hard on this issue. Last year, the central government not only set out detailed aims for each provincial-level region in terms of cutting energy intensity, but also came up with a host of industrial policies to curb energy-hungry and highly polluting production. These administrative measures will surely help encourage local officials and enterprises to strive towards greater energy efficiency and higher environmental standards. But such measures alone are not enough.

Bigger tax incentives to encourage both energy-saving consumption and environmentally friendly production are badly needed because they suit a market economy.

If enterprises regard energy-saving and environmental protection largely as a burden the government imposes on them, they will be reluctant to shift away from extensive growth. But if they recognize that these environment- and energy-related tax incentives can substantially affect their bottom lines, they will try their best to save as much energy as possible and minimize pollutant discharge.

New group advocates fund for renewable power units

Jan 17 (shanghaidaily) -- A new Chinese industry group is considering a 10 billion yuan (US\$1.28 billion) fund to support the development of the country's small and medium-sized renewable energy companies.

The fund aims to raise one billion yuan in the near term and 10 billion yuan later, according to Li Hejun, chairman of the China New Energy Chamber of Commerce.

The effort is designed to widen fundraising channels for small-scale companies as well as create investment opportunities for the public in renewable energy sectors such as solar, wind and biomass, the official said.

Li's comments came during a weekend news conference in Beijing that marked the establishment of the industry group, which initially has 112 domestic private member companies, including New York-listed Suntech Power Holdings Co.

"We are also considering setting up several renewable energy bases across the country and some trading markets for renewable energy products," Li told reporters.

Establishment of the fund is only at an initial stage. The group plans to propose the plan to the government for approval by the end of this year, another official said.

Approval for the fund may take time, however, as the concept represents a relatively novel approach in China, said an analyst who declined to be named.

Bohai fund

China last month inaugurated the Bohai Industry Investment Fund to finance the development around Bohai Bay in China's north. That fund aims to raise 20 billion yuan from state and private investors, becoming the first of its kind in China.

The nation plans to spend 1.5 trillion yuan over the 15 years through 2020 on renewable power to reduce reliance on oil and cut pollution, the government said earlier. The Ministry of Finance set up a state fund last year to subsidize the sector.

"The government, however, hasn't elaborated on how the subsidies will be used, but details will come soon," Li Junfeng, secretary-general of the Chinese Renewable Energy Industries Association, said yesterday at a news conference for an equipment and technologies exhibition called Wind Power Shanghai 2007, the nation's first such event.

'Green-energy' push may slow GDP rise

Jan 29 (shanghai daily) -- Shanghai plans to increase energy efficiency and boost environmental protection this year - even at the expense of slowing the city's economic growth, Mayor Han Zheng said yesterday.

"We will aim to balance the speed of growth with quality and efficiency in our economy," Han said as he addressed more than 800 delegates attending the annual session of the Shanghai People's Congress, which opened yesterday.

During the weeklong meeting at the Shanghai Exhibition Center, the delegates will vote on several key government reports that review the activities of the past year and outline municipal action plans for this year.

In his 40-page-report, Han said Shanghai's economy is expected to grow by more than nine percent this year, investment in environmental protection will continue to expand by around three percent of gross domestic product, and energy consumption per unit of GDP will be reduced by around four percent.

The city's economy grew 12 percent in 2006 - achieving 15 straight years of double-digit increases.

"A slowdown in economic growth is essential for the city's sustainable development," said He Heyong, the SPC Standing Committee member who's in charge of environmental protection and city development.

He said Shanghai's per-capita GDP now exceeds the equivalent of US\$7,000, a level that allows leaders to give more consideration to the "environmental price" of sustainable development.

He pointed out that it takes time and money to achieve technical upgrades and adopt new eco-efficient industrial equipment.

On the environmental protection front, Shanghai plans to reduce its discharges of major pollutants by two percent.

"Transformation of the economic growth model must begin with energy and resource conservation, environmental protection and efficient use of land," Han said.

The mayor said the government is committed to carrying out ten key energy-saving projects, including coal-boiler upgrades and developing more energy-friendly buildings.

The city will also promote the use of renewable resources and implement strict energy standards for all government operations.

The goal is to increase Shanghai's percentage of clean energies, such as wind and solar power, tenfold to one percent of total energy use by 2010.

The city's current three-year environmental protection plan, which ends in 2008, comprises 256 projects, including upgrades of sewage treatment facilities, flue-gas desulfurization at power plants, implementation of Euro II emissions standards and construction of new disposal facilities for solid wastes.

The city also aims to intensify its conservation policies on Chongming Island, the country's second-largest.

In addition to environmental protection, the government will continue its reform policies to improve the international investment climate.

Bush expected to warn on energy security

Jan 22 (AP) -- A year after warning America of its addiction to oil, President Bush is expected to renew concerns about energy security in his State of the Union address. But will the rhetoric be followed by action? Up to now, the record has been mixed.

Aides hint of a major pronouncement on energy in the speech before Congress and the nation Tuesday night. Yet the president is expected to take a predictable path, urging expanded use of ethanol in gasoline, more research into cleaner burning coal and on gas-electric "hybrid" cars, and greater nuclear energy.

He may tweak his voluntary program on climate change. Aides, however, say the president remains opposed to mandatory cuts in carbon dioxide and other heat-trapping "greenhouse" gases as has been proposed in Congress.

A year ago, Bush declared "America is addicted to oil" and he set a goal of replacing three-fourths of today's oil imports from the Middle East by 2025. He pledged to press for alternatives to oil and for more efficient use of energy.

He has had some success in getting more domestic production.

The Bush administration has opened new federal lands for oil and gas drilling. Last month, Congress approved opening a large new area in the Gulf of Mexico to drilling. This month, Bush lifted a longtime ban on oil and gas drilling in Alaska's Bristol Bay.

But when it comes to weaning the country away from oil, the president's critics say his rhetoric has not been matched by action.

"President Bush actually cut funding for the key energy-saving technologies," says Joseph Romm, a former head of the renewable fuels and efficiency programs at the Energy Department during the Clinton administration.

The department's requests for renewable fuel and conservation programs have stayed flat at about \$1.18 billion annually over the past six years;^a really a decline if inflation is considered, energy efficiency advocates say.

"Since 2002, the energy efficiency programs at the Energy Department have dropped by a third in real dollars," says Kateri Callahan, president of the Alliance to Safe Energy, a private advocacy group.

When one program is increased, others have suffered, these critics maintain.

They acknowledge spending increases for research into solar and wind energy, but contend that came at the expense of two other renewable energy programs that were eliminated: research into geothermal energy deep within the earth and efforts to make hydroelectric dams more fish friendly.

Congress has not been all that helpful, either.

The energy law passed in 2005 authorized \$3.8 billion worth of renewable energy and conservation programs. But a vast majority of those programs are without funds, neither requested by the administration nor approved by Congress.

Callahan points to a \$450 million consumer education and outreach campaign on energy efficiency in that law, but says "not one penny has been appropriated" nor has the money been sought by the administration.

