



The Auto Project on Energy and Climate Change
汽车能源与气候变化—中国项目

MONTHLY NEWS BRIEFING

<http://www.autoproject.org.cn>

AUTO/ENERGY/POLLUTION

Volume IV, Issue 11, November, 2007

*The APECC monthly newsletter is prepared by the
Innovation Center for Energy and Transportation (iCET)*



TABLE OF CONTENTS

GENERAL ENERGY ISSUES	4
China aims to boost rural energy development	4
Renewables booming in China: Report	5
China powers ahead on renewable energy	5
International cooperation key to renewable energy development.....	6
China to lead world wind power generation	7
Energy draft hints at separate ministry	8
Wind power as a win-win strategy	9
AUTOMOBILE AND TRANSPORTATION.....	9
Transportation hub in urban civilization	9
Green wheels.....	11
Transport tech.....	12
Cabbies and truckers press for fuel surcharge	13
October passenger car sales rev up by 21 percent	13
Special Supplement: Dongfeng trucks head overseas	14
China regulates development of new automobiles	15
OIL AND GAS	16
China lifts natural gas prices sharply	16
Guangzhou issues emergency plan on refined oil	17
PetroChina pledges supply hike to ease oil shortages	18
China Oct crude oil imports at 10-month low	18
Refining stepped up by 12%.....	19
Oil imports 'less than 60% of consumption by 2020'.....	19
Oil dips below \$90 a barrel mark	20
CLIMATE CHANGE AND AIR POLLUTION	21
Save energy to 'reduce' climate woes.....	21
China, France sign statement on climate change.....	22

Warming warning22
Green fund to help cut emissions24
EU praises efforts to fight global warming24
China must cut emissions to slow global warming: official25
China, UK kick off project to reduce CO2 emission26

Disclaimer:
The opinions and statements expressed in the articles are those of authors from cited sources, thus do not represent the opinions of APECC.

iCET Beijing Office:

Mr. Vance Wagner
Managing director
Phone: 86-10-65857324 ext. 202
e-mail: dvwagner@icet.org.cn
Room 1904, e-Tower Building
No.C12 Guanghua Rd.
Chaoyang District 100020, Beijing

iCET USA Office:

Dr. Feng An
President and Executive director
Phone: 626-844-7439
e-mail: fengan@icet.org.cn
www.icet.org.cn
www.autoproject.org.cn

General Energy Issues

China aims to boost rural energy development

November 23 (Xinhua)--The Chinese government is drafting a new rural energy strategy to boost energy development in the vast rural regions where some 10 million people in remote areas are still suffering from energy poverty, according to the United Nations Development Program (UNDP) in China.

It was revealed at the International Conference of Rural Energy Development held in Beijing on Friday, which was jointly organized by UNDP and China's Office of the National Energy Leading Group.

The UNDP said it was assisting the Chinese Office to draft the strategy, which could be released early 2008.

"We are actively carrying out researches on the draft national strategy of rural energy development," Ma Xiaohu, a top researcher with the academy of macro-economic research under NDRC, said at the conference.

Wu Guihui, deputy director of the Energy Bureau of the National Development and Reform Commission (NDRC), said the country certainly needs such a national strategy and they are planning more research to sort out clues on the rural energy development scheme.

The UNDP in China said in a press release that the national strategy would "establish a vision for future rural energy development and increase access of the poor to sustainable energy".

No specifics about the strategy were available from any of the sources.

China's rural residents rely on coal and low-efficiency traditional biomass, such as directly burning straws and firewood, for a large share of their energy consumption.

Most of China's rural regions are not equipped with pipelines for the supply of commercial energies like natural gas and liquefied petroleum gas, which led to a small proportion of clean energy use in rural areas, according to Wu.

The current use of electricity in rural areas is also lagging far behind urban use due to the lack of infrastructure facilities. Statistics shows that China's rural population consumed less than 100 kilowatt-hours of electricity per capita in 2006, only a fourth of urban consumption.

China will further boost the development of new and renewable energies including biogas and solar energy to reduce rural reliance on traditional biomass for energy consumption, said Wu.

He said China will also extend power grids in more rural areas to enlarge electricity coverage for rural residents, and promote renewable energy technologies such as micro hydropower, wind power and solar energy at places where extension of the power grid is not economical.

Ma also called for actions to increase supply of cleaner and more qualified energies such as natural gas to meet the energy demand in rural areas.

He added that rural residents should be allowed equal access to these energies at the same prices as urbanites, or even at subsidized prices to persuade them from cutting wood and exploiting grassland for energy consumption, which was not sustainable for the whole economy.

He stressed that the government should take the major responsibility in investing in rural energy development, especially in public infrastructure construction.

Experts and officials attending the conference also agreed that power supply services such as oil and gas stations and maintenance services for facilities of new and renewable energies needed to be upgraded in rural areas.

Otherwise, they said, rural residents would be discouraged from using cleaner energies due to lack of access or lack of expertise.

They were also encouraging data about the improvement in rural energy use disclosed by experts at the conference when they tried to fix problems there.

The Chinese government has arranged a total investment up to nearly 2.6 billion yuan in rural energy development via the Ministry of Agriculture (MOA) between 2001 and 2006, said

Kou Jianping, director of the energy and ecology division of the MOA.

China had built 21.75 million household biogas facilities by the end of 2006, amid efforts to promote clean energy use and improve energy efficiency in the countryside, according to Kou.

These household facilities could produce 8.5 billion cubic meters of biogas annually, equivalent to saving about 13.3 million tons of standard coal or preserving 4.5 million hectares of woodland.

Kou said the country is actively promoting straw as solid and gas energy as well as power generation with straw to make better use of existing energy resources in rural areas.

There were nearly 200,000 people working for the rural energy system in China by the end of 2005, with 170,000 being licensed farmer-technicians maintaining facilities, according to Kou.

Renewables booming in China: Report

November 17 (China Daily) -- China would likely achieve and could even exceed its target of obtaining 15 percent of its energy from renewables by 2020, according to a new report released by the Worldwatch Institute.

The findings of the report *Powering China's Development: The Role of Renewable Energy*, written by Beijing-based researcher and Worldwatch senior fellow Eric Martinot and vice-chair of China's Renewable Energy Society in Beijing Li Junfeng, were encouraging for the sector.

It suggested that if China continues with its commitment to diversifying its energy supply and becoming a global leader in renewables manufacturing, renewable energy could provide more than 30 percent of the nation's total by 2050.

"A combination of policy leadership and entrepreneurial savvy is leading to spectacular growth in renewable energy, increasing its share of the market for electricity, heating and transport fuels," Martinot said. "China is poised to become a leader in renewables

manufacturing, which will have global implications for the future of the technology."

More than US\$50 billion was invested in renewable energy worldwide in 2006, and China is expected to invest more than US\$10 billion in developing new renewables capacity in 2007. The investment would be second only to that of Germany.

Wind and solar energy are growing particularly rapidly in China, with production of both wind turbines and solar cells doubling in 2006. China is poised to surpass world solar and wind manufacturing leaders in Europe, Japan and North America in the next three years, and it already dominates the markets for solar hot water and small hydropower.

"Our ingenuity and manufacturing prowess are being harnessed to provide leadership to the world in the field of renewables," Li said. "China's position provides a strong example for other developing countries while helping to drive down renewable energy costs to become competitive with fossil fuels for all countries the world over."

The report discusses China's advances in wind power, solar photovoltaics (PV), solar heating, biomass power and biofuels. It highlights many impressive gains in these sectors.

For example, according to the report, wind power is the fastest growing power-generation technology in China, with existing capacity doubling last year. By 2007, China was home to four major Chinese manufacturers of wind turbines, another six foreign subsidiary manufacturers and more than 40 firms developing prototypes and aspiring to produce turbines commercially.

Solar PV production capacity in China jumped from 350 MW in 2005 to more than 1,000 MW in 2006, with 1,500 MW expected in 2007.

China powers ahead on renewable energy

November 16 (Agencies) -- WASHINGTON - China is well on its way to acquiring fully 15 percent of its energy from renewable sources by the year 2020, while the United States is dragging its feet on transitioning away from

fossil fuels, according to a pair of reports released here this week.

Nations across the globe invested over \$50 billion collectively into renewable energy conversion last year, and in 2007 China alone is expected to account for some \$10 billion of investment, explains "Powering China's Development: The Role of Renewable Energy," released Wednesday by the Worldwatch Institute, an independent Washington, DC research group.

With this large financial commitment, China looks poised to pass solar and wind energy leaders in Europe and North America and in the next three years become the world's leader in renewable energy, the report notes, adding that, at this pace, China will draw 30 percent of its power from renewable sources by 2050.

"The future of the global climate may rest in large measure on China's ability to lead the world into the age of renewable energy, much as the United States led the world into the age of oil roughly a century ago," said Worldwatch President Christopher Flavin.

