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General Energy Issues

World pins high hope on renewables

Feb 27 (Agencies) -- Three decades after former US President Jimmy Carter experimented with solar panels on the White House roof, grim UN warnings over climate change may kick-start wider global use of renewable energy.

"The political willingness to act is now significantly higher," head of the UN Environment Program (UNEP) Achim Steiner has said.

Governments from Japan to Germany are already subsidizing energies such as wind, hydro, biofuels, geothermal, solar or tidal power, spurred by worries over security of supply, climate change and high oil prices of about \$60 a barrel.

Steiner says warnings by the world's top climate scientists in a February 2 report that blamed humans more clearly than ever for causing global warming - mainly by emitting greenhouse gases from burning fossil fuels would be a big new spur.

"This will change the variables. Renewable energies will become a more significant part of our energy mix."

Past waves of optimism for renewables, such as during an energy crisis in the 1970s under Carter, foundered on technological barriers and a lack of competitiveness when oil prices fell below \$10 in the mid-1980s.

Many experts, too, warn against exaggerated hopes this time, despite increasing public pressure to act.

"There will be a push for renewable energies, but they have limitations," says Fatih Birol, chief economist of the International Energy Agency (IEA), which advises governments in developed nations. Windmills cannot generate electricity on

windless days, for instance, and solar power doesn't work at night.

"They can be part of the solution but they are not the magic bullet," Birol says. Energy efficiency is the main way both to curb climate change and to cut energy imports, and renewables and nuclear power are secondary solutions.

According to the IEA, renewable energies met 13.2 percent of the world's primary energy demand in 2004 and their share is likely to edge up to 13.7 percent by 2030 if the current trends continue. Fossil fuels will remain dominant around 80 percent.

Most of the total renewable energy used is biomass, firewood burnt by 2.5 billion people in the developing countries. Even in the optimistic scenario, with stronger incentives for renewables, their share would reach just 16 percent by 2030, the IEA says.

Bigger than nuclear

"A person claiming to make an energy revolution overnight is not being realistic. Coal, given the deposits around the world, is going to be part of the energy mix," Steiner says.

Still clean energies, dominated by hydropower, generated 18 percent of the world's electricity in 2004 - more than 16 percent for nuclear. "Renewable energies are already quite an important part of our supply system," he says.

In a sign of changed attitudes, a firm like US retailer Wal-Mart now installs solar panels on its superstores. And renewable energy firms are booming.

"Everything happening around climate issues is helping the solar industry," said Erik Thorsen, chief executive of Norway's Renewable Energy Corp (REC), one of the world's biggest of solar energy equipment makers.

REC's share price has roughly doubled since a 2006 listing, giving the firm a market

capitalization of \$12 billion. Trading around 39 times its forecast 2007 earnings, the firm has a higher valuation than Internet giant Google, though some analysts fear the boom to be a bubble.

Thorsen says solar power could be the prime source of energy by 2100 consigning fossil fuels to an interlude in human history since the Industrial Revolution in the 18th century even though prices are far from competitive with fossil fuels.

The UN Climate Panel, the bedrock for government environmental policy-making, said in its February 2 study it was "very likely", or at least 90 percent certain, that human activities were the main cause of global warming, up from "likely" or a 66 percent probability, in a 2001 report. It projected wrenching changes from rising temperatures.

Energy investment beats projections

Feb 20 (Xinhuanet) -- China's centrally-administered petroleum and petrochemical state-owned enterprises (SOEs) invested 395.58 billion yuan (about 52.05 billion U.S. dollars) last year, overtaking the projected figure by 18.8 percent.

Another 431.2 billion yuan (about 56.74 billion U.S. dollars) was invested by electric power enterprises, up 2.7 percent from the planned figure, statistics from the State-owned Assets Supervision and Administration Commission (SASAC) show.

These investments amounted to 63.6 percent of the total 1.3 trillion yuan (about 171 billion U.S. dollars) invested by the country's 159 centrally-administered SOEs.

Sources with the SASAC attributed the higher-than-expected investment in petroleum and petrochemical industries to overseas mergers and acquisitions for oil and gas resources and increased spending on oil and gas exploitation.

The Sinopec, for instance, forked out nine billion yuan more for its overseas projects.

The China National Petroleum Corporation was reported to have spent 24 billion yuan (3.16 billion U.S. dollars) more on oil exploitation alone.

Last year, the newly added petroleum reserve by centrally-administered SOEs was 803 million tons while that of natural gas stood around 517.6 billion cubic meters, said the SASAC.

The administration also noted that most of the investment by electric SOEs went to power grid building and power generation.