Energy Secretary Samuel Bodman says the administration over the years has spent nearly \$12 billion in developing new energy technologies. He cited the president's \$2.1 billion "advanced energy initiative" in the State of the Union a year ago.

But most of that program goes for nuclear research and clean coal technology that generally has little impact on the country's dependence on oil, 70 percent of which is used in transportation.

For that, Bush told a renewable fuels conference last year in St. Louis, "we need to change how we power our automobiles. ... I like the idea of promoting a fuel that relies upon our farmers."

Bush has supported lawmakers' push to use more corn-based ethanol as a gasoline blend and he is expected to call for a sharp escalation of ethanol use in his speech.

It is a political sure bet as ethanol has widespread bipartisan support.

Among the first bills introduced in the new Democratic-run Senate calls for using 60 billion gallons of ethanol, 10 times current production capacity, by 2030.

Two 2008 presidential hopefuls, Democratic Sens. Barack Obama of Illinois and Joe Biden of Delaware, are its leading co-sponsors.

Ethanol is "riding a big wave" this year, says Mark McMinimy, a policy analyst at the Stanford Group. "The renewable fuels-ethanol juggernaut enjoys one of the most prized commodities in Washington - broad-based support, bipartisan political momentum."

But even there, the administration has been criticized for not living up to the rhetoric.

In last year's State of the Union speech, Bush announced a goal to make a "new kind of ethanol practical and competitive within six years." His administration followed within days with a budget calling for only a modest increase - about \$29 million - for research into cellulosic ethanol development.

Last week, the House passed legislation that would funnel \$14 billion in money collected from oil companies into a renewable fuel fund. Ethanol lobbyist Bob Dinneen of the Renewable

Fuels Association welcomed the action and urged that the fund finance loan guarantees ^a approved by Congress in 2005, but not funded - for cellulosic ethanol plants.

Yet the White House strongly opposed the House-passed bill in part because it said additional taxes on the oil companies should not be used to pay for such new programs.

A report last week by the General Accountability Office, the investigative arm of Congress, concluded "it is unlikely" that the government's current research and development programs will provide the alternative energy sources needed to "reverse our growing dependence on imported oil."

Automobile and Transportation

China's railway transport makes up a quarter of world's total

Jan 28 (xinhua) -- China saw its railway transportation volume account for a quarter of the world's total last year, with only 6 percent of global operational railway mileage, the Ministry of Railways (MOR) has said.

China beat all other countries in passenger and cargo traffic by railway last year, with its passenger turnover hitting 662.2 billion person-kilometers and freight turnover reaching 2.87 billion ton-kilometers, MOR spokesperson Wang Yongping said on Friday.

The general railway turnover also topped the world with a total of 2.86 trillion ton-kilometers, 130 billion ton-kilometers more than that of the United States and one and a half times that of Russia.

Meanwhile, the country has only 76,600 kilometers of railways in operation, making the density of its railway transportation the largest in the world.

"Although China's railways have the highest efficiency of transport, they still lag far behind the nation's economic and social development," said Wang.

The country can provide more than 2.42 million seats for railway travelers every day, only half the number of daily passenger traffic during the

peak season of the Spring Festival, China's traditional New Year Festival.

In 40 days starting from February 3, more than 156 million passengers will travel by train, according to the ministry's estimation.

But even before the busiest period, Beijing's largest railway station was already hit by its first peak of passenger traffic.

The Beijing West Railway Station is expected to see 110,000 passengers depart on Saturday, most of them college students going home for winter vacation, said the station's spokesperson Saturday.

While millions of Chinese, the bulk of them students and migrant workers, travel home by train to spend the Spring Festival with their families.

During the Spring Festival, the MOR will strictly regulate ticket sale, crack down on scalpers and improve services aboard like food, water supply and hygiene, said Liu Zhijun, MOR Minister.

"With an extreme shortage in railway transportation capacity, we'll face even bigger pressure for this Spring Festival," said Liu.

He urged the railway departments to ensure the safety of travelers and get fully prepared for emergencies.

Gov't tightens car export rules

Jan 10 (chinadaily) -- The government yesterday tightened requirements on domestic carmakers and trading companies to qualify for car exports.

From March 1, car exporters will have to apply for an export license from the Ministry of Commerce every year.

Automakers will be required to meet domestic manufacturing standards, get the compulsory CCC quality certification and provide after-sales service abroad.

Trading companies also need to be authorized by a qualified manufacturer and committed to jointly shouldering responsibility for overseas sales.

The move is expected to restore order to China's

"dynamic but disorderly" car export market, according to Zhang Ji, deputy director with the ministry's Department of Mechanics, Electronics and High-tech Industry.

Exporters will have to renew the license every year licenses will not be granted if serious quality problems are found in their products the previous year.

Zhang said the government will tighten requirements further if necessary.

Customs figures show that China exported some 293,000 vehicles in the first 11 months of last year, up 88.8 percent year-on-year. They were spread across 182 countries and regions. Developing countries in Africa and Southeast Asia topped the target markets.

Of the 1,175 car exporters last year, 669 sold less than 10 vehicles overseas and 204 sold only one.

Since not all car exporters were qualified to manufacture in China, the industry saw poor service, rampant price wars and speculation.

China's average sedan export price declined nearly 20 percent year-on-year to \$6,740 in the first 11 months last year.

"The establishment of the new rules is expected to eliminate about 700 car exporters," said Zhang.

He added that it will also help to improve the average quality of the country's vehicle exports and rebuild the image of "Made-in-China" brands.

Most of the eliminated firms would be trading companies because the current standards are not strict on domestic vehicle manufacturing. The new car export regime imitates that for motorcycle exports, which was implemented last year.

Although China was the world's largest motorcycle manufacturer for 12 years and the largest exporter for five years, the unit price of exported motorcycles was dropping until the export management regime was put in place.

Beijing has more and more cars

Jan 23 (xinhua) -- Beijing registered a record 22,079 new motor vehicles in just the first 18 days of the year, as city planners brace for the number of cars, trucks and busses to speed past three million by May.

"We issued more than 2,400 license plates in a single day," said a spokesman with Beijing Municipal Traffic Management Bureau. He attributed the sharp rise in the number of registered new motor vehicles to a buying spree that usually occurs before Spring Festival, which falls on February 18 this year.

There are now 2.88 million motor vehicles in Beijing, including 2.06 million private vehicles. The number of people with drivers licenses now exceeds 4.24 million.

It is estimated the number of motor vehicles will top 3.3 million by the time the Beijing Olympic Games are held in 2008.

Chinese experts say that while there are fewer cars in Beijing than in London, Tokyo and Paris and Bangkok, Beijing's drivers use their cars more frequently.

"Private car owners in the capital use their cars four times more frequently than private car owners in Tokyo," an expert said, blaming the high use of private cars for road congestion and serious air pollution in Beijing.

Zhai Shuanghe, deputy director of the Beijing Municipal Traffic Management Bureau, says "increasing the length of roads can never catch up with the growth in the number of motor vehicles."

Zhai said traffic jams are hampering the city's ability to respond to accidents in its downtown, adding there were 5,808 road accidents in the Chinese national capital last year, which cause 1,373 deaths.