Renewable energy continues to be marginalized in many national energy plans despite its numerous benefits, say environmental and geopolitical experts. The environmental benefits are well-known, but also important, they say, is that renewable energy sources -- unlike traditional fossil fuels -- will never run out.

While the Chinese government advances closer towards its renewable energy goals, the United States appears to be lagging. The US Congress recently discussed dropping several key provisions from the energy legislation it is considering.

The terms in question would mandate a 35-mile-per-gallon (mpg) fuel efficiency standard for the US fleet of cars and light trucks; an expansion of renewable energy tax incentives; and a 15-percent share of the nation's energy to come from renewable sources by the year 2020.

But the United States had already set its goals low, and by dropping these provisions it will fall farther behind the rest of the world, said the Sustainable Energy Network, an umbrella group of over 500 organizations, businesses, and individuals that promotes renewable energy and energy efficiency.

In response to the US Congress' threat to drop the provisions, 100 of the group's members, including Public Citizen's Energy Program and the Redwood Alliance, sent a letter Wednesday urging lawmakers against this action. The letter declared that the goals to be dropped are actually less than "what has been technically and economically achievable for many years."

Although a target fuel efficiency standard of 35 mpg is "a significant improvement," the groups said, with hybrid technology the United States is easily capable of reaching 55 mpg, and with fuel cell technology could possibly go as high as 80 mpg in the future.

The same can be said of the tax incentive and energy share provisions of the bill, according to the groups. The goal of a 15 percent renewable energy share by 2020 pales in comparison to Germany's plan to source 45 percent of its electricity from renewables by 2030.

Many US states, including California, Minnesota, Hawaii, and Colorado, have set goals of 20 percent renewable energy shares by 2020 or earlier. If these states can make these ambitious targets, then the nation should at least aim for similar goals, say the letter's signers.

If the United States does not wish to fall behind in global efforts to convert to cleaner and safer renewable energy, then it must move forward -- not backward -- on the legislative front, the groups warned.

International cooperation key to renewable energy development

November 13 (China Daily) -- The development of new and renewable energy sources will be an integral part of China's future energy policy, a top official said yesterday.

"Through international cooperation, China will demonstrate to the global community its determination to explore new and renewable energy sources, reduce greenhouse gas emissions and build an environment-friendly society," Cao Jianlin, vice-minister for science and technology, said.

He was speaking at an international forum in Beijing on renewable energy, organized by the

Ministry of Science and Technology and the National Development and Reform Commission.

Cao said the government is committed to identifying and developing new energy sources and finding practical applications for them. It also wants to promote international exchanges via forums, seminars and joint research centers, and work with foreign counterparts to train high-level professionals.

He said the energy policy will give priority support to five fields - solar power, biomass fuels, wind power, hydrogen energy and natural gas utilization.

"We will soon extend invitations to experts on new and renewable energy from around the world in a bid to establish a committee to outline key tasks and suggest areas for cooperation," Cao said.

As part of its development plan for renewable energy, launched in June, the government will provide additional funding for research projects and offer preferential tax rates for those involved in the development and use of renewable energy, he said.

The plan aims to increase the proportion of renewable energy to 10 percent of total consumption by 2010, and to 16 percent by 2020, Cao said. It currently accounts for just 1 percent.

"The International Science and Technology Cooperation Program on New and Renewable Energy has set a guideline for cooperation between China and other countries on renewable energy over the next few years," Cao said.

There have been calls for the government to adjust its VAT policy on renewable energy and reduce tariffs on imports of renewable energy equipment.

"New energy is the driving force for the sustainable development of industry," said Liu Zhijia, an engineer with the National Research Center for Clean Vehicles, which is under the Chery Automobile Company.

"In recent years, some domestic carmakers have invested heavily in the research and development of new-energy vehicles," he said.

Over the next five years, Chery will focus on developing fuel cell vehicles, which generate electricity through a chemical process that uses hydrogen fuel and oxygen from the air.

China to lead world wind power generation

November 7 (Agencies) -- China is expected to become one of the leaders in the wind energy market and play an increasing role in altering its polluting ways and combating climate change, industry experts said.

The strong winds that blow through China's northern plains could be harnessed to help reduce the nation's carbon-dioxide emissions and help lead the fight against pollution, they said.

"With greater policy support to wind energy, China could become one of the top three wind energy markets in the world by 2020," Li Junfeng, an alternative energy expert, told reporters in Shanghai.

Li's comments came with the Paris-based International Energy Agency set to distribute Thursday a major review of China's energy needs.

China is the globe's second largest consumer of fossil fuels after the United States.

But China is also quietly emerging as a global force in renewable energy technology, and nowhere is this more evident than in the nation's burgeoning wind market.

China, which ranked 10th two years ago in terms of annual installed wind mills, now is number five after the United States, Germany, India and Spain, with rapid industry growth expected to catapult it to second spot by 2008.

Although the Chinese regulatory environment has often not favoured the development of wind power, the Asian giant still managed to add this year 1,300 megawatts of wind power, an amount equal to that of two average size nuclear power stations.

"Two years ago people thought (wind power) was a joke," Li said.

"Nobody thought it possible to reach a target of 30 million kilowatts of wind power by 2020," he added, noting that if the government had lent greater support 20 years ago, wind power could already be a major component of its energy mix.

Despite production capacity of 2.6 gigawatts last year, that is still less than one percent of China's energy mix, compared with 70 percent provided by polluting coal.

"Accelerating the development of wind energy should be part of China's strategy to reduce dependence on coal while meeting its energy demand," said Yang Ailun, Greenpeace China campaign manager for climate and energy.

Worldwide, the wind power sector is enjoying a major boom as countries try to reduce their dependence on increasingly expensive fossil fuels and cutting down on greenhouse gas emissions to fight global warming.

Last year, 23 billion dollars worth of new wind generators went online across the world, lifting total capacity by a quarter to more than 74 gigawatts, according to industry figures.

In China the annual growth rate of wind power capacity over the last 10 years has averaged 46 percent, and by this year's China's installed capacity will be five gigawatts, nearly three years ahead of Beijing's target.

"In many ways China is leading the pack," said Steve Sawyer, secretary of the Global Wind Energy Council, a Brussels-based forum which seeks to promote development of the sector.

For one, Chinese lawmakers passed a new law on renewable energy in 2006, which created a fund through mandatory public contributions to cover the additional costs of wind power.

However if the government were to give wind energy full backing, capacity could exceed 120 gigawatts by 2020, accounting for up to 10 percent of total installed country capacity.

"The global fight against climate change cannot be won without China playing a major role," said Sawyer.

Energy draft hints at separate ministry

November 14 (China Daily) -- China's first energy law draft calls for placing the entire sector under a single ministry-level body, an expert who worked on the draft said Tuesday.

Supervision of the energy sector now spreads across several government departments, Wu Zhonghu said Tuesday, and suggested how it can be strengthened.

China began drafting its first energy law last year. The draft is soliciting experts' opinion and is open to amendments, he said.

He, however, refused to confirm speculation that China is likely to form a ministry of energy exclusively for the energy industry.

The Shanghai-based Oriental Morning News Tuesday quoted a source as saying that the "ministry of energy" could be set up as early as in March.

Electricity, coal, oil, gas, energy saving and planning, and international cooperation sectors will be put under the new ministry, which existed between 1988 and 1993, the report said.

Many government sectors are now involved in the energy industry. They include the energy bureau of the National Development and Reform Commission (NDRC), the State Electricity Regulatory Commission, the State Administration of Coal Mine Safety, the Ministry of Water Resources, and the Ministry of Land and Resources.

Such diversion of power, many experts say, has been hindering the implementation of energy policies.

The government has vowed to cut energy consumption per unit of gross domestic product by 20 percent from 2006 to 2010, or 4 percent each year, and reduce pollutant emissions by 10 percent during the period.

The newspaper quoted energy expert Wu Jingdong as saying the lack of a ministry of energy is

creating greater pressure on the country to meet those goals.

Neither the NDRC energy bureau, nor the Office of the National Energy Leading Group can coordinate the interests of various departments, and that could eventually become a hurdle in meeting the goals, Wu said.

China consumes the second largest amount of energy in the world. But the International Energy Agency said last week it could overtake the US as the largest energy consumer by 2030, by which time its primary energy demand is likely to increase two-fold from 2005.

Wind power as a win-win strategy

November 3 (China Daily) -- To a country like China, which is thirsty for energy and power and determined to take the road of sustainable development, promoting the development of wind power could be a win-win strategy for all.

On Thursday, a report jointly released by the Chinese Renewable Energy Industries Association, Greenpeace and Global Wind Energy Council, brought closer the realization of wind power development.