China's five largest electric power groups, Huaneng, Huadian, Longyuan, China Power Investment and Datang hold a combined installed capacity of 243.54 billion kilowatts, accounting for 39.1 percent of the country's total, up 3.1 percentage points from 2005, it said.

Sources with the SASAC said that these investments were quite necessary. Besides, the structure of China's energy industry improved obviously as more and more power generating SOEs turned to investing in new energy such as nuclear, wind and solar power to reduce coal consumption.

Energy reforms divide EU ministers

Feb 16 (Xinhuanet) -- Germany pledged to find a "middle way" yesterday in European Union efforts to open gas and electricity markets to more competition as EU governments differed over how far to go in a planned energy sector shake-up.

Energy ministers met in Brussels for the first time since the European Commission proposed measures last month to cut greenhouse gas emissions, boost energy production from environmentally friendly sources and separate distribution networks from the generation activities of big utility groups.

EU states are split on how far to go in separating, or "unbundling", power generation and distribution businesses.

"I support the commission emphatically in the goal of having more competition and, through that, more favorable prices in Europe," said German Economy Minister Michael Glos.

"On the way to meeting that goal, there are the most different of views among the 27 member states. We will come to an agreement on a middle way," he said.

EU Energy Commissioner Andris Piebalgs reiterated on Wednesday the commission's preference for full "ownership unbundling".

This option would require giants such as Germany's E.ON and RWE to sever their generation and distribution activities by selling off one business.

In a nod to governments that oppose such a shake-up, the EU executive has offered a second option in which utilities hand over management of grid operations while retaining ownership.

Piebalgs said the commission was open to a third idea from France for "regulatory unbundling" along French lines.

Appraising the applicability of fossil fuel alternative

Feb 27 (chinadaily) -- Biofuel seems to be the buzzword in China today, with everyone from State-funded producers to private firms eager to get a share of the alternative or renewable energy pie.

Twenty-eight-year-old real estate tycoon Liang Yulin is one of them. He began his venture last October in Guangzhou, using palm oil imported from Southeast Asia to produce biodiesel.

Fossil fuels take millions of years to make but only a few to burn. Their advantages are many, but they are by far the greatest

source of pollution. And being non-renewable, once they are gone they are gone.

No wonder, people like Liang are determined to make it big, for that not only would help reduce pollution, but also rake in handsome profits. The Guangzhou Tinyo Real Estate Development Co manager plans to produce 50 tons of biodiesel a day, and sell it to fishing boat owners in and around the Pear River Delta region.

These are early days for Liang, but the young tycoon has the perseverance to "go a long way". And he knows he's not the only one to venture into the seemingly lucrative industry. "There are dozens of biodiesel firms in Guangzhou alone," he says.

Even the recent drop in oil prices in the international market hasn't dampened Chinese entrepreneurs' spirit for the new energy resource. Leading the flock is a mix of government-backed demonstration projects. State-funded biodiesel production lines, capable of churning out 300 to 600,000 tons of biofuel a year, have reportedly been built in Guizhou, Shandong and Anhui provinces and the Guangxi Zhuang Autonomous Region. They use cooking oil, cotton seeds, tung oil trees and/or "organic" wastes as raw materials.

The government has acknowledged that fossil fuel resources could eventually be exhausted, and hence has drafted a blueprint for the development of renewable energy, making biodiesel part of its agenda. The reason: the country has abundant species of flora that can be used for fuel.

But despite the enthusiasm shown by investors, this budding sector is not free of problems both in the production and marketing fields. Enthusiasm, however, seems to have the upper hand now.

The most promising development in the field of renewable energy, says the Ministry of Agriculture, is a new hybrid rapeseed evolved by the Academy of Agricultural

Sciences to meet the demand. The hybrid contains a record 54.7 percent oil, says Wang Hanzhong, principal project investigator at the academy's Institute of Oil Crops Research. The Yangtze River valley is the world's largest rapeseed producer, growing nearly one-third of the total output. "It has the potential to produce 40 million tons of biodiesel a year, that is, equal to the output of one-and-a-half Daqing Oilfields," which is China's leading crude producer.

Simultaneously, the United Nations Development Program and China's Ministry of Science and Technology are co-funding a four-year project in Guizhou, Sichuan and Yunnan provinces to encourage local farmers to grow *Jatropha curcas* (or physic nut) trees. These can be used as raw materials to make biodiesel. Apart from producing fuel, the project's aim is also to alleviate poverty and improve the fragile ecosystems of the provinces. But the government has to make the initial investments because "farmers won't plant these trees till they are sure it's profitable," says program coordinator Xu Yunsong.