A report on living quality in Chinese cities in 2006, published by Beijing International Institute for Urban Development last September, says the traffic in Beijing is the most unsatisfactory among 287 Chinese cities.

Mayor Wang Qishan is determined to change this by taking a range of measures to encourage more people to use public buses, including slashing public bus travel fares beginning from January 1.

The municipal government has earmarked 4.98 billion yuan (about 622 million US dollars) for development of public transport this year, a rise of 1.31 billion yuan (164 million US dollars) from last year.

In the meantime, the municipal finance will also shed 11.67 billion yuan (1.4 billion US dollars) in financing improvement of public transport infrastructure this year.

The city has also pledged to spend 100 billion yuan (12.6 billion US dollars) more in years ahead so that public transport will become a prime form of people's traveling in the city.

The city's subway and light rail systems will be extended to 273 km in 2010 and to 568 km in 2015

Make public transport more enticing

Jan 19 (chinadaily) -- With perceptible glee, industry officials announced in their year-end reports that China has overtaken Japan to become the world's second largest vehicle market after the United States.

Of the 6 million or so motor vehicles sold nationwide last year, nearly 400,000 units have ended up on the roads of Beijing, a city that already looks like a gigantic car park.

The double-digit growth in vehicle sales does not augur well for a city as polluted and congested as Beijing.

It's beyond doubt that Beijing is one of the most polluted cities in the world, though city officials have categorically rejected it being rated the worst.

Air quality gets even poorer in the winter heating season when thousands of coal-fired furnaces kick into gear. While coal combustion is a traditional and major source of pollution, a growing share of the suspended particulates floating above the city comes from vehicular emissions.

Experts put this contribution at well over 30 percent, making vehicles the second single largest source of pollution.

Pollution aside, the explosive increase in car ownership is set to further clog the city's already congested roads.

For the city's residents, rush hour is no longer confined to the two periods of the day when people travel to or from work or school. Every hour is, in fact, rush hour inside the Third Ring Road, where streams of vehicles crawl bumper-to-bumper at an average speed of 10 kilometers an hour, slower than the 12 kilometers for cyclists.

To minimize gridlock, city authorities are sweating their guts out to pave new roads for a growing fleet of vehicles, getting closer to the 3-million mark by the day.

The city plans to have 16,000 kilometers of roads by 2010, an increase of 1,276 kilometers from 2005. Upon completion of these roads, the authorities hope to increase the average speed of vehicles on arterial roads up to 20 kilometers per hour in rush hour.

But with nearly 400,000 vehicles hitting the roads annually, the authorities will soon realize that they'll never build enough roads, and never fast enough.

The only plausible answer lies in the promotion of public transport.

Two and half decades back when cars were a rare sight, Beijing seemed to have the widest roads and the highest public transport ridership in the world. So why are people shunning public transport now?

Though there might be very many answers to the question, the city's public transport system no longer lives up to commuters' expectations. It is not convenient, comfortable or efficient.

To have a sound public transport system, Beijing needs to look no further than Hong Kong for a role model.

In the country's most affluent city, more than 80 percent of residents choose to commute by a matrix of public transport systems which include

two high capacity railways, trams, buses, minibuses, taxis and ferries. But only 29 percent of Beijingers do likewise.

With a per capita gross domestic product of more than \$26,000, Hongkongers could have bought more cars than their Beijing brethren, who have just reached the \$7,000 mark. As a matter of fact, there are only a little over half a million vehicles on the streets of a city of 7 million people.

Whopping parking fees and fuel costs make car ownership an expensive privilege.

When public transport offers the comfort of air conditioning, convenience and fair price, there are enough incentives for Hongkongers not to own their own cars.

An encouraging message is that the Beijing municipal government has just taken a series of measures to improve the city's public transport, which we hope will be attractive enough to lure back commuters.

Problems with car boom

Jan 13 (chinadaily) -- Red-hot Chinese sales may have delighted automakers at home and abroad, but the nation remains largely unprepared for its coming automobile era.

While tinkering with a supportive industry policy underpinning the current auto boom, policymakers need to come up with a more comprehensive solution to the challenges rocketing car sales will bring.

China became a net auto exporter in 2006 for the second straight year, with its exports doubling to 300,000 units and imports rising 41 percent to 229,000 units.

China's surging car exports clearly illustrate the nation's emergence as a global low-cost manufacturing center. Meanwhile, impressive growth in high-end car imports indicates that China's vast consumer market is the one that global auto giants can no longer afford to ignore.

However, the more exciting story is unfolding in the domestic auto market.

Latest statistics indicate that China overtook Japan to become the world's second-largest market for new vehicles in 2006, next only to the United States. Production and sales of vehicles in the country reached 7.28 million units and 7.22 million units last year, up respectively by 27 and 25 percent year-on-year.

The combination of double-digit economic growth that boosts Chinese consumers' spending power and intensifies price wars between domestic and foreign automakers has contributed tremendously to vehicle sales in China. And it is almost a sure bet that the Chinese car boom will continue in the years to come.

In sharp contrast to automakers' optimism, Chinese consumers and policymakers are more concerned about the country's worsening traffic situation, especially in big cities where most individual car-buyers reside.

While throwing its weight behind the development of the auto industry, the authorities should step up efforts to address all the problems resulting from the nation's car craze. Increased congestion and exhaust emissions require government actions to improve traffic management and raise car emission standards.

Beijing's recent effort to substantially slash fees for public transport is a commendable step toward reducing congestion. But more measures are needed to regulate private motoring if the city's traffic situation is to improve.

As car sales surge, this is an important issue for all major Chinese cities.

Chery plans three auto plants abroad

Jan 23 (chinadaily) -- Chery Automobile, German-US carmaker DaimlerChrysler's new partner in China, has announced plans to build three plants abroad to assemble its own brand of cars.

Yin Tongyao, chairman of the company based in East China's Anhui Province, said the three plants will be built in the Middle East, Eastern Europe and South America. "We will formulate a clear plan for these plants this year," he said.

Yin did not reveal the size of investment in the new plants, their production capacities or specific locations.

Chery, China's leading car exporter, already has six overseas facilities operated with partners in Iran, Malaysia, Russia, Ukraine, Brazil and Egypt, according to Yin and the company's other executives.

Yin said earlier this month that Chery aims to sell at least 70,000 cars abroad this year, up from 50,000 units in 2006.

Last year, China's overall vehicle exports doubled to 340,000 units over 2005, with passenger cars tripling to 90,000 units.

A battery of other Chinese carmakers, such as Geely Automobile, Great Wall Motors and First Automotive Works Corp, also have plans to produce cars overseas.

Geely, a privately owned carmaker in East China's Zhejiang Province, plans to make cars in Malaysia, yet faces a major obstacle as Malaysia requires the company to sell 80 percent of its locally made cars outside the Southeast Asian country.

Geely said it aims to sell 33,000 cars abroad this year. It expects to raise its annual exports to 270,000 units by 2010.