The report predicts that with greater policy support the country could become one of the world's top three wind energy markets in about a decade. China's installed wind power capacity could reach 122 Gigawatts by 2020, equivalent to the capacity of five Three Gorges Dams.

In fact, the Chinese government had earlier raised its 2010 target to 8,000 Megawatts (MW) from 5,000 MW with the idea of accelerating the development of the renewable energy industry.

Given the country's heavy reliance on coal, the cheapest and dirtiest source of energy, the development of renewable and clean energy is the only rational choice if it intends to diversify its energy supply and contribute to international efforts to check global warming.

Although its per capita greenhouse gas emissions are lower than the world's average as well as developed countries like the United States and Australia, China has been active in

pushing for global efforts to cut greenhouse gas emissions and is willing to shoulder its due responsibility.

It has already committed that non-fossil fuels will account for 30 percent of China's energy consumption by 2050, compared with 10 percent today.

To this end, the development of wind power should be given a bigger role, since it is one of the few types of ideal energy - renewable, clean and competitive with rapid implementation.

While wind power accounts for 5.7 percent of global power generation now, it amounts to less than 1 percent in China.

The government should therefore make it an obligation for places abundant in wind power to give top priority to its development.

Sufficient funding and favorable policies, including tax rebates, are necessary to encourage business expansion in this field.

Since China is relatively weak in wind power technology, it should not only promote technological innovation at home, but also look for international co-operation and borrow experience.

Automobile and Transportation

Transportation hub in urban civilization

November 26 (China Daily) -- Urban civilization in Europe and China is going through a process of evolution in the design of train stations, metro and traffic hubs and the city spaces surrounding them.

This includes comprehensive development of slabs over the metro and comprehensive development of traffic hubs.

Why? Simply because train stations, metro and traffic hubs represent a concentration of mobility in the city and it is the nature of mobility that is changing.

AREP can encapsulate this evolution in five points, which it would like to illustrate with reference to recent projects in Europe and China.

New treatment of inter-modality

To meet the new needs of the today's mobile citizens, we have to reinvent the intermodal space of the stations.

In this space the traveler is a pedestrian, walking alone or with his family, sometimes carrying luggage.

He is to take a train which is going faster and faster. And he just cannot afford to lose his way or walk too long a distance without understanding the space he is moving in.

To meet this expectation, the intermodal space must be simple, fluid and readable.

This is what the Chinese call the seamless connection station, like in our design for the Shanghai South Station, which is a station without corridors, where everybody arrives in a single space irrespective of the mode of transportation chosen for reaching the station.

Again, at Wuhan Station, people are led from all the transport hubs to the train through one single big space without any corridors.

New services for everyday life and leisure functions

In order to add value to time spent in a train station, metro hub and traffic hub and optimize their experience of the trip, travelers require more and more services like shops, business and fitness centers, places for people to meet, or hotels in the station or in the vicinity.

The Saint-Lazare Train Station in Paris is being transformed into a commercial center, without disturbing its primary function.

There will be no increase in the daily commute for travelers as they walk through the different service and retail outlets.

They will benefit from information related to the departure of their train being displayed everywhere, allowing them to optimize time spent in the transport hubs.

In the Italian city of Turin, the train station, metro hub and traffic hub we have designed is first of all a public space for citizens, with a covered passageway in the Turin tradition where you can

find cafs, restaurants, services and shops as well as all transport facilities.

At Xizhimen Transportation Hub in Beijing, business and commercial facilities are concentrated near a transport center.

The train station, metro hub and traffic hub are seen as the first seeds of new urban development.

Role in the city train stations, and metro and traffic hubs.

They concern only exchange centers but also the foundation of new urban development.

The district in which the train station, metro hub, and traffic hub is located undergoes intense mutation, changing from its earlier neglected state to become a very attractive location.

This allows the transport hub to have a first plan economic and urban role.

A lot of cities in China have started this evolution.

We have already been asked to work on urban development around the new stations of Hangzhou, Chengdu and Zhengzhou.

Sustainable development

The sustainable design of the train station, metro and traffic hub meets the requirements of citizens in two ways:

It satisfies their desire to travel or stay in a comfortable environment with optimum visual, acoustic and thermic quality.

It also guarantees that their comfort does not come at the cost of earth's resources.

New symbolic dimension

As an emblematic place dedicated to movement in the city, the train station, and metro and traffic hubs reveal the evolution of society and the behavior of today's citizens.

As the foundation for new urban development, such a transport hub becomes a new focal point of the city, a "high pression" site for urban life.

This is why the transport hub consisting of the train station, metro and traffic hub is not just a contemporary doorway to the city but is also the

symbol of a town and a region - of its activity and growth and its social and economic life.

This is why European and Chinese train stations, metro hubs and traffic hubs are similar yet different at the same time.

They are alike in their evolution while they are anchored in the roots of their unique urban cultures.

Green wheels

November 26 (China Daily) -- Part of man's travel cost is the greenhouse gas emissions from all forms of transportation powered by fossil fuels. As much as 18 percent of the world's CO2 emissions and 10 percent of its greenhouse gas emissions result from road transportation.

Many drivers today talk about energy-saving engines and clean fuel, but they may not know that tires, too, can help cars go green by reducing their environmental damage.

According to a survey by French tire maker Michelin in China last year, tires are cited as a source of pollution by only 24 percent of respondents.

In fact, executives tell China Business Weekly that in the 15 years since the company launched the so-called Michelin "green technology" tires, the world has had 22 million tons fewer CO2 emissions, the equivalent to an additional 88 million trees every year.

Michelin's trick is to lower a vehicle's rolling resistance, which can cost drivers the equivalent of one out of every five tanks of fuel for passenger cars and one out of three for trucks.

Rolling resistance is one of the five forces a vehicle must overcome in order to keep moving, says Jean-Dominique Senard, a Michelin managing partner. With each rotation of the wheel, the tire is deformed under the weight of its load as it makes contact with the road. As its structure is deformed, components heat up and some of the energy transmitted by the engine is lost.

"Since the energy needed to keep a vehicle moving forward is provided by combustion,

lowering the tire's rolling resistance makes it possible to reduce fuel consumption and, consequently, emissions of CO2 and other greenhouse gases," Senard says.

In the "green technology" tires, which Michelin first introduced in 1992, silica is used in the treads as a partial substitute for carbon black. Silica helps to lower rolling resistance while delivering the same performance in terms of grip, especially on wet surfaces, and wear resistance.

Michelin reported a significant improvement in energy efficiency from the commercial use of the innovation, leading to an average reduction of 0.15 liters of fuel per 100 km.

In the following 15 years, according to company sources, no fewer than four generations of Michelin energy saving tires were developed. Today, three out of every four Michelin car tires sold in Europe are of the energy saving type, as well as two out of every three in China.

According to Senard, road transportation makes up 45 percent of the global oil consumption, and the figure is climbing. "In the next 20 to 30 years, more than 800 million new vehicles will appear in the world, and most of them from rapidly developing countries such as China and India."

Industry forecasts say that by 2010 total tire demand in the Chinese market will be around 300 million units. This is a big number in terms of both production and consumption, and will inevitably speed up the demand and the application of environmentally friendly technologies.

To prepare for meeting that challenge, company executives say, Michelin allocates nearly 4 percent of its annual net sales to research and development, with the design of low rolling resistance tires as a key component of its innovation strategy.

The fourth generation of Michelin's "green technology" tires was displayed at the 62nd Frankfurt Auto Show in September 2007.

Dubbed the Energy Saver, the new tire reduces fuel consumption to nearly 0.2 liter per 100 km, while reducing CO2 emissions by almost 4g/km.

Michelin claims to be the first manufacturer to recommend the creation of an energy efficiency index system for car and truck tires, and is

leading the world tire industry in a campaign to inform customers of different tires' rolling resistance performance and environmental impact.

The difference, company executives say, may be as much as 50 percent for the same car running on different tires.

Transport tech

November 26 (China Daily) -- Germany's auto driveline and chassis technology maker ZF Friedrichshafen AG is on a roll in Beijing - ironically as part of a solution to too many cars.

The company's designs are used in the world's most advanced buses that can move more people faster and help alleviate road congestion.

Part of its efforts are in a system known as bus rapid transit (BRT) that uses dedicated traffic lanes, which has proven successful after the first line debuted in Beijing almost two years ago.

China's first BRT lane in Beijing has given a glimmer of hope to tens of thousands commuters desperate for smooth above-ground traffic.

"It's a de facto bus-based metro instead of trains," says Wolfgang Schilha, senior Vice-President of Commercial Vehicle and Special Driveline Technology Division of ZF Group.

Shuttling between Qianmen and Daxing District, BRT Line 1 transports around 130,000 passengers a day with 90 buses that run on a special fenced-in lane with a signal priority control system.