Oil crops aside, woody plants, too, are a key source for biodiesel. A survey conducted by the Chinese Academy of Forestry in 2004 identified 151 families of oil-bearing woody plants with 697 genera and 1,553 species. Many of them can be used to produce biodiesel, says Wang Tao, an academic at the China Academy of Engineering and chief scientist of the forestry academy. About 154 of the species have an oil content of over 40 percent, and 30 trees or shrubs with a comparatively centralized distribution can be used as raw materials for biodiesel.

The Chinese pistachio (*pistacia Chinensis* Bunge), the only species of the cashew family found in China, offers one of the most promising options for biofuel production. The survey found the woody plant's oil content was over 40 percent, and it grew in 11 provinces, mostly on mountains or hills, over 66,000 hectares.

The forestry academy is helping biofuel producers exploit the resources. As a result, the Zhenghe Bio-Energy Co, a private firm in Hebei Province, which uses Chinese pistachio to produce biofuel, has raised its output capacity to 20,000 tons a year in two years. And Wang Tao expects it to increase to 100,000 tons by the end of the year.

All this is fine, but what about the disorder in the biofuel sector? Wang Zhongying, director of the Energy Research Institute of the Center for Renewable Energy Development in Beijing, says: "Attracted by the potential profit, many investors are going into production and marketing of biofuel without referring to the government."

The result: we don't even know how many biodiesel plants are there in China, says Zhu Ming, dean of Academy of Planning and Design under the Ministry of Agriculture.

Also lacking are standards and regulations for the industry, says Tan Tianwei, professor of the Biological Sciences and Technology Department of Beijing University of Chemical Technology.

This has frustrated eager investors such as Liang. "The cost and quality of biodiesel extracted from imported palm oil vary greatly from that made from waste materials," Liang says. "Yet you have to cope with unfair competition for lack of business standards."

The use of land to grow oil crops instead of grains is another factor worrying experts. Since China has less than 0.1 hectare per capita arable land, experts doubt if it could afford to allot more acreage to oil crops.

"There is no denying that biodiesel is fighting with grains for the soil," says Zhou Bin, general manager of the Beijing Faith Oil New Technology Corporation.

Set up in 2001, Zhou's firm also supplies biodiesel machines made by Germany's SKET.

Much of the biodiesel produced in China goes to Europe, Zhou says. Once farmers begin growing more rapeseed and other biodiesel raw material instead of conventional food crops, grain production will fall drastically. "Is it justifiable to feed the economy instead of feeding the people?" says Jin Jiaman, executive director of non-governmental research body Global Environmental Institute.

But Zhu Ming, of the Academy of Planning and Design under the Ministry of Agriculture, seems less worried. "The government will control the situation it can grant subsidies for food crops to offset farmers' falling income," he says.

Gu Shuhua, professor of the Institute of Nuclear and New Energy Technology of Tsinghua University, however, asks if the amount of biofuel produced is worth the "money and energy used".

Jin Jiaman has urged the government to do a cost analysis to see if it's wise to plant trees to used as raw material for biofuel.

Despite the debates, the pace of the biofuel sector's growth isn't slowing down. Wang Tao is calculating the potential capacity of the fuel that can be made from Chinese pistachio.

"If 1 hectare of Chinese pistachio forest produces 7,500 kilograms of seeds a year then we'd have 500 million kilograms of the raw materials," he says. "And that will produce about 200,000 tons of biodiesel."

That seems the current trend in calculation.

This article was coordinated by the Beijing-based Global Environmental Institute.

Country sets renewable energy target

Feb 27 (China Daily) -- China has set a target of increasing renewable energy use from the present 10 percent to 20 percent of the total energy consumption by 2020 to

meet the increasing demand and reduce the greenhouse effect.

"Wind power has the greatest potential in renewable energy, and biomass will help in fuel consumption," said Wind Energy Association Vice-Chairman Shi Pengfei.

But renewable energy has its problems such as high costs and poor research and development, he said.

According to Li Junfeng, deputy director of the National Development and Reform Commission's Energy Research Institute, by the end of October 2006, the total installed capacity of wind and solar power in the country was 2.3 million kilowatts and 300 megawatts, respectively, a rise of 85 and 100 percent over 2005.

But shortage of funds hindered technological innovation in the bio-fuel sector because of which power generation grew only by 10 percent last year.

The development of renewable energy is expected to help the country reduce environmental pollution and eco-damage. The future of sustainable economic development relies on the improvement of efficiency, Xinhua quoted a United Nations Environmental Program (UNEP) official as having said.