Chery's efforts to export its own brand to the United States this year have been postponed after its potential partner, Visionary Vehicle LLC, said in November that the two sides ceased negotiations to form a joint venture to ship cars to the world's biggest car market.

Chrysler, the US unit of DaimlerChrysler, announced earlier this month that it has reached agreement with Chery to assemble its cars in China for the North American and European markets.

Yin from Chery said details for the deal will be announced soon.

The Chinese carmaker plans to lift its overall 2007 sales to at least 393,000 cars from 305,000 units last year and has set a sales goal of 1 million units by 2010.

Chery will launch seven new models this year to achieve its 2007 sales goal. These new products include a micro car, subcompact sedan, mid-sized sedan, small multi-purpose vehicle, mini van and sports car.

The company's 2006 sales ranked No 4 in the passenger car sector in China after General Motors' joint venture in Shanghai and Volkswagen's two ventures in Shanghai and Jilin.

DaimlerChrysler already has a venture with Beijing Automotive Industry Corp, making Chrysler sport utility vehicles and cars as well as luxury Mercedes-Benz sedans.

It has also formed a venture in East China's Fujian Province with a local partner to make Mercedes-Benz light trucks.

Volkswagen cautious despite fast sales growth

Jan 12 (chinadaily) -- German carmaker Volkswagen Group said yesterday its 2006 sales in China climbed by almost a quarter, but it made a conservative forecast on the growth of the world's No 2 vehicle market this year.

The group, which runs two car ventures in China, sold 711,298 vehicles in the nation last year, up 24.3 percent from 2005, it said.

Volkswagen Group's China chief Winfried Vahland said the group also achieved its other two China targets last year stabilizing market share and regaining profits.

It grabbed 17 percent of China's passenger car market last year, equal to the level in 2005, Vahland said, without revealing a specific financial result.

He hailed 2006 as a "turnaround" for the carmaker's China operations as the group suffered a plunge in sales and market share, and made losses in the nation over the previous two years.

The group's 2006 sales 628,807 Volkswagen-branded cars and 81,708 units under the Audi marque consolidated its position as top seller of passenger cars in China for the past two decades and maintained the nation's place as its second-biggest market after Germany.

China last year overtook Germany as the world's top market for the Volkswagen brand for the first time, Vahland said.

In Germany, the group sold 1.11 million cars last year, including 571,000 units under the Volkswagen badge.

Sales of all China-made vehicles rose by a quarter to 7.22 million units last year from 2005, including 4.25 million passenger cars, according to data from the China Association of Automobile Manufacturers.

But Vahland, also executive vice-president of the Volkswagen Group, predicted car sales in China would grow at a slower pace of 7 to 12 percent this year, partly because less all-new models will be launched.

Carmakers will launch around 30 all-new models in China this year, down from 63 last year and 55 in 2005, according to figures he provided.

Vahland said Volkswagen Group expects to increase sales and profitability in China this year. But he declined to give detailed figures.

"For me, profits are more important than sales growth," he said.

The carmaker will launch a Skoda Octavia compact sedan at the venture with SAIC Motor Co Ltd this quarter and a Volkswagen Magotan medium-sized sedan at the other partnership with First Automotive Works Corp in May, according to the two ventures.

To generate more profits, Volkswagen Group will continue to cut costs in China, mainly through raising the ratio of locally made parts used in its vehicles, Vahland said.

According to Volkswagen's plan revealed earlier, it aims to cut China costs by 40 percent in 2008 from 2005.

"We will speed up our decision-making process in China as it is the world's most competitive and fastest-changing car market where more than 60 brands are contesting," he said.

Japan's Honda Motor said yesterday its China sales grew by a quarter to 323,469 cars last year.

Oil and Gas

Nation to raise natural gas prices gradually

Jan 29 (shenzhen daily) -- China will raise domestic natural gas prices gradually to bring them in line with the international market.

Bi Jingquan, a vice-minister of the National Development and Reform Commission (NDRC), said that based on international trends, the price of domestic ex-factory natural gas per thousand cubic meters ought to be set at around 56 percent of the price of one metric ton of crude oil sold on the global market. That would put domestic natural gas prices at around 1,900 yuan (US\$244) per thousand cubic meters, he said.

The last natural gas price hike was in December when China raised the ex-factory prices of natural gas by 50 to 150 yuan per thousand cubic meters -- the largest hike in recent years.

NDRC said at that time that benchmark natural gas prices would be adjusted each year based on the prices of other resources such as petroleum, and that producers may raise factory prices by a maximum 8 percent.

Bi said the low domestic natural gas prices have caused a "serious" mismatch between supply and demand. NDRC officials earlier predicted that China's natural gas demand would likely reach 100 billion cubic meters by 2010.

The plan is for the government to raise the resources tax or collect a certain portion of companies' profits and use these funds to subsidize low-income people or industries that use natural gas as raw materials, such as the public transportation sector.

Bi also said the government is aiming to "bring the prices of refined oil in line with international market levels in a controlled way."

China's crude oil imports up 14.5%

Jan 13 (xinhua) -- China imported 145.18 million tons of crude oil in 2006, up 14.5 percent from a year ago, said the General Administration of Customs on Friday.

According to newly released customs statistics, China imported 36.38 million tons of refined oil in 2006, with a year-on-year growth of 15.7 percent.

China saw a sharp decline in crude oil exports in 2006, down 21.4 percent from 2005 to 6.34 million tons.

The exports of refined oil declined by 11.9 percent to 12.35 million tons last year.

China's net imports of crude oil in 2006 totaled 138.84 million tons, up 17 percent on the previous year and net imports of refined oil were up 38 percent to 24.03 million tons.

According to the data, China spent an additional 23.8 billion U.S. dollars on importing crude oil and oil products in 2006, up 41 percent from 2005.

The rise of China's oil imports in 2006 did not affect the falling trend of the international oil price which has been occurring for several months.

According to New York Mercantile Exchange (NYMEX) prices, the price of crude oil stood at 51.88 U.S. dollars per barrel on Thursday, the lowest price since May 2005.

According to the customs statistics, the December imports of crude oil were 11.56 million tons, down 15 percent from the previous month.

China saw its imports of crude oil hit a record high of 13.54 million tons last November.

"The rise in oil imports and decline in exports reflect the surge in China's oil consumption in 2006, driven by the booming economy," said Dong Xiucheng, Professor of the China University of Petroleum.

China's GDP continued to grow at around 10 percent last year.

Data from the National Bureau of Statistics showed that China produced 168.4 million tons of crude oil in the first 11 months, up 1.6 percent from the same period of last year.

China cuts refined oil prices

Jan 14 (xinhua) -- China has decided to cut the price of gasoline by 220 yuan (about 28 U.S. dollars) per ton as of Jan.14, the National Development and Reform Commission (NDRC) announced Saturday.

The factory price of kerosene for aviation will also drop by 90yuan, the NDRC said in a circular released Saturday night.

The national development planner asked the two oil suppliers, China National Petroleum Corporation and China Petroleum and Chemical Corporation (Sinopec) to lower prices under the decision and guarantee supply of processed oil to meet market demands.