The buses are 18 meters long and able to carry about 200 passengers, almost double the capacity of a conventional bus.

"Cost for building a fast bus lane is only one-tenth of that of subway for each kilometer," says Wolfgang.

The BRT system has accelerated the transport of passengers and attracted many back to public transportation, according to Wang Zhentao, technology engineer with the Beijing BRT operational monitoring and control center.

The capital is now extending its BRT lines to 60 km from the current 17 km on Line 1, with the work scheduled to be completed by year's end.

As sole supplier of the bus driveline system, automatic transmission, low-floor axle and steering gear for BRT buses in China, ZF enhanced its leading position by closing a slew of deals with its business counterparts in Beijing.

Around 200 buses that to run on BRT Lines 2 and 3 will be equipped with the ZF's axles and steering system.

The company is also providing axles and the steering system to 1,300 low-floor buses for Beijing Public Transport Corp.

They are Dongfeng, Kinglong, Huanghai and Yutong buses.

"New deals have cemented the company's strong presence in Beijing. A total of 2,400 low-floor buses will be running on the roads of the city by the end of this year," says Liao Liheng, general manger of ZF Drivetech (Suzhou) Co Ltd.

The low-floor concept was first introduced to China in 2002.

There are now about 100,000 in use around the world.

The design enables passengers to get on and off buses more quickly and allows the disabled to board easily, shortening time needed to about one second per person.

"Bus passengers expect maximum safety and comfort and our products right help fulfill these expectations," says Liao.

BRT buses are also operating in Hangzhou, Xi'an and Kunming and will be running in Shanghai, Tianjin, Chongqing, Shenzhen, Chengdu, Wuhan, Shenyang, Jinan, Shijiazhuang, Nanjing, Fuzhou and Ningbo in the future.

"The growth taking place in China was anticipated in advance by ZF. Now we're reaping the benefits," says ZF Group Executive Manfred Schwab.

"We will continue to participate in China's economic boom by developing products that are

in line with the market. In order to penetrate the market further, we'll need to offer tailored solutions in engineering, cost and quality."

In addition to axles and low-floor technology, all 90 buses serving BRT Line 1 are equipped with 6-speed Ecomat transmissions, so drivers on the route are the first in Beijing to enjoy the convenience of an automatic transmission.

Cabbies and truckers press for fuel surcharge

November 13 (China Daily) -- The taxi and container truck industries yesterday demanded that the government approve their request for a fuel surcharge to meet rising operating costs because of soaring fuel prices.

A total of 21 taxi associations held a meeting with the Transport Department yesterday afternoon, pressing for a HK\$1 surcharge for every trip.

The taxi industry wants the surcharge as soon as possible to offset the soaring fuel prices, said To Sun-tong, spokesman for the alliance for the benefit of taxis and mini-buses, after the meeting.

Chief Transport Officer Ken Hui said since the industry did not mind under what name would the HK\$1 be charged, the government would consider the application as soon as possible.

Initially, the meter setting will not be altered. Instead, tax fare conversion tables will be used to inform passengers of the surcharge, he added.

Meanwhile, six ground transportation associations, which represents about 70 percent of the total trade volume, also proposed a fuel surcharge yesterday.

Unlike the taxi trade, they have to seek agreement from The Hong Kong Shippers' Council instead of the government.

While the taxi industry is applying for a HK\$1 surcharge per trip, operators of container truck companies hope to charge HK\$0.81/km for domestic deliveries and HK\$0.65/km for cross-boundary trips respectively, with effect from November 15.

Under the proposed charge scheme, a local return trip of about 70 kms. between the Kwai Chung container terminal and Yuen Long, for example, would cost around HK\$57 in fuel surcharge.

But for a cross-boundary trip between the container port and Weizhou, which is 266 kms in distance, the additional charge will be as high as HK\$174.

Ricky Wong, chairman of Hong Kong Container Tractor Owner Association, said fuel prices have been skyrocketing since 2004. And owing to stock-piling by mainland fuel suppliers, a supply shortage has occurred.

And since renminbi has appreciated by 8 percent against Hong Kong dollar over the past year, the cost of fuel as part of the operating costs has risen from 22 percent to over 30 percent, he told a press conference yesterday.

Since charges have been specified in contracts between transportation companies and shippers, it is difficult to increase them when the contracts are still in force, he said.

Wong, however, said as shippers are considerate people, he hoped they would agree to the fuel surcharge.

In reply to the request, Sunny Ho, executive director of the Council, said the spiralling fuel prices had taken a heavy toll on the industry.

However, the Council believed the market would provide the best adjustment mechanism and suggested that the shippers should discuss the matter with their forwarders.

October passenger car sales rev up by 21 percent

November 10 (China Daily) -- China's passenger car sales rose 21 percent in October, as a surging stock market boosted consumers' wealth in the world's second-largest vehicle market.

Drivers bought 496,900 cars last month, the China Association of Automobile Manufacturers said in an e-mailed statement on Friday. Total vehicle sales, including trucks and buses, rose 20 percent to 692,300.

Automakers led by China FAW Group Corp and SAIC Motor Corp, a partner of Volkswagen AG and General Motors Corp, have boosted sales in China because of economic growth. The benchmark CSI 300 Index has also more than doubled this year, fueling demand as many Chinese stock-market investors buy new cars with their profits.

"Car sales will keep on growing at this pace in the coming few years in line with people's increasing wealth," said Wang Liusheng, a China Merchants Securities Co analyst in Shenzhen.

Passenger car production rose 24 percent last month to 522,200. Overall vehicle output climbed 21 percent to 713,100.

In the first 10 months of 2007, car sales increased 24 percent to 7.15 million, with production expanding 23 percent to 7.22 million, according to the statement.

The two bestselling models in the period were the Volkswagen Jetta, made by FAW-Volkswagen Automotive Co, and the Volkswagen Santana, made by a venture with SAIC Motor.

Volkswagen, GM and other automakers are building more capacity and designing new cars in China to boost sales in the world's fastest growing major economy.

Volkswagen raised its full-year sales target 13 percent to 900,000 vehicles last month after sales climbed 30 percent to 684,786 in the first nine months.

The company, which said three years ago that it wouldn't build any more plants in China, plans to expand production in the country by 2010, Winfried Vahland, president of the company's China unit, said in an October 12 interview.

GM said last month it plans to set up a research laboratory in Shanghai to develop vehicles that run on alternative fuels. The center will study the possibility of developing alternative-fuel vehicles including plug-in hybrids, CEO Rick Wagoner said on October 29.

Special Supplement: Dongfeng trucks head overseas

November 20 (China Daily) -- Dongfeng Tianlong, its latest heavy-duty truck model, is a new milestone for Dongfeng Commercial Vehicle Company. The firm developed the model independently this year, combining advanced international technology and local expertise.

In China, more commercial vehicle manufacturers like Dongfeng Commercial Vehicle Company are now stepping up efforts to develop their own models independently and launch them in overseas markets.

Dongfeng Tianlong has made repeated tests to guarantee product quality and received a positive response from the market.

Guided by a market-oriented strategy, Dongfeng Tianlong is completing its models.

Five months after its launch, Dongfeng Tianlong won eight prizes at the First China International Truck Fuel-Saving Competition, beating all heavy-duty truck manufacturers that participated in the contest.

Zhejiang Juhua Group, a major client of Dongfeng, commented that Dongfeng Tianlong is the best substitute for imported trucks due to its low oil consumption, high quality, competitive performance and perfect after sales service.

This year, more than 3,000 Dongfeng Tianlong heavy-duty trucks were exported to overseas markets.

In order to meet the requirements of the Iranian market, Dongfeng Commercial Vehicle Company improved its quality control, after sales services and international authentication to meet both Chinese and international standards.

One of Dongfeng Commercial Vehicle Co's partners, SAIPA, the largest company manufacturing trucks with a perfect after sales service network in Iran, began to import Dongfeng vehicles this year and will maintain a good strategic partnership with the Chinese firm.

On September 24, 2007, Dongfeng Commercial Vehicle Company subsidiary Dongfeng Xinjiang Automobile Co Ltd celebrated its 1,000th cross-

desert truck rolling off the production line as well as its export of 1,000 heavy-duty vehicles.

Dongfeng Xinjiang also announced the beginning of operations at its new D310 production line - a new technology renovation project - after meeting its 2007 production target one quarter ahead of schedule.

After the launch of Tianlong and Dalishen, both new models, Dongfeng Commercial Vehicle Company witnessed a rapid growth in exports compared with the same period last year. With the production and sales volumes both breaking the 20,000 mark in 2007, Tianlong heavy-duty truck is becoming China's fastest-growing brand in its category.

Tong Dongcheng, general manager of Dongfeng Commercial Vehicle Company, noted that against an internationalized backdrop, technology is no longer the main hurdle for Chinese vehicle producers.