"The future for sustainable economic development 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 North China's Tianjin.

In its bid to protect the environment and build an energy-saving society, the Chinese government will expedite the setting up of a standard scientific evaluation system for energy consumption to meet its energy and

pollution targets, National Bureau of Statistics Director Xie Fuzhan said.

The Ministry of Finance has said the government will adopt new steps, including developing the pollutant emission trade and raising taxes for pollutant discharge this year, to speed up environmental protection, according to Xinhua.

China plans more methane projects in rural area

Feb 22 (xinhuanet) -- The Chinese government will fund 2.6 million more rural households to build methane pits, which provide clean energy and protect local environment, in 2007, according to the Ministry of Agriculture.

Wei Chao'an, vice minister of agriculture, said that the 2.6 million rural households would be selected from the western and major grain producing regions in the country.

The government will grant a subsidy ranging from 800 yuan (about 100 U.S. dollars) to 1,200 yuan for each household to build one pit, in view of their locations, Wei said.

Governmental statistics show that a total of 18 million rural families had each built a methane pit by the end of 2005.

An eight-cubic-meter methane pit can provide 80 percent of the energy used by a four-member family in cooking annually. The 18 million methane pits produce energy equivalent to 10.9 million tons of coal and save 3.96 million hectares of forest.

Since the 1970s, China has been promoting the use of methane pits to process rural organic wastes.

Dunghill, which were common in most of rural China in the past, are no longer seen in places where people have built methane pits.

Wei said, methane pits changed human and

animal wastes into "treasure"-- the gas generated in the pits is piped out for cooking, heating and even for lighting.

In the mean time, methane pits also serve as an important method to control spread of schistosomiasis and pig-borne bacteria streptococcus suis as well as other diseases in rural area, Wei said, adding that test shows methane pits can completely kill schistosome eggs.

According to the Ministry of Agriculture, there would be 50 million methane pits by 2010.

According to plan, the Ministry of Agriculture will select 10,000 villages to conduct pilot energy recycling projects, which are expected to popularize the use of clean energy and raise the treatment of wastes in rural areas.

China tightens export control over nuclear goods, technology

Feb 17 (xinhuanet) -- The State Council on Friday promulgated amendments to its regulations regarding the export of nuclear goods and technologies for both civil and military use, requiring the importers to fulfill more obligations to ward off acts of nuclear terrorism.

The State Council Decree No 484, signed by Premier Wen Jiabao, forbids the importer from reproducing nuclear goods or technologies provided by China to carry out nuclear explosions or for any other purpose which is not agreed before purchase.

The recipient of the goods must also guarantee that they would not reproduce the materials for nuclear fuel cycling unless it is under the supervision of the International Atomic Energy Agency or it has signed agreements with the agency.

Importers are also forbidden from transferring a reproduction of nuclear goods

and technologies to any third party which has not been identified as the final user.

Previous regulations enacted by China in June 1998 failed to address the issue of reproduction of nuclear goods.

The revision of the regulation also added software onto the country's control list for nuclear exports, which used to refer only to equipment, materials and relative technologies.

Observers said the revision, which takes effect immediately, is a sign of China's commitment to nuclear nonproliferation and a reaction to rising concerns over the possibility of nuclear terrorism.

The revision also clarifies that the Chinese government would take "all necessary measures" to prevent nuclear goods and technologies exports from jeopardizing national and global peace and security.

It also says for the first time that licensed companies must keep all contracts, invoices and business correspondences relevant to the export of nuclear goods and technologies for at least five years.

A special expert consulting panel will be set up under the jurisdiction of the Ministry of Commerce to undertake the consulting, evaluation and verification of nuclear goods and technologies for exports.

The Ministry of Commerce may ask the customs authorities to detain and inspect suspicious cargo. For goods and cargo beyond the supervisory capacity of customs, the Ministry of Commerce may seal them up and ask relevant departments to carry out further inspections.

The revision also clarified the penalties and fines for transgressors. Those who smuggle nuclear goods and technologies or counterfeit trade export licenses will face hefty fines.

If the turnover is less than 50,000 yuan (6,579 US dollars), transgressors will be fined from 50,000 yuan to 250,000 yuan.

Unlike the previous regulations which required State Council approval for the modification of the nuclear export control list, the Ministry of Commerce will have the authority to make regular adjustments in collaboration with the International Atomic Energy Agency and other members of the Nuclear Suppliers Group (NSG).

China joined the NSG in 2004 and is one of seven countries known to have a nuclear weapon capacity along with the United States, Russia, the United Kingdom, France, India and Pakistan.