This is the second time in recent five years for China to lower the prices of refined oil. The last price cut was in May 2005 when international price declined.

China has raised the price for refined oil products 12 times since 2003, including twice in 2006.

The international crude oil price has been declining since last September after the price hit record high of over 77 U.S. dollars per barrel in last July.

New York Mercantile Exchange (NYMEX) prices for February delivery of light, sweet crude oil stood at 51.88 U.S. dollars per barrel on Thursday, the lowest since May 2005.

The decline of international price has prompted complaints of domestic refined oil consumers, who have been calling for price cuts, as well as proposals of experts who are expecting the launch of a pricing mechanism linking domestic refined oil prices more closely to its international counterparts.

As the domestic price regulator, however, the NDRC has kept refined oil prices relatively low compared with the international level, even when the prices on the international market were soaring.

The Chinese government has endeavored to map out a pricing system for refined oil in line with China's own conditions. However, the

fluctuation of international oil price, which usually sees jump rather than decline, leaves little room for the government.

In March of 2006, China launched a preliminary move to lift refined oil prices, while setting up a mechanism to offer subsidies to disadvantaged communities and public service sectors and collect special fees from oil producers who sell domestically produced crude oil.

Experts said cutting domestic refined oil prices may offer opportunities to levy fuel oil tax, which was first proposed in 1994 and has been delayed for concerns that it would impose a burden on those who consumed more oil, such as bus and taxi drivers.

Oil companies at the dawn of competition

Jan 17 (chinadaily) -- The Ministry of Commerce has issued the "Regulation of Crude Oil Market Management" and the "Regulation of Refined Oil Market Management" in an effort to further open China's petroleum market to the outside world and promote market-orientated reform in oil distribution.

This is set in the context of China's WTO transitional period having drawn to an end.

The regulations indicate that the government is serious about fulfilling China's WTO obligations.

They also signify the end of the era when the State monopolized the distribution of oil resources, with the State-owned China National Petroleum Corporation (CNPC) and China Petrochemical Corporation (Sinopec) as primary players.

The situation will now arise in which State-owned petroleum giants, transnational oil corporations and privately owned oil businesses are involved in competition.

Some people have long been crying "wolf" as the deadline approached for China to fulfill its WTO commitments to open the domestic crude and refined oil wholesale markets by December 11, 2006, arguing that transnational super players would have an overwhelming impact on the country's oil industry.

True, it is unavoidable that once the State monopoly in the oil market is ended, competition gets increasingly fierce and foreign players snatch a share of the domestic oil market. However, it takes time for overseas oil giants to set up their petrol stations, purchase Chinese gas stations and establish oil storage facilities across the country.

In addition, foreign players must abide by China's industrial policy and regulations on the management of foreign invested companies.

Chinese oil enterprises have enough time to make progress and enhance their competitiveness, thus absorbing much of the impact from external forces.

While overseas oil heavyweights are eager to enter the Chinese market, privately owned oil enterprises in the country are also yearning for the opening of the monopolized oil market.

In the late 1990s, when the Asian financial crisis negatively impacted the Chinese economy, the State released a package of policies to straighten up the mess in the domestic market. Small privately owned refineries, for example, were targeted, and control of the circulation of refined oil was tightened. The right to distribute oil was concentrated in the hands of CNPC and Sinopec.

Private oil businesses no longer had access to wholesale refined oil or petroleum sources.

Now the door is being opened to private businesses as a result of China's WTO membership.

Private businesses, including those operating in the petroleum field, are gaining wider living space. For example, by the end of November 2006, non-State-owned companies in wholesale oil made up 33.4 percent of the total and non-State-owned petrol stations accounted for 56.3 percent of the total.

Private businesses have entered into all links along the chain of refined oil retail sales in China.

As for market access, in the general context of China's abundant supply of capital, currently private businesses have no funding problems.

Moreover, restrictions, such as the minimum number of petrol stations a private business must have, are not imposed by the two Commerce Ministry circulars. This helps remove a major barrier for private businesses.

It should be noted, however, that the requirement of oil storage facilities of at least 10,000 cubic meters is still too high for some private oil players. This indicates that private oil companies have been given opportunities but not golden ones.

The opening of the oil market also facilitates the development of State-owned petrol companies.

Over many years, the State-owned oil companies grew up largely dependent on government support and protection.

Now the basic goal is to channel various kinds of capital into the Chinese oil market and cultivate a competitive market marked by transparency, competition and order.

The opening of the oil market is bound to bring competitive pressure on CNPC, Sinopec and other State-owned giants which are now flanked by two competing groups, transnationals and domestic companies.

On one hand, transnational oil super players have abundant capital, advanced technology and rich managerial expertise and offer good service. On the other hand, domestic private oil businesses, whose ownership is clearly defined, boast flexible operational mechanisms and high efficiency.

In the short run, however, neither transnationals nor domestic private oil businesses will be able to have much impact on the State-owned giants, because both have to readjust their operational strategies.

CNPC and Sinopec are already equipped with all necessary operational elements. In addition, the competitive edge of the State-owned oil corporations has been sharpened in recent years.

Currently, the companies that can really impact the CNPC and Sinopec giants are State-owned oil companies specializing in single product

operations and the reorganized large-scale State oil corporations.

China National Offshore Oil Corporation, for instance, is emerging as a promising player, setting up large joint venture refineries in the south of the country. Their presence is bound to intensify competition in the petrol arena.

Shanghai launches LNG project with Malaysia

Jan 23 (xinhua) -- Shanghai on Monday launched a major energy supply project that will transmit liquefied natural gas (LNG) from Malaysia to the east China economic hub over 25 years.

Construction started on Monday on the first phase of the Shanghai LNG project, which would become operational in 2009, Shanghai Mayor Han Zheng announced on Monday.

Shanghai LNG Co. Ltd. reached a deal with a subsidiary of Petronas, Malaysia's national petroleum corporation, on July 31, under which the terminal will receive LNG from Malaysia from 2009.

The project was approved by National Development and Reform Commission in December.

The annual supply will be around 1.1 million tons in the first three years and rise to 3 million tons from 2012.

The Shanghai terminal will be located in the Yangshan deep-water port, an international shipping center in Shengsi County in neighboring Zhejiang Province, at the mouth of the Yangtze River, about 45 km from the Pudong International Airport.

The first phase involves a total investment of 7 billion yuan (900 million U.S. dollars) and includes three 165,000-ton concrete tanks and a dock that can anchor ships from 80,000 to 200,000 cubic meters.

Sources with the Shanghai LNG Co. Ltd. said the second phase of the project was designed to increase import capacity by another 3 million tons a year, but no detailed timetable was available.

The project, along with China's west-to-east gas pipeline and the East China Sea gas project, is expected to help meet Shanghai's energy demands, improve energy efficiency and cut emissions, said a spokesman with the National Development and Reform Commission.

The deal is the largest trade contract between China and Malaysia.

Petronas company draws its natural gas supplies from the Bintulu region, one of the world's largest LNG production bases in eastern Malaysia. It boasts an annual output of 23 million tons and supplies mainly to countries like Japan and the Republic of Korea.