If they are able to solve problems related to management, quality control and efficiency, they will enjoy greater success in the overseas market, he said.

Having established its overseas market department last year, Dongfeng is paying close attention to the overseas market in a bid to adjust its international marketing strategy.

Apart from Iran and Russia, which are its major overseas markets, Dongfeng is planning to develop six other foreign markets and improve its overall overseas market management system.

It is thus concentrating on brand strategy, and will place emphasis on the improvement of after sales service and maintenance of commercial vehicles.

China regulates development of new automobiles

November 2 (Xinhua) -- China has made a substantial move to advance the development of automobiles powered by new energies amidst concerns on energy conservation and environmental protection.

A new regulation regarding the qualifications of manufacturers for automobiles powered by new energies was promulgated Thursday by the country's top economic planner, the National Development and Reform Commission (NDRC), after seven months of public discussion.

New-energy automobiles were defined by the regulation as hybrid cars -- battery electric vehicles (BEV), fuel cell electric vehicles (FCEV), hydrogen-fueled vehicles and vehicles powered by other new types of fuel.

Professor Zha Daojiong, director of the Center for International Energy Security at Renmin University of China in Beijing, told Xinhua the regulation came out against a background of increasing domestic and international energy demands.

The promulgation of the regulation coincided with the announcement of a sharp gasoline price rise by the NDRC. The prices of gasoline, diesel oil and aviation kerosene increased by 500 yuan per ton, a rise of almost 10 percent, to lessen the gap between soaring international crude prices and state-set domestic oil prices.

The document said China would accelerate the research, development and production of new energy vehicles step by step.

Auto enterprises applying to manufacture vehicles powered by new energies should have adequate research, production and after-sales service capacities and need to ensure the reliability of the autos, it said.

"Enterprises wanting to manufacture new-energy cars should pay attention that their development of new type of energies should be truly energy-efficient rather than only new in name, Zha said. "It is also crucial to avoid creating new sources of pollution in the process of the production of vehicles fuelled by new energies."

Special testing institutions will be entrusted to supervise the quality of the vehicles powered by new energies, according to the regulation.

To tap the country's rapidly expanding car markets and cater to the government's requirements on environmental protection, many domestic automobile manufacturers have already started research on new, cleaner energy.

East China's Anhui-based Chery, for instance, has signed a strategic cooperation agreement with the China Petroleum and Chemical Corporation (Sinopec) for the latter's technical support in developing green alternative energy vehicles.

With an estimated 38 million motor vehicles on the roads, including 22 million private cars, China has a taste of not only the efficiency and convenience of modernization but also the harm this can bring, with damage to ecology and polluted air.

Statistics from the Ministry of Construction showed that transportation accounted for 16.3 percent of the country's total energy consumption in 2005. Moreover, more than 80 percent of the carbon monoxide and more than 40 percent of nitrogen oxides in air are from the car emission, figures from the State Environmental Protection Administration revealed.

Beijing, the host city for the 2008 Olympics, had 3.08 million automobiles by the end of August, the highest in China, and this figure is increasing by more than 1,000 a day.

Professor Zha Daojiong suggested the government increase the tax on the use and consumption of high-emission vehicles, especially in big cities like Beijing, where roads would often resemble car parks during the rush hour.

"The government should impose higher fuel consumption taxes on the high-emission cars," he said.

As America's development and production of ethanol, an alternative fuel to petrol, has boosted the global food price surge to some extent since last year, Zha said that the government must take social, economic and ecological factors into consideration in specifying the new energy development scheme.

China has hoped to cut energy consumption per unit of gross domestic product by 20 percent, or 4 percent each year from 2006 to 2010. But, the consumption actually fell by just 1.2 percent last year, far from accomplishing the set goal.

Oil and Gas

China lifts natural gas prices sharply

November 14 (Agencies) -- China has raised the price of natural gas for industrial use and transportation by as much as a third in some areas, the first increase in over 22 months, but spared homeowners already reeling from quickening inflation.

From Saturday the price of natural gas at the factory gate -- or the pipeline mouth -- will rise by an unexpectedly large 0.4 yuan (\$0.54) per cubic metre, China Securities Journal reported on Tuesday, citing informed but unnamed sources.

The scale of the rise, another small step in Beijing's efforts to bring its regulated domestic resource prices into line with soaring global markets, varied from just over 10 percent to as much as 30 percent, the paper said.

"This is a huge increase, because people have been talking of a 10 percent increase and this 40 cents is way above 10 percent in some areas," said Yan Kefeng, analyst at Cambridge Energy Research Associates in Beijing.

The government has pledged to eventually free up prices, but has been reluctant to act because of inflation concerns.

It was forced into an unexpected 10 percent hike of domestic motor fuel prices two weeks ago by widespread shortages and rationing and said then that it would also adjust gas prices.

The increase should be a boon for China's big producers PetroChina and Sinopec, although domestic natural gas production still makes up a small portion of their overall operations and the rise had little impact on their share prices in a weak Hong Kong market.

Some of the gain, which many investors had already priced in, will likely be shared by transmission and marketing companies.

There were no details of the increase on the website of the National Development and Reform Commission, the country's top energy and economic planner. Its spokesman could not be reached on Tuesday.

Recent international deals to buy liquefied natural gas for the booming southeast at international prices were a sign that Beijing was committed to its promise to eventually free up resource price controls to improve efficiency, Yan said.

"We see it as an inevitable trend, the gas price will not stop here... We see the residential sector is able to afford higher gas prices, though the power sector is not," he added.

However with concerns growing about high inflation, few expect rapid change.

Data on Tuesday showed soaring food costs pushed China's inflation back to a nearly 11-year high in October, adding to worries that rising costs to consumers could undermine social stability.

Provincial variations

In the southwestern city of Chongqing, gas prices for industrial users were up 0.42 yuan per cubic metre to 1.67 yuan, while in nearby Chengdu industrial firms had to pay 1.66 yuan per cubic metre, an extra 0.43 yuan, the report said.

However in Hubei province, drivers who filled up with natural gas were paying about 3.35 yuan per cubic metre for the fuel.

China is keen to increase use of the fuel, which is much cleaner-burning than the coal which provides most of its energy.

But despite annual output increases of around 20 percent, it is still struggling to keep pace with rising demand, and concerned about a growing dependence on foreign supplies.

Plans for a pipeline from Russia have stalled because of arguments about pricing, and one of the country's most senior energy officials recently hinted China might limit expansion of gas fuelled capacity.

"China's natural gas supply is comparatively tight, and it will be used mostly for civil purpose and indispensable industrial projects," Chen Deming, deputy chief of China's National Development and Reform Commission, said during a recent visit to a gas-fired heat and power plant in Beijing.

Guangzhou issues emergency plan on refined oil

November 22 (CRI) -- Guangzhou, capital city of southern China's Guangdong province, has recently announced an emergency plan to guarantee the city's supply of refined oil.

Guangzhou's authorities have stated that the city will conduct surveillance of over 60 gas stations at the provincial level where PetroChina and Sinopec refined oil is sold and make stocks that fall below a minimum level than an alarm raised. This will also occur if monthly supplies in the city fall short of an 80 percent mark.

The emergency plan will take effect when one-third of the gas stations under surveillance are found to be short of oil or diesel stock for more than 4 hours, the Guangzhou-based Information Times reported on Thursday.

According to the emergency plan, PetroChina and Sinopec, the country's top two oil firms should report their supply budget of refined oil to the Municipal Economic and Trade Commission on a yearly and monthly basis, and daily release volumes as well. The reported data will be further reported to senior decision-making departments.

In the instance of critical emergencies, the city will instigate a surveillance network that covers 60 gas stations affiliated with the two major suppliers, the paper said.

In terms of oil sources, local oil branches are required to closely cooperate with municipal headquarter to ensure the timely release of oil products onto the local market.

Meanwhile, as a highlight of the plan, oil can be directly sold to enterprises to solve the crisis. The emergency plan also states that the city shall use its own municipal oil stores when the two major suppliers cannot 100 percent guarantee round-the-clock services or when enterprise are forced to shut down due to a lack of oil.

The emergency working group can apply for the execution of the emergency plan in the following cases:

First, when one-third of gas stations affiliated with the city's two major oil providers under surveillance are facing a shortage of oil or diesel for more than 4 hours, and vehicles queuing up for gas exceed 50.

Second, the plan also applies when the stores of 10 major diesel using enterprises under surveillance cannot hold on for four days after the alarm is raised.

Third, at a time when an oil supply crisis arises following the acute fluctuation of the refined oil market, due to war, natural disaster and international sanctions.

PetroChina pledges supply hike to ease oil shortages

November 21 (Xinhua) -- BEIJING - PetroChina, the country's largest oil and gas producer, has pledged to increase output and imports to ease domestic fuel shortages.