Statistics from the Melbourne-based Uranium Information Center showed that by January 2007, 57 countries operate civil research reactors, and 30 have 435 commercial nuclear power reactors with a total installed capacity of over 370,000 MWe. This is more than three times the total generating capacity of France and Germany from all sources.

Some 30 further power reactors are under construction, equivalent to six percent of the existing capacity while over 60 are firmly planned, equivalent to 18 percent of the present capacity.

Automobile and Transportation

Used car market to rocket over next 2 years

Feb 26 (xinhuanet) -- China's used car market is expected to speed ahead over the next two years, the China Association of Automobile Manufacturers (CAAM) predicted.

A previous report said China's used car dealers are expecting business to zoom far ahead of last year as nearly 36 percent of current car owners plan to buy a new or used vehicle.

Statistics from the CAAM showed that more than 1.90 million used cars were traded in China last year, up 31.5 percent over 2005.

The growth rate is 6.37 percentage points higher than that of new car sales. It is the third consecutive year that used car sales growth out paced the growth of new car sales.

In China three out four cars sold are new cars while in the United States, the world's top auto market, the sale of used car is two to three times higher than new car sales.

Only 30 out of every 1,000 Chinese own a car, much lower than the world average of 120.

As the cars of first time buyers begin to age they will begin to buy new ones and sell their old vehicles creating a potential new market, said Yu Yuanbo, vice chairman of China Auto Dealers Association.

The U.S.-based Manheim Auctions, the world's leading auction company of used vehicles opened its second joint auction venture in Shenzhen last month. It's first was set up in Shanghai in November last year.

Neville Green, president of the joint venture, has predicts China's used car sales could exceed 6 million by 2011.

Statistics from the CAAM show new car sales hit 7.22 million last year, up 25.13 percent year-on-year.

China overtook Japan to become the world's second largest market for new vehicles in 2006 next only to the United States.

China's automakers earn US\$10b in 2006

Feb 19 (xinhuanet) -- China's automobile industry made a profit of 76.8 billion yuan (10 billion US dollars) in 2006, up 46 percent from the previous year, according to

figures from the China Association of Automobile Manufacturers (CAAM).

A report by the CAAM said in 2006 China's auto industry sold 7.22 million auto vehicles, increasing 25 percent over 2005, and the country overtook Japan for the first time to become the world's second largest auto market.

China's automakers last year produced 7.28 million vehicles, up 27.32 percent over the previous year, making the country the third largest auto producer in the world.

The report predicted that in 2007 China's auto market demand will reach eight million.

However, auto dealers did not have a good time in 2006, with up to 40 percent of them suffering heavy losses.

Statistics show that of the 1,800 franchised auto dealers nationwide, about 700 were in the red, of which 300 have been merged or edged out of the market.

A manager of a franchised auto shop said that another 20 percent of auto dealers are struggling on the brink of deficits due to fierce competition.

China's auto industry has been developing rapidly in recent years, mainly driven by sharply increased individual buyers. In 2006 more than 100 new sedan models hit the country's market, including 36 homegrown brands.

China has about 1,500 registered auto producers, of which fewer than 100 sold more than 10,000 vehicles last year. Many small manufacturers sold only 300 to 500 vehicles. The National Development and Reform Commission warned in December 2006 that the auto industry was overheated, which could lead to over production.

Toyota to build new auto factory in U.S.

Feb 27 (xinhuanet) -- Japan's Toyota Motor Corp. plans to invest about 830 million U.S. dollars to build an auto factory in the U.S. with an annual production capacity of 150,000 vehicles, local media reported Tuesday.

The factory is set to be built in Mississippi state and will be the automaker's eighth vehicle assembly factory in North America.

Nikkei business daily said that Toyota plans to build the Highlander Sport Utility Vehicle (SUV) model in the Mississippi factory, and an official announcement could come by Wednesday.

Ahead of the reported Mississippi plan, Toyota will add a combined 250,000 vehicles in annual capacity in North America by using a line at affiliate Fuji Heavy Industries' Indiana factory in 2007. It would also open a new Canadian plant next year, according to media.

In 2006, Toyota began production of its Tundra pickup truck at a new 200,000-units-a-year factory in Texas.

With a 13 percent jump in 2006 sales, Toyota sped past U.S. automaker Chrysler Group as the third-biggest car maker in the U.S., putting its market share at a record high 15.4 percent against Chrysler's 12.9 percent.

Toyota, which may claim the title of the world's biggest automaker from General Motors Corp. this year, has said it was reviewing possible locations for a new North American factory.