PetroChina overseas field output up

Jan 23 (shanghai daily) -- PetroChina Co said today that crude oil it produced abroad jumped to 54.6 million tons last year.

The total output almost amounted to the equivalent of the annual output in the northeast Daqing field, China's largest oil field, Xinhua news agency reported.

Crude oil production from overseas bases fully or partly owned by PetroChina rose 52.4 percent to 54.6 million tons in 2006, and the natural gas output jumped to 5.7 billion cubic meters in 2006, according to a PetroChina's statement.

From its jointly owned fields, the company produced 28.07 million tons of crude oil and 3.8 billion cubic meters of natural gas last year.

"PetroChina was operating 65 projects in 25 countries, with newly-proved oil reserves hitting 65.4 million tons last year," said Jiang Jiemin, the General Manager of the Beijing-based company.

"We are offering technological help to at least 48 countries in Africa, middle Asia, the Middle East, South America and the Asian-Pacific region," Jiang said.

PetroChina's selling price for crude averaged at US\$59.76 a barrel in 2006, up 23.6 percent from a year earlier, while the average natural gas price was US\$2.46 per thousand cubic meters, up 16.6 percent.

The company said in a previous report that it had overtaken US giant Chevron and France's Total to become the world's seventh largest oil company.

The ranking was compiled by the US-based Petroleum Intelligence Weekly on the basis of six indexes including oil and gas reserves, oil and gas output and sales volume.

Sinopec to step up oil search and development

Jan 5 (xinhua) -- China PetroChemical Corporation (Sinopec Corp) will make the search for and the development of resources a priority in 2007, senior Sinopec executives said recently.

Chen Tonghai, President and chairman of the Board of Directors of Sinopec Corp, said at a conference held last week that the oil giant will step up efforts in oil and gas exploration and development in 2007.

According to pre-audit figures, Sinopec produced over 40 million tons of crude oil and seven billion cubic meters of natural gas in 2006.

The company exceeded its 2006 profit targets, said Chen Tonghai.

Sinopec saw its proven reserves of crude oil grow by 45 million tons in 2006 and natural gas proven reserves increase by 73.9 billion cubic meters.

Li Chunguang, vice president of Sinopec, said at the conference that the company will be more active in bidding for oil or gas exploration ventures and in acquiring high-quality overseas oil assets.

More effort will be focused on developing, operating and managing overseas projects in 2007, said Li.

Sinopec saw its overseas crude oil output reach 4.5 million tons in 2006, making up 11 percent of the company's total crude oil output and up 20 percent on a year ago.

Sinopec acquired Russia's OAO Udmurtneft drilling venture by cooperating with Rosneft, Russia's state-owned oil company in 2006. The

year also saw the company purchase interests in three offshore oil fields in Angola.

China has opened crude and refined oil wholesale activities to foreign capital in 2007 in line with its commitment to the World Trade Organization.

The import quota for non-state trading of crude oil and oil products will be 15 percent higher than last year's quota, said Chen Tonghai. Meanwhile, import tariffs for some petrochemical products will decline as the government seeks to increase the cost of resources by adding in environmental and resource rarity costs.

Chen predicted more fierce competition in the refined oil market.

The government gave China Petroleum and Chemical Corporation (Sinopec), a listed subsidiary of Sinopec Corp., a one-off compensation of five billion yuan (641 million US dollars) in 2006 to compensate for losses caused by the gap between the domestic refined oil price -- kept low by the government -- and its overseas equivalent which was pushed up by the soaring international crude oil price.

The compensation will be included in the company's total profits for 2006, Sinopec said in its announcement last week.

Climate Change and Air Pollution

Facing climate change

Jan 9 (chinadaily) -- With a national strategy being developed, the country has taken on the urgent need to map out systematic measures to cope with severe climate change.

The strategy, which environment officials say will be released soon, aims to reduce energy consumption, clean up the environment, and hold back the trend of warmer weather adversely impacting China's ecological, social and economic development.

The move testifies to China's commitment to reducing the effects of global climate change.

It shows China is placing unprecedented importance on the growing reality of global warming.

The recent national climate report, drafted by six authoritative departments, warns that climate change will raise the average temperatures in China by 2 or 3 C in the next 50 to 80 years. That could possibly cause dire consequences for China's ecology and economy, leading to big drops in agricultural output and more catastrophic natural disasters.

Facing those climate challenges, China has no choice but to take initiatives to keep the worst from happening.

In this sense, the national strategy, serving as a sound technical reference for policy, will have great bearing on China's future development.

It will direct the implementation of the country's ecological protection plan, released last month, from now to 2010. The plan sets specific targets on major ecological fronts.

Internationally, it will play a part in the global drive to curb the planet's rising temperatures.

The Kyoto Protocol, which required developed countries to lower emission of greenhouse gases, is believed to have suffered setbacks as major global economic players have yet to show due respect for the agreement.

Lack of full cooperation has aroused widespread fear that global efforts to combat unfavorable climate changes may go nowhere without the active participation of those major powers.

Meanwhile, the United Nations Human Development Report 2006 issued fresh warnings that the world may face substantial crises if current trends, such as the diminishing water supply, go unchecked.

All nations and residents of the globe are obliged to do their part to save the earth from disastrous climate change.

EU proposes ambitious climate target

Jan 12 (Agencies) -- The European Commission presented "the most ambitious policy ever" to fight climate change on Wednesday, challenging

the world to follow Europe's lead in cutting greenhouse gas emissions.

The European Union's executive branch proposed the 27-nation bloc reduce emissions by at least 20 percent by 2020 compared to 1990 levels, with the possibility of going to 30 percent if other developed countries join in.

The targets are part of new proposals for a broad EU energy policy that aims to boost production of renewable fuels, cut energy consumption, and reduce the dominance of big utility companies over EU gas and electricity markets.

With oil imports hit by the latest dispute involving Russia, the Commission's vision for an EU-wide energy policy also seeks to ease dependence on foreign suppliers and push the bloc to speak with one voice on the world stage.

But Brussels made fighting global warming the core of its strategy.

"If this was adopted it would be by far the most ambitious policy ever not only in Europe but the world against climate change", European Commission President Jose Manuel Barroso told a news conference.

The plan needs to be approved by EU governments and the European Parliament.

The new goal goes beyond an existing target for an 8 percent cut in emissions from 1990 levels in the 2008-12 period adopted by the 15 members of the EU before its 2004 enlargement, which several countries are struggling to meet.

The EU renewed its calls on the United States the world's biggest polluter and other major economies to drop their opposition to binding targets for emissions cuts.

"We need the United States with us", said Barroso, who met US President George W. Bush this week. "I personally believe the United States will change and they will be much more ambitious in the future when it comes to climate change."

Germany, holder of the bloc's rotating presidency, said the policy showed the EU's leadership on climate change, but Britain

reiterated its preference for an EU target of 30 percent.

"I think it is ambitious but realistic", said Claude Mandil, executive director of the International Energy Agency in Paris.

United Nations officials said the EU move may spur stalled international talks on fighting global warming.