Many filling stations across the country are experiencing shortages, with refineries unwilling to raise output in light of low domestic prices.

Experts have said that the government should reform the oil pricing mechanism to reflect international levels.

PetroChina has ordered its subsidiaries to run at full capacity and exceed output targets, a company source said on Tuesday.

The oil giant will buy more fuel from other local refineries, boost imports and curb gasoline and diesel exports to ensure domestic supplies, the source noted.

The company recently supplied an additional 35,000 tons of imported diesel to the nation's southern region, where fuel shortages are more acute.

Another 70,000 tons of imported diesel are expected to arrive in the region at the end of this month, the source said, adding the firm has imported more than 400,000 tons of refined oil through mid-November.

On Monday, China Petrochemical Corporation, better known as Sinopec Group, said it has also

ordered subsidiaries to work at full capacity to refine 42 million tons of crude oil in the fourth quarter and to refine 200,000 tons more as scheduled in December.

Sinopec had planned to raise diesel production for November by cutting aviation fuel output by 80,000 tons. Its oil output for October was 198,000 tons above target.

Despite making losses, Sinopec said it will import 200,000 tons of diesel in December, following imports of 277,000 tons of refined oil this month. It halted imports of refined oil in September and October because domestic oil prices were below import prices.

China Oct crude oil imports at 10-month low

November 12 (Agencies) -- China's crude oil imports in October rose 16.5 percent from a year earlier but stood at the lowest daily rate since December 2006, hit by high global prices, a cut-back in domestic refining and a long national holiday.

The world's number two oil consumer imported 12.61 million tonnes (2.97 million barrels per day) of crude last month, preliminary government data showed on Monday.

Crude oil imports in the first 10 months rose 13.8 percent from the year-ago period to 136.68 million tonnes, the General Administration of Customs said on its Web site (www.customs.gov.cn).

Global oil prices last month breached US\$90 a barrel for the first time, and low state-set retail prices in China meant refiners had little desire to buy in pricy crude.

The country's top oil refineries trimmed operational rates in October for a fourth month in a row, reaching the lowest level since May, a Reuters survey showed.

Refining cutbacks, and a fall in net imports of refined products - down 42 percent in October from a year earlier - sparked China's worst fuel crisis in four years, with fuel shortages and rationing.

China responded by raising prices from November 1, but the first hike in 17 months was not enough to bring the country's pricing in line with international markets.

State refiners are rationing diesel again at petrol stations on the booming east coast little more than a week after the hike, industry officials and drivers said on Sunday.

A week-long national holiday in early October may also have resulted in a slow start to the importing month.

China imported 2.19 million tonnes of oil products excluding liquefied natural gas last month, while imports of products in the January-to-October period fell 8.9 percent from a year earlier to 29.02 million tonnes, customs said.

Refining stepped up by 12%

November 16 (China Daily) -- PetroChina Co, the nation's biggest oil producer, is poised to increase crude oil refining volume by nearly 12 percent this year, according to its senior officials.

The company is expected to process some 120 million tons of oil this year, the company's vice-president Liu Hongbin told reporters at an exhibition for gas station equipment, new technologies and non-fuel operations in Beijing yesterday. The refining volume would reach 2.4 million barrels a day.

The estimate is also higher than a March forecast, which predicted the refining volume would reach 2.25 million barrels a day in 2007. The company processed 2.15 million barrels of oil a day last year.

China's crude oil output in October totaled 15.81 million tons, up 1.9 percent year-on-year, according to the latest figures from the National Bureau of Statistics.

The National Development and Reform Commission (NDRC), the country's top economic planner, earlier this month increased the prices of major oil products by 8 percent to encourage loss-making refiners to step up production and reduce shortages.

The revision was made to reduce the gap between soaring global crude prices and domestic fuel prices, the NDRC said.

Wang Xiaochuan, deputy director with the commerce ministry's commercial reform and development department, encouraged gas stations to improve their business in non-fuel sectors at yesterday's exhibition.

Non-fuel sectors, such as vehicle maintenance and convenience stores are expected to become a new profit source of domestic businesses, he said.

A series of forums on the development of gas stations in China will also be staged during the three-day expo.

Oil imports 'less than 60% of consumption by 2020'

November 2 (China Daily) -- China will try its utmost to keep its annual oil imports below 60 percent of its total oil consumption by 2020, a researcher with the country's top oil company said yesterday.

"I can assure you that China's oil and gas production is still huge because of the reserves potential. Currently China's production is rising to its peak season, which may last 30 years," Zhao Wenzhi, director of the Research Institute of Petroleum Exploration & Development affiliated to China National Petroleum Corporation (CNPC), said yesterday.

CNPC is China's top oil and gas producer.

Zhao predicted that China's oil output might reach 200 million tons by 2020. And the production volume will remain unchanged for a long period.

Demand for oil is estimated to hit 450 to 600 million tons in China by 2020.

"We can't fully meet our oil demand with local production. That is the reality. But we will try to produce 40 percent of the oil we need by then," Zhao said.

Meeting the domestic production target of 2020 requires efforts in intensifying local exploration and production, obtaining oil from overseas assets, oil trading and raising energy saving, according to Zhao.

As a clean-energy option to supplement oil, natural gas will play a more important role in meeting the country's energy demand.

By 2030, China's natural gas production will exceed 250 billion cubic meters, the CNPC's top researcher forecast.

China's natural gas almost equals crude oil in terms of resource volume. But the clean energy lags behind oil production in China, Zhao added.

China extracted only 58.6 billion cubic meters of natural gas last year. It has extractable oil and gas reserves of as much as 21.2 billion tons and 22 trillion cubic meters respectively, not considering the resources in the southern part of the South China Sea, Qiu Zhongjian, of the Chinese Academy of Engineering, said earlier this week.

As the global oil price stays high, China is devoting more efforts to upstream oil and gas exploration both at home and abroad.

Oil dips below \$90 a barrel mark

November 30 (AP)-- Oil prices fell below \$90 for the first time this month on expectations that OPEC will increase output next week and fading concerns that a pipeline fire in the U.S. will disrupt supplies.

Flames and smoke following an oil pipeline explosion in Clearbrook, Minn., Wednesday Nov. 28, 2007

Light, sweet crude for January delivery fell \$1.55 to \$89.46 a barrel in electronic trading on the New York Mercantile Exchange by midday Friday in Europe. On Thursday, the crude contract gained 39 cents to settle at \$91.01 a barrel in choppy trade.

In London, January Brent crude dropped \$1.78 to \$88.44 a barrel on the ICE Futures exchange.

Oil price have tumbled this week amid speculation that supplies are rising and a slowdown in U.S. growth will undercut energy demand.

The fire along the oil conduit from Canada to the Midwest caused a spike above \$95 a barrel Thursday -- and renewed speculation that oil was as back on its way to \$100.

But by the end of New York floor trading it was clear most of the network was quickly returned to service and that the fire-damaged section was expected to be back up in days.

An offer by the U.S. government to release oil from the Strategic Petroleum Reserve, if needed, also helped calm markets.

Traders are likely to return their focus to an OPEC meeting on Wednesday in Abu Dhabi, where the 12-member cartel is expected to decide whether to increase production.

Several ministers of the Organization of Petroleum Exporting Countries have said in recent days that the group is ready to boost output to bring prices down.

"(OPEC) previously agreed to increase output by 500,000 barrels per day from November 1," Vienna's PVM Oil Associates said in a research note.

"According to a tanker-tracker agency, OPEC exports are expected to rise by around 480,000 barrels per day in the four weeks leading up to December 15, which is in line with the group's decision."

Investors were also digesting Thursday's news that the White House cut its forecast for U.S. economic growth for next year and that housing prices dropped in the third quarter for the first time in 13 years.

Other analysts have pointed out, though, that the increasing expectation that the U.S. Federal Reserve will cut its key interest rate for a third time this year next month will likely depress the U.S. dollar, which could provide some support to oil.

Crude futures offer a hedge against a weak dollar, because their price tends to rise when the U.S. currency is falling.

The fire late Wednesday along the Enbridge Energy Partners LP Lakehead pipeline in northern Minnesota, which carries crude oil from Saskatchewan province in Canada to the Chicago area, killed two repair workers.

The network consists of four separate conduits, and after the fire, all were shut down.

But three of the lines carrying a total of about 1.4 million barrels of crude a day were restarted by the end of Thursday, according to the company.

And the fire-damaged pipe, which can carry 420,000 barrels of crude a day, could be repaired and returned to service within two or three days, the company said.

The four pipelines together normally carry about 16 percent of U.S. crude imports and 8.3 percent of total domestic oil consumption.