Chinese hit the road for Spring Festival reunions

Feb 17 (AP) -- Hundreds of millions of people have clamored aboard cars, buses, planes and trains to return to their hometowns for the Lunar New Year in an

annual event that stretches the country's transport system to near its breaking point.

And they will be doing it in the warmest weather on record, according to the Beijing Meteorological Station, which said the temperature in Beijing on the eve of the festival would reach 10 degrees Celsius, making it the warmest festival eve since records began in 1951.

The Lunar New Year, or Spring Festival, starts on Sunday to usher in the year of the pig, but the Chinese have been preparing and boarding trains and planes for the last several weeks to go home for family reunions.

The travel strain has increased in recent years as tens of millions of migrant workers flood big cities such as Beijing and Shanghai in search of construction and other jobs.

Those types of workers cannot afford to fly, instead crowding into places like the Beijing West Train Station to board trains for trips that can take up to 35 hours.

"I am feeling very happy because I can join my family soon and I can see many old friends in my hometown. We will celebrate a happy New Year together," said Liu Juanhong, a migrant worker in Beijing heading home to Henan province.

Liu is one of an estimated 155 million people who will travel by train during the holiday period, which is officially one week but lasts longer for some.

The People's Daily said the total number of trips - including by plane, train, ship and vehicle - could total more than 2 billion journeys during the 40 days around the holiday. To avoid the crunch many people leave early or return late.

Chinese media has reported in the past that because of the crunch on the trains, some people have bought adult diapers to avoid

the long lines outside the often stinking toilets.

Airlines were expected to have run more than 4,000 flights during these two weeks leading up to New Year, with the departure area of the Beijing airport brimming with travelers.

"I go back home every Chinese New Year. It is very important for Chinese just as Christmas is for Westerners," said Wu Xingbiao at the Beijing airport.

Police also issued cautions warning people to be careful of pickpockets. Travelers often carry large amounts of money to give as "hong bao," or red envelopes filled with cash, to children.

State television on Saturday showed police pulling one thief off a train in handcuffs.

For those who cannot be near friends will send messages through their mobile phones, the official Xinhua News Agency said, with an average of 40 million New Year messages an hour sent on Saturday.

But Xinhua said there were also warnings to students to not give each other pornographic New Year cards. "The cards are full of erotic pictures and flirtatious words," it said.

The government has extended the length of the official holiday to one week in recent years to encourage tourism as an economic development measure.

Number of private motor vehicles in China hits 22 mln in 2006

Feb. 15 (Xinhua) -- The number of privately owned motor vehicles rose 18.8 percent year-on-year to 22 million in China in 2006, said sources with the National Bureau of Statistics.

It is estimated that currently over 60 percent of China's civilian vehicles are privately owned, compared with 58.6 percent at the

end of 2005 when the country had a total of 31.6 million civilian vehicles.

Sales of new vehicles surged 25 percent to 7.22 million in China last year, 60 percent of which were purchased by individuals.

Meanwhile, individual buyers contributed 80 percent to last year's sedan sales of 3.8 million units.

The number of privately owned vehicles has been soaring since the country's accession to the World Trade Organization in 2001, when 43 percent of the country's civilian vehicles were privately owned.

China, once known as the kingdom of bicycles, has overtaken Japan to become the world's second largest auto market after the United States. And there is obvious room for further growth. On average, there are only three cars for every 100 Chinese people, while the world's average is 12.

China's Soueast Motor records 501 mln yuan sales revenue in Jan.

Feb 22 (Xinhuanet) -- China's Soueast Motor Co., one of the country's backbone car exporters, recorded 501 million yuan in sales revenue in January, up 99.6 percent year-on-year, company sources said on Thursday.

It is the first time for the company to see a major sales growth in the past 13 months when the automobile market remains in the doldrums, the sources said.

Soueast Motor Co. produced 6,737 vehicles and sold 4,418 in January, growing by 71.82 percent and 31.49 percent year-on-year respectively, the sources said.

It paid 135 million yuan for taxes in January, a monthly record since 1995 when the company was founded.

Soueast Motor clinched its biggest ever export deal of 8,000 minibuses with Iran last

December, winning the lion's share of the Iranian government's plan to replace 15,000 taxis in 2007.

It began shipping the first batch of 800 minibuses bound for Iran on Feb. 10, and will export another more than 2,000 vehicles to Syria, Egypt and Ukraine this year.

Southeast Motor Co. was jointly founded in 1995 with a registered capital of 138 million U.S. dollars by Fujian Auto Industrial Co. Ltd. and China Motor Corporation of Yulon Enterprise Group, the largest auto group in Taiwan.