Environmentalists said the plan fell short.

"Scientific findings show that it simply won't be enough for the EU to only reduce CO2 emissions by 20 percent by 2020 if we want to avoid catastrophic climate change", said Jan Kowalzig, climate campaigner at Friends of the Earth Europe.

EU business lobby UNICE protested the target was too high and said European business would suffer if other countries around the world do not agree to cuts.

Energy has been at the heart of the EU since it was born as the European Coal and Steel Community half a century ago but policy remains largely in the hands of national governments.

The Commission's report said plans to shut reactors will make cutting emissions harder and it encouraged countries phasing out nuclear power, such as Germany, to replace it with non-polluting sources.

The Commission proposed that renewable energy sources, such as wind, make up 20 percent of the EU's energy mix by 2020, up from a non-binding goal of 12 percent by 2010, which the bloc is likely to miss.

Climate report will 'shock the world'

Jan 26 (Agencies) -- A forthcoming UN report on climate change will provide the most credible evidence yet of a human link to global warming and hopefully shock the world into taking more action, the panel's chairman said yesterday.

The report by the Intergovernmental Panel on Climate Change (IPCC), due for release on February 2 in Paris, draws on research by 2,500

scientists from more than 130 countries and has taken six years to compile.

"There are a lot of signs and evidence in this report which clearly establish not only the fact that climate change is taking place, but also that it really is human activity that is influencing that change," said R.K. Pachauri, the IPCC chairman.

"I hope this report will shock people, governments into taking more serious action as you really can't get a more authentic and a more credible piece of scientific work. So I hope this will be taken for what it's worth."

The IPCC will say it is at least 90 percent sure that human activities, led by the burning of fossil fuels, are to blame for global warming over the past 50 years, sources say.

The new report is likely to foresee a rise in temperatures of 2-4.5 C this century, with about 3 C most likely.

Freak weather

Pachauri said in an interview the findings of the report, which is the fourth of its kind, will be "far more serious and much more a matter of concern" than previous reports.

There is more evidence around the world that greenhouse emissions are causing temperature increases, sea level rises, the melting of glaciers, freak weather phenomena and the problems of water availability, said Pachauri.

"For example, the Arctic is clearly melting at faster rates than other regions of the world," he said. "The figures are in the report and it is much faster than what was anticipated."

"The impacts are clearly very serious for some vulnerable parts of the world. Small island states are clearly very vulnerable and parts of South Asia are vulnerable in respect of droughts and floods and also the melting of the glaciers."

Pachauri, also director of India's top environment centre, the Energy and Research Institute, said there was more awareness of climate change around the world today than ever before and applauded Europe and Japan for their efforts.

He said skepticism about the linkages between human activities and climate change was dwindling as more evidence came to light.

"I think the skeptics on climate change will continue, but the good news is that their numbers and their effectiveness is on the decline," Pachauri said.

"The gaps in knowledge will always be there in science but you use your judgement and that's what good policy is all about... If you take action, the benefit is that you might actually be minimizing the harmful impacts of global warming."

Climate change could fuel China's forest fires

Jan 10 (Reuters) -- China could face worse forest fires and be more severely affected by wood-destroying pests this year because of global warming, a senior forestry official said on Wednesday.

The government would buy dedicated fire-fighting helicopters for the first time to deal with the increased threat, said State Forestry Administration spokesman Cao Qingyao, adding that some officials still did not take the problem seriously enough.

"International weather experts predict that because of the double effect of global warming and El Nino, 2007 will be the warmest year ever and the forest fire prevention situation will be extremely serious," Cao told a news conference.

El Nino, which occurs about every two to seven years, is caused by the warming of Pacific waters off South America and can disrupt normal weather patterns around the world, leading to drought in some areas and heavy rain in others.

China had a successful year fighting forest fires in 2006, with a drop of more than a third in damaged woodlands, though 41 people died, Cao said.

Still, parts of southwestern China endured their worst drought in half a century last year and one fire in Yunnan province raged for 10 days.

With average temperatures rising and rainfall dropping, the problem of protecting China's 175

million hectares (676,000 sq miles) of forests -- an area the size of Libya -- is a large one.

"The weather is getting hotter, the area of forested land is expanding and people are travelling around China more and more, so it's getting that much harder to prevent forest fires," Cao said.

"We hope that improving early detection can help us."

Yet that was being hindered by an attitude problem among some government official at the grassroots, Cao said, particularly as most forest fires in China were caused by humans.

"Some local governments do not have enough awareness of how to prevent forest fires, and do not have a proper system of responsibility," he said, without elaborating. "Their leadership does not think this issue is important enough."

Another problem facing China's vast forests -- which cover huge tracks of land in the frigid northeast near Russia and the tropical southwest -- is the spread of disease and pests such as the American white moth and the pinewood nematode.

Infestation rates rose almost a quarter last year, to affect 10.7 million hectares of woods.

"2006 was a fairly serious year for the timber industry for the incidence of harmful organisms," Cao said, blaming the rise on "environmental imbalances".

Laws are not enough for environmental miracle

Jan 4 (chinadaily) -- Controlling the environmental impact of China's belated industrial revolution is like the Red Queen's race in Lewis Carroll's *Through the Looking Glass* (the sequel to *Alice's Adventures in Wonderland*) you need to run as fast as you can just to stay where you are.

China's unprecedented economic growth in the past two decades has caused substantial pollution and environmental damage. As the country marches on to new economic heights, its insatiable appetite for energy and resources

has provoked widespread concern around the world. To meet the challenge of sustainable development, "running" as fast as possible is not enough; drastic measures are needed to combat rampant environmental problems.

Fortunately, China's central government has realized the dire consequences that environmental damage could have in a wide range of areas such as air quality, water supply, weather patterns, health, agriculture and biodiversity, which eventually will take a heavy toll on the country's economy and social stability. So much so that President Hu Jintao has made sustainable development one of the central pillars of government policy.

Moreover, the Ministry of Science and Technology is conducting an assessment of the effects of global climate change in China. The report, which will be released in the first half of this year, aims to initiate debate on how China can balance its ambitious goals for economic growth with strategies to cut down greenhouse-gas emissions.

These are welcome initiatives, of course. But China must ensure that they will be effectively translated into practice politically and financially to tackle pressing environmental issues. China already has more than 100 environmental policies, laws and regulations. In a country of such vast scale and immense complexity, implementation of those rules or indeed of any types of rules at the local level has never been easy.

Legislation alone has little effect unless governments are willing to enforce the laws. Without clear incentives and penalties as an intricate part of the environmental policies, they are unlikely to have any effect. Although environmental protection has been a basic national principle since 1983, economic development often takes priority, and is still the main criterion for judging the performance of government officials.

This situation needs to be changed. Market tools should be introduced to provide economic incentives for practices that are environmentally friendly. Selection and promotion of government officials should take into consideration their environmental as well as economic credentials.

To avoid conflicts of interest, agencies responsible for developing natural resources should not be involved in regulating them.

And the State Environmental Protection Agency and green non-governmental organizations (NGOs) should participate in decisions on new development projects based on assessment of potential environmental impact.