Nymex heating oil futures fell 3.5 cents to \$2.5421 a gallon (3.8 liters) while gasoline prices were down 3 cents to \$2.2348 a gallon. Natural gas futures rose 6.8 cents to \$7.52 per 1,000 cubic feet.

Climate Change and Air Pollution

Save energy to 'reduce' climate woes

November 27 (China Daily) -- China can cut its greenhouse emissions and achieve its goal of reducing the use of energy by developing renewable energy and improving energy efficiency, the World Wide Fund for Nature (WWF) has said.

The Chinese version of a recent climate change report was released Monday, with the WWF saying the country can tackle the challenges of climate change by resorting to the two suggested solutions.

China's huge population and rapid economic development have increased the demand for energy. Its total primary energy consumption

reached nearly 2.5 billion tons of coal equivalent last year, the WWF report says.

But the country's energy efficiency contrasts at a low level of only 33 percent. In fact, it only equals the level of developed countries 20 years ago and far outclasses the world average energy intensity of per unit GDP, the report says.

"The WWF report shows China still has enough room to improve energy efficiency," said Chen Dongmei, director of Climate Change and Energy Program of WWF China.

The government has set a goal of reducing energy consumption per unit GDP by 20 percent during the 11th Five-Year Plan (2006-10).

"Achieving this efficiency target will reduce carbon dioxide (CO₂) emission reduction by 1.5 billion tons, or 40 percent of China's total CO₂ emission in 2004," Chen said.

"Improving energy conservation and efficiency is the priority for China if it wants to cut CO₂ emissions."

WWF's proposals come mostly from the country's policy-making and energy-saving technology adoption, he said.

The report, "Climate Solutions: WWF's Vision for 2050", was compiled by WWF's Energy Task Force, with contributions from more than 100 scientists and experts.

It puts forward six solutions, including improving energy efficiency, stopping deforestation, accelerating the development of low-emission technologies, developing flexible fuels, replacing high-carbon coal with low-carbon gas and equipping fossil-fuel plants with carbon capture and storage technology.

The report concludes that a combined adoption of the solutions would meet the world's expected two-fold demand for energy by 2050 without aggravating climate change, but the governments have a limited period of time to agree on necessary measures for change.

The WWF report has three imperatives: urgency, global effort and leadership. Climate change is an issue every country has to tackle, WWF China Country Representative Dermot O'Gorman said. Irrespective of whether they are developed or developing, countries across the

world have to bear common but differentiated responsibility to achieve the united goal.

Published just a week before the crucial UN climate conference in Bali, this WWF road map shows solutions are at hand and are affordable, O'Gorman said. Leaders at the Bali conference have to agree on decisive action to ensure we stay below 2 C of temperature rise.

China, France sign statement on climate change

November 26 (Xinhua) -- BEIJING -- Chinese President Hu Jintao and French President Nicolas Sarkozy announced after their talks on Monday the releasing of a China-France joint statement on responding to climate change and the establishment of a partnership between the two countries in this regard.

According to the joint statement, the first of its kind issued between China and another country, China and France both reiterated their commitments to the aims, principles and provisions of the UN Framework Convention on Climate Change and the Kyoto Protocol.

The two sides will establish a bilateral consultation mechanism and hold consultations once a year in turn in the two countries, to strengthen dialogue and cooperation on climate change, in the principles of Common and Differential Liability, respective capability and equity.

The two sides pledged in the joint statement to strengthen cooperation in the relevant fields, including bio-diversity, water resources, desertification, natural disasters, forests, garbage treatment, pollution prevention and environment-friendly economic measures, and promote the cooperation on the development, extension, application and transfer of technologies.

The two countries will cooperate on the major technologies of energy saving, renewable energy, hydrogen energy and fuel battery, clean coal and nuclear power for civil use.

The statement said the two countries will encourage the establishment of joint ventures to encourage technological innovation on

responding to climate change, and will also encourage their enterprises and financial organizations to participate in more climate change and sustainable development cooperation projects of each other.

The two countries will promote world attention to the climate change issue and devote to a series of projects on the research on climate change, and increase the possibility of common cooperation with other countries, in a bid to benefit the least developed countries, especially African countries.

The two countries promised to attend a meeting of contracting parties to the UN Convention and Kyoto Protocol, scheduled for December in Bali, Indonesia.

Sarkozy hailed the releasing of the joint statement as a "significant and unprecedented thing".

Warming warning

November 26 (China Daily) -- Comments from government officials and scientists in Beijing have generally been positive on the latest climate change report by the Inter-governmental Panel on Climate Change (IPCC), as commissioned by the United Nations, released a week ago in Valencia, Spain.

The dire warnings of the possible consequences of global warming in the report are of "a strong guiding significance" for the forthcoming round of international negotiation over climate changes, says Zheng Guoguang, Director of the China Meteorological Administration (CMA),

Yet the scientist-turned official also notes the modeling methods on which the report is based are mainly contributed by Western scientists, according to an interview published on the CMA website.

While China agrees that there must be a concerted and prolonged global effort to mitigate climate changes, it also sees increasing limitations on developing countries' attempt to assert their economic rights.

Still, Zheng points out, the threat of climate changes is real. China is no exception to the impact of global warming.

As the world's largest developing nation, it has drawn up its national plan, first of all to curb and reduce the emission of greenhouse gases. The national leadership is determined to make a deep Chinese contribution to protecting the global climate, which was already written into the policy paper of the 17th Congress of the Communist Party of China.

According to the latest report released on November 17 in Valencia, Spain, which is a synthesis of three previous reports, global warming is "unequivocal."

Temperatures have risen 1.3 degrees Fahrenheit in the last 100 years. Eleven of the last 12 years are among the warmest since 1850.

The panel depicts the Earth hurtling toward a warmer climate at a quickening pace and warns of inevitable human suffering. It says emissions of carbon, mainly from fossil fuels, must stabilize by 2015 and go down after that.

The IPCC reports come at a crucial time, which will provide scientific reference for the next round of negotiations on cutting greenhouse gases (GHG). Next month, about 180 countries will hold a crucial meeting in Bali, Indonesia, to begin talks on a new regime to control emissions after the Kyoto commitments expire in 2012.

"Only urgent, global action will do," said UN Secretary-General Ban Ki-moon after the report was released. He called on the United States and China - the world's two biggest emitters of GHG - to do more to slow global climate change.

"I look forward to seeing the US and China playing a more constructive role," Ban told reporters. "Both countries can lead in their own way."

However, having their nation mentioned in the same breath with the United States may not be something that the Chinese are yet used to. Chinese scientists say although both countries release similar amounts of GHGs into the atmosphere, more than 5 billion tons of CO2 equivalent annually, there is still a gap between Chinese and American carbon footprints - which scientists define as CO2 emission per capita per year.

The Chinese carbon footprint is about four tons, staying at the world average. The US index is more than 20 tons of CO2 equivalent, the most in the world.

"It is unfair to compare the total emission between China with the United States," said Song Dong, from Ministry of Foreign Affairs's Department of Treaty and Law, at a news conference held by CMA after the Chinese expert group returned from Valencia.

"China has the world's biggest population. Please focus on carbon footprint in international negotiation," he called.

At the same time, experts argue, China is doing a lot of work to fight global warming.

China pledges to cut its energy intensity, energy consumption per unit of GDP, by 20 percent from 2005 to 2010. The move, which experts say would require at least 97 billion yuan in investment, can help China save up to 600 million tons of coal equivalent and reduce CO2 emission by 1.4 billion tons, one-fourth of the current annual emissions.

In another effort, as much as 2 trillion yuan will be earmarked to increase the proportion of renewable energy used in the nation to 15 percent.

Luo Yong, deputy director-general of the CMA Beijing center, says that in addition to mitigation, the country needs to make preparations for adapting to climate changes, including rising sea levels, water shortages, instability in agricultural productivity and ecosystem deterioration. "All the efforts need huge funds to back them up," Luo admits.

The Kyoto treaty obliges 36 industrial nations to cut emissions by at least 5 percent below 1990 levels by 2008 to 2012.

A recent UN report said the industrial world is spewing more carbon into the atmosphere than ever before and governments have only a narrow window of a few years to reverse the trend and avert calamitous climate change.

The UN-verified data shows emissions by the 36 countries have been growing since 2000, reaching a near-record in 2005 and continuing to move upward.

"Emissions are going up in a worrying way," said Yvo de Boer, the general secretary of the UN Framework Convention on Climate Change.

Lu Xuedu, an official from the Ministry of Science and Technology office of global environmental affairs, said in a recent workshop about the forthcoming Bali conference that "China is taking a down-to-earth attitude and seeking practical actions in mitigating and adapting to climate changes,"

As huge funds are being allocated by China to reduce GHG emissions, some developed countries in the West have yet to deliver their previous promise on GHG cuts. Lu urged them to be more responsible and make actual contributions to global efforts in GHG control.