In April last year Japan's Mitsubishi Motor Vehicle Co. took a quarter share in southeast Motor.

Southeast Motor was one of the 44 backbone car exporters that were approved by the Ministry of Commerce and the National Development and Reform Commission last August. Enditem(one U.S. dollar equals to 7.7408 yuan).

Funds for rural roads on truck

BEIJING, Feb. 27 -- Some 300,000 kilometers of roads are to be either built or upgraded in rural areas this year, Communications Minister Li Shenglin said yesterday.

The total amount of money to be invested in rural road construction this year is expected to exceed last year's total.

Li told a national teleconference in Beijing that communications departments at the provincial and county levels are both required to give more financial support to rural road projects than they did last year.

Communications departments are responsible for road construction and maintenance.

More tax revenue

The ministry is also planning to use more tax revenue to pay for rural roads.

"At least 24.8 billion yuan (\$3.2 billion) of funds raised by the vehicle purchase tax will be spent on rural roads this year, an increase of 2.1 billion yuan (\$271 million) from 2006," he said.

Investment by the central government will also include money from the national budget and treasury bonds, but a detailed breakdown of the amounts involved has not been released yet.

"The government will remain the major investor and rural road construction should never add to farmers' burden," he said.

The ministry has also encouraged the private sector to get involved in road building, and is now studying ways to use money from multiple sources.

Some counties have achieved good results by encouraging individuals and enterprises to make donations. Donors can have roads named after them in return.

No foreign funds have been dedicated to rural road-building because toll-collecting is not permitted on rural roads, said Zhang Dehua, director of rural highway division under the ministry's Highway Department.

"Building rural roads is totally a public welfare undertaking for the countryside. Investors can hardly get returns from rural roads," Zhang said.

He added that bank loans are rarely used to pay for roads for the same reason.

However, the Fujian Provincial Department of Communications recently started experimenting with funding from outside sources by tying rural road projects to expressway projects and was granted loans from the World Bank.

The loans included \$100 million for rural roads. The loan will be paid back by the returns from expressways, he said.

The authorities plan to build 1.2 million kilometers of new rural roads by 2010.

Last year, a combined 151.3 billion yuan (\$19.5 billion) was spent on building or upgrading 325,000 kilometers of roads in the countryside. Efforts to extend rural roads have made it easier for farmers to travel.

This year, the ministry expects rural roads to play a bigger role in the Party's plan to develop the agriculture sector.

Oil and Gas

Brazil points to big role for ethanol

Feb 15 (AFP) -- Brazil, South America's economic heavyweight, could produce enough ethanol to replace 10 percent of world gasoline demand in the next 20 years, according to a recently unveiled project.

News of the renewable energy project comes amid growing concern about greenhouse gases caused by burning fossil fuels that are blamed for global warming.

The Brazilian project, developed with the participation of the government and state-owned oil giant Petrobras, would multiply by 15 times the country's current production of ethanol from sugar cane.

The ramp-up would push Brazilian ethanol exports to 200 billion liters in the coming 20 years, up from the roughly three billion currently exported, Rogerio Cesar Cerqueira Leite, a professor emeritus at Campinas University, told reporters.

The project would need investments of up to 20 billion reais (nearly \$10 billion) a year for the first four or five years, after which the need was expected to diminish.

"During the final seven to eight years, the return (on investment) should cover the amounts invested," Cerqueira Leite said.

He said that Brazil, the continent's biggest country, could drastically increase ethanol production without destroying the Amazon rainforest or encroaching on farmland.

"Brazil has an enormous quantity of available land. We don't need to go into the Amazon or compete with food growing," he said.

"The project can be done by occupying a small part of the available land in Brazil, to the exclusion of the virgin forest, the protected areas," he said.

According to him, only 10 percent of the available land would be needed.

Land 'not significant'

Sugar-cane growing would occupy less than 30 million hectares compared with 5.6 million hectares currently, a size that "isn't very significant," he said.

By comparison, soya farming occupies 20 million hectares and livestock 200 million hectares.

The project was developed from ethanol technologies currently in use in Brazil, without resorting to more sophisticated techniques.

"To produce these quantities using hydrolysis would require barely a third of the hectares," he said.

Under the project, sugar cane would be grown in practically all regions of Brazil, and local distilleries would be built to produce process it into ethanol.

Besides being the world's top exporter of ethanol, Brazil is also a leading producer of the fuel, along with the United States, which instead extracts it from corn rather than sugar cane.

Underpinning the country's success has been the mass marketing since 2003 of hybrid-fuel cars, which consume either pure ethanol or a five-to-one mix of gasoline and

ethanol. There are now more than 2.6 million such vehicles in the domestic market.