They should also be given more power to enforce policy implementation and to expose or even close down heavy polluters. In addition, the government should establish a systematic approach to assess how effectively the environmental policies are implemented nationwide.

Without such rigorous measures, good intentions would remain just that good intentions.

China should also increase its investment in enforcing environmental policies, improving energy efficiency and developing new forms of energy sources. China is among the biggest emitters of greenhouse gases responsible for climate change. Because China lacks oil, more than three-quarters of its electricity is generated by burning coal, the worst offender of greenhouse-gas emissions. With power demands poised to double by 2020, an increase in coal consumption is unavoidable.

Although alternative energy supplies hold great promise, they are unlikely to solve emission problems in the short term. As the Chinese proverb wisely points out, Yuanshui jiebuliao jinke (Far-flung waters cannot slake an urgent thirst.) Like it or not, coal will remain China's predominant energy source in the foreseeable future.

Among the key challenges, therefore, are how to make coal consumption cleaner and more efficient. Technologies for meeting these challenges are already available, but are expensive and have received little attention in China due to lack of market or regulatory incentives. Although further research and development are necessary before they can be widely adopted, the main constraints are not technological but political.

But let's not blame China alone and expect that it should come up with a solution on its own. Relative to its huge population, China is far less

of an environmental villain than the United States or Europe. Neither is it the only country responsible for its profound environmental damage. Indeed, the world has exacerbated the situation by means of trade and investment that fuel China's rapid economic growth.

The China Water Pollution Map, recently unveiled online by China's Institute of Public and Environmental Affairs, lists 2,700 foreign companies as heavy polluters, including Pepsi in Jilin, Panasonic and Associated British Food and Beverages in Shanghai, and the UK's Purolite resin plant in Zhejiang.

While China should prohibit the operation of companies domestic and foreign that do not meet its environmental standards, foreign firms must set an example by making environmental protection part of their code of corporate social responsibility.

Export trade constitutes a large part of China's economy and is a major cause of the country's increasing pollution because products go abroad whereas pollutants stay behind. Therefore, importing countries have the obligation to help China meet the challenge of sustainable development.

They could fund more initiatives that cut greenhouse-gas emissions in China, such as those under the Kyoto Protocol's Clean Development Mechanism. The importing countries should also be more proactive in transferring to the country environmentally benign technologies, such as those for cleaner manufacturing, water conservation, waste treatment, and improving energy efficiency.

In addition, developed nations should help China's environmental planners and managers as well as the country's thousands of green NGOs most of which are small, isolated and poorly funded.

Financial support would certainly be welcome. But more importantly, they should also help train Chinese officials and campaigners to be more adept at increasing the public's environmental awareness, contributing to government policies, and monitoring their implementation.

Industrialized countries will also contribute to the steady increase of coal use projected by the International Energy Agency. This has made

input in research and development of clean-coal technologies all the more pertinent. Market and regulatory incentives should be put in place at the global level to encourage the use of such technologies around the world.

Development and sustainability are not mutually exclusive terms. But reconciling them remains a great challenge for humanity. China has the moral right to develop. However, the fact that it has no emission-reduction target does not mean that the country as a moral agent and a rising world power has no responsibility for protecting the environment and saving the planet.

After all, nature is not something to be conquered by humans. Instead, it is a system that sustains us and we must learn to live within it. In the past two decades, China has stunned the world by creating an economic miracle. It is time for the country to demonstrate that it can also create an environmental miracle and shape the world's path to sustainable development.

This would be a true indication of a powerful nation.

Major firms urge green measures

Jan 24 (Agencies) -- A spate of corporations flaunting their environmental credentials, and especially their concern about climate change, says as much or more about a shifting commercial landscape as the planet's future.

The US Climate Action Partnership called on Monday (local time) for a federal plan to curb greenhouse gas emissions, a day before President George W. Bush is expected to avoid proposing just that in his State of the Union speech

"These recommendations should catalyze legislative action," said Jeff Immelt, chairman and chief executive officer of General Electric Co, a member of the group, which also includes BP America.

Climate change is set to dominate discussions this week at the World Economic Forum in the Swiss ski resort of Davos, where some 900 company chief executives and board chairpersons are expected to rub shoulders with 24 heads of state.

Both GE and BP Plc, parent of BP America, are at the forefront of a new breed of companies that want to be big players in a new clean, or low carbon, economy fashioned by concerns over climate change.

BP says it will direct some 5 percent of its investment over the next 10 years into clean energy low carbon energy sources like wind that contribute less to climate change than conventional fossil fuels like coal and oil.

But companies may be able to make climate change work for them without necessarily tweaking their business plans with the right policies.

Citigroup noted in a research briefing on Monday that even "dirty" power companies can profit from carbon markets, citing the example of RWE AG, one of Europe's biggest power-producing companies.

Under the EU carbon trading program the bloc's main climate change strategy power companies get a certain quota of greenhouse gas emission permits for free, but still pass on the price at which they trade to consumers, bagging a profit.

"Despite emitting about 90 million tons of carbon dioxide (in 2005), or about 10 percent of Germany's total, this 'dirty' utility has been enjoying windfall profits," the note said.

The aviation sector joins the EU carbon trading program in 2011, and many airlines have lobbied hard for it as some economists suspect airlines want to cash in on such a windfall.

"They could, and I think would, pass on more than 95 percent of the (carbon) cost," said Richard Tol, senior research officer at the Economic Social Research Institute in Dublin.

Public efforts needed for a greener Beijing and more blue skies

Jan 25 (chinadaily) -- The Director of the Beijing Environment Protection Bureau Shi Hanmin said public participation is necessary in the quest for more blue skies and a cleaner Beijing at an Olympic news conference yesterday.

"The easy tasks are already done but the problems we are facing now require a lot of work, but may have little effect," said Shi.

"Beijing air quality improved at a rate of about five percent a few years ago, but now it's only two to three percent," Shi said. Although the air quality in Beijing has been improving for eight consecutive years, the city is facing the most difficult stage yet in its air control efforts.

The work that needs to be done now is much harder and demands more support from Beijing citizens.

"It's hard to talk people into giving up their old cars that produce a lot of exhaust if they are still in good condition," said Shi. "But the pollutants from one such car are equivalent to exhaust emissions from 14 EUIII standard cars."

Automobile exhaust has become a major source of air pollution. There are about 300,000 automobiles that emit high levels of exhaust on Beijing's streets.

Beijing has set a target of 245 'blue-sky' days this year, or about 67 percent, four more days than last year. To meet this goal, the government has issued a series of measures such as using 4,000 gas-fueled buses, the largest number in use in one city in the world. Meanwhile, Beijing has also set up a regional coordinating group to ensure blue skies during the Beijing 2008 Olympic Games.

As the city works towards the goal of a 'green' Olympics, increased public consciousness and support are necessary.

In addition, the capital has committed to ensuring that the amount of pollutants such as sulphur dioxide, nitrogen dioxide, nitrogen monoxide and particulates in the air will be within the national standard by August 2008, in time for the Games.