Green fund to help cut emissions

November 10 (China Daily) -- China launched its Clean Development Mechanism (CDM) fund, with a potential funding of \$3 billion, on Friday to finance the country's efforts to tackle climate change.

The CDM fund, managed by the Ministry of Finance, will pool money by taking part of the proceeds from the country's carbon trade with developed countries, said Xie Zhenhua, vice-minister of the National Development and Reform Commission (NDRC).

Established under the 1997 Kyoto Protocol, CDM allows developed countries to fulfill their obligations in greenhouse gas emission reduction by buying carbon credits from developing countries or investing in their clean energy projects in a market-based manner.

By the end of October, Xie said the NDRC had approved 885 CDM projects. If those projects are implemented, it will trade a greenhouse gas emission reduction of 1,500 million tons of carbon dioxide, with a turnover of about \$15 billion, more than \$3 billion of which will be injected into the new CDM fund, Xie said.

To ensure the sound operation of the new fund, China will first focus on establishing good corporate governance and an effective risk control system, Finance Minister Xie Xuren said at the ceremony to launch the fund.

The Chinese government will implement a series of measures to cut greenhouse gas emissions and help tackle global warming, Xie said.

The country will promote technological upgrading to improve energy efficiency and develop more low-carbon and renewable energy products to balance its energy structure, he said.

China called on developed countries to make more efforts to combat global warming.

Global warming, in essence, has mainly been caused by developed countries as their industrialization has historically led to huge emissions, said Zhang Yesui, vice-minister of foreign affairs.

Zhang said the CDM arrangement is a win-win move to cut greenhouse gas emissions. "It can reduce developed countries' costs in meeting their emission reduction requirements, while developing countries can benefit from capital and technologies."

Zhang urged developed countries to take the lead to tackle global warming.

"The solution is in our hands," said Asian Development Bank President Haruhiko Kuroda.

The CDM fund is an innovative example of proceeds from carbon trade being used to promote a low-carbon economy, he said.

EU praises efforts to fight global warming

November 8 (China Daily) -- The European Union yesterday praised China's efforts to fight climate change despite having diverging views from Beijing over a post-Koyto Protocol structure.

China is very committed to fighting climate change, reducing greenhouse gas (GHG) emission and improving energy efficiency, the chairman of European Parliament's Temporary Committee on Climate Change, Guido Sacconi, said at a news conference in Beijing.

His remarks came on the last day of his three-day visit to China during which he met with senior officials involved in devising policies to fight climate change and enforce them.

China acknowledges the importance of cooperating with industrialized countries on technology and technology transfer, as well as the need for financial assistance in these fields, he said. The EU and China will continue cooperating closely on the issue.

For example, China mapped out its energy conservation plan for the 2006-10 period, aiming to cut the use of non-renewable energy by 20 percent.

A EU-China center for energy technology will help the country reach the goal by raising its energy efficiency and developing clean coal technology, Sacconi said.

But, according to him, one critical issue remains: "China says the current structure of the Kyoto Protocol should be maintained, and developing countries including emerging economies should have no quantitative commitments."

Since China is a developing country, it is not bound by the Kyoto Protocol to set a target for cutting GHG emission.

According to official figures, CO2 emission in China is more than 5 billion tons a year, making it one of the biggest GHG emitters in the world. But its carbon footprint per capita GHG emission a year remains around 4 tons, which is below the world average.

Sacconi's and his delegation's visit to China comes at a critical time because environment ministers of 80 countries are scheduled to meet in Bali, Indonesia, next month to work out a post-Kyoto Protocol environment document.

China must cut emissions to slow global warming: official

November 23 (Xinhua) -- BEIJING -- China must cut greenhouse gas emissions to slow global warming, even as the world's fourth largest economy tries to maintain fast economic growth, a senior climate official said.

Luo Yong, vice director of the National Climate Center, told a press conference on Thursday that "if we took no measures against global warming, China's planting industry would face a 5-10 percent drop in output by 2030, with

production of wheat, rice and corn on the decline."

Luo's hypothesis suggests that the effects of global warming could make it increasingly difficult for the world's most populous nation to feed itself.

The press conference was held on the heels of a report by the UN's Intergovernmental Panel on Climate Change (IPCC), which warned that the impact of global warming could be "abrupt or irreversible" and no country would be spared -- the starkest warning yet by the Nobel-winning group.

"Further global warming will bring about more extreme incidents, like floods and droughts, destabilizing China's agricultural production," said Luo. "Higher temperature will send up costs in irrigation, pesticides and fertilizers."

"The earlier we take action, the smaller our losses will be," Luo added.

Luo's remarks were echoed by Zheng Guoguang, director of the China Meteorological Administration, who said the Chinese government had always attached great importance to climate change and 28 Chinese experts were sent to take part in compiling the IPCC report.

On the previous day, climate change and environmental issues took center stage in Premier Wen Jiabao's address at the 3rd East Asia Summit in Singapore. The Chinese government takes environmental protection as a basic state policy, said Wen.

The Party Congress report delivered by President Hu Jintao last month also highlighted China's resolve to tackle the long-term challenges of global warming.

"China is a responsible country, willing to make sincere efforts to fulfil its international obligations to protect the global climate," said Zheng.

As a developing country, China is not obligated to meet targets set by the Kyoto Protocol, under which 36 industrial nations must cut emissions by at least 5 percent below 1990 levels during the period 2008-2012.

But the Chinese government has realized it must do its part, since the country has become one of

the two biggest carbon dioxide emitters, along with the United States.

Carbon dioxide, produced by burning fossil fuels, is believed to be a major contributor to global warming.

China aims to cut energy consumption for every 10,000 yuan (1,298 U.S. dollars) of GDP by 20 percent by 2010, with emissions to drop 10 percent.

To gear up for the Olympics next year, Beijing is leading the way, with 140 highly polluting enterprises shut down this year alone and hundreds of millions of yuan spent in reducing emissions.

"The international community is concerned about China's emissions, which are huge as a whole and have triggered some criticism," said Song Dong, an official with the Ministry of Foreign Affairs.

"But misunderstandings exist," he said. "I don't think you should look at the total amount and ignore the per capita figure. It is not scientific to compare China, with a population of 1.3 billion, with a country of 200 million or tens of millions."

Reduction targets for developed nations beyond 2012 should be set as soon as possible, he added. Further, there should be an increase in technological transfers and financial aid to developing nations to help them tackle climate change.

The ministry's spokesman Liu Jianchao said later in the day that no mandatory targets should be set for developing nations though they should also bear the responsibility of reducing emissions.

China, UK kick off project to reduce CO2 emission

November 20 (Xinhua) -- BEIJING - China and Britain kicked off a joint project here Tuesday to reduce carbon dioxide emissions at thermal power plants in China through carbon capture and storage technology.

The Near Zero Emissions Coal Initiative, carried out by the Chinese Ministry of Science and Technology and the British government, aims to reduce the carbon dioxide emitted by coal-fuelled projects, such as thermal power plants, to near zero by 2020, according to a press release issued by the ministry.

Under the project, the two parties will first carry out research on the feasibility of introducing carbon capture and storage technology into Chinese projects and then start a pilot project, the statement said. However it did not confirm a timetable for the project.

Carbon capture and storage technology is new and still being trialled. However, it is believed it has great potential to help slow down global warming.

The technology aims to capture carbon dioxide produced from combustion of fossil fuels such as coal, oil and gas before it gets into the atmosphere and place it in secure storage deep underground.

According to present research, the technology will help thermal power plants to reduce the emission of carbon dioxide by at least 85 percent.

The technology is already being trialled in other parts of the world. In October this year the United States adopted three projects to conduct large volume tests for the storage of 1 million or more tons of carbon dioxide in deep saline reservoirs with an investment of US\$197 million in ten years.

The Sino-British project is part of the measures agreed at the EU-China Summit in 2005 when the European Union and China signed a joint declaration on climate change that calls for a "partnership" to enable more cooperation and dialogue on clean energy and sustainable development.

China, the world's third largest economy and with a phenomenal annual growth which this year is expected to reach 11.3 percent, produces the world's second largest amount of carbon dioxide.

However, with the world's largest population, its CO2 emission per capita remains below the world's average level and a mere one eighth of that of the United States.

China has already signed the Kyoto Protocol which asked developed industrial countries to cut CO2 emissions by 5.2 percent of the 1990 total between 2008 and 2012.

Climate change and energy efficiency are now on the agenda at the highest level in China. Chinese President Hu Jintao said in October in his keynote speech at the 17th National Congress of the Communist Party of China that the country will give prominence to building a resource-conserving, environment-friendly society in its strategy of industrialization and modernization.

Also, this year the Chinese government set up an office on climate change and energy efficiency headed by Premier Wen Jiabao.