The project arrives at a time when ethanol demand worldwide is growing as governments and consumers seek ways to reduce carbon-dioxide emissions in the fight against global warming and oil dependency.

Xinjiang reports largest proven natural gas reserve in China

Feb 26 (xinhuanet) -- Northwest China's Xinjiang region increased its proven natural gas reserve to 1.29 trillion cubic meters in 2006, ranking first in the country.

Xinjiang has an estimated natural gas reserve of 10 trillion cubic meters, accounting for a quarter of China's continental total.

Last year, Xinjiang added 140 billion cubic meters proven gas reserve, with 110 billion found in Tarim oilfield, the largest in the region.

The autonomous region saw a gas output of 16.1 billion cubic meters in 2006, overtaking southwestern Sichuan Province to become the country's top gas producer.

The output, an increase of 5.5 billion cubic meters over 2005, compared with an estimated 12 billion cubic meters produced in Sichuan, authority sources said.

The Tarim, Karamay and Tuha oilfields, the three major fields in the region, produced 11 billion, 2.88 billion and 1.65 billion cubic meters of gas respectively last year.

The Tarim oilfield is a source for the 4,000-km pipeline project to bring natural gas from western China -- primarily Xinjiang Uygur Autonomous Region and Shaanxi Province -- to 34 cities in the economically developed eastern regions.

Last year, the region channeled 9.8 billion cubic meters of gas to eastern regions.

Boom seen for energy pipelines

Feb 26 (Shanghai Daily) -- China plans to extend its oil and gas pipelines by nearly 63 percent by 2010 to meet rising energy demand, according to the nation's key pipeline builder.

Around 25,000 kilometers of energy pipelines will be added in the period, Su Shifeng, director of the China Petroleum Pipeline Bureau, was quoted as saying late last week by Xinhua news agency. China now has 40,000 kilometers of energy pipelines.

Key projects that may help achieve the target include China's proposed second west-east pipeline to transport natural gas from the Xinjiang Uygur Autonomous Region to inland and coastal areas. The government has been studying the route for the new line, and construction may kick off before 2010.

China completed its first west-east pipeline in 2004. The 4,000-kilometer line links Tarim in energy-rich Xinjiang and Shanghai.

China is also seeking opportunities to build cross-border pipes into countries such as Russia. China's only such cross-border link at present is a crude pipeline that connects Xinjiang and Kazakhstan.

Rising global demand for oil pipelines and refinery facilities, sustained by high energy prices, is benefiting equipment manufacturers, analysts said.

For example, Luxembourg-based Tenaris SA, the world's top maker of oil pipes, reported a 45 percent jump in earnings in the third quarter last year.

"Rising steel prices and a worldwide shortage of qualified engineers and welders" have also forced some energy companies to delay or cancel some of their projects, said CLSA Ltd analyst Gordon Kwan.

China to deliver 1st LNG ship

Feb 20 (xinhuanet) -- China has made substantial breakthroughs in shipbuilding as the first liquefied natural gas (LNG) ship made in China, one of the most advanced in the world, will be delivered in September.

Only the Republic of Korea, Japan and a few European countries have acquired the technologies to build such ocean liners.

Since natural gas can only be turned into the liquefied after the temperature dropped below minus 163 degrees Celsius, LNG ships are often dubbed as the "maritime super freezer".

The boat with a capacity of 47,200 cubic meters is under construction by the Hudong-Zhonghua Shipbuilding, a subsidiary of the China State Shipbuilding Corporation (CSSC), China's top and the world's third largest shipping group.

Another four such LNG vessels also under construction would be delivered in the end of this year while the research and development for LNG ships with a capacity of 200,000 cubic meters is underway, sources with the CSSC said.

The Shanghai Waigaoqiao Shipbuilding Company, one of its subsidiaries, is going to deliver a floating, production, storage and offloading vessel to the United States-headquartered oil giant ConocoPhillips in May.

The vessel with a designed capacity of 300,000 tons is the largest and most costly vessel of its kind in China.

CSSC will also deliver in September a 8,530 TEU container vessel and a dredger with a capacity of 13,500 cubic meters in May, both the largest of its kind in China.

CSSC, parent company of 60 subsidiaries covering ship building, ship repair, research and development and offshore engineering, posted a profit of more than 5 billion yuan

last year, more than 60 times that of 1999 when it was established.

Law to highlight corporate oil reserves

Feb 15 (China Daily) -- The proposed Energy Law will focus on fuel security by regulating commercial oil reserves at the corporate level, China Daily has learned.

The law is being drafted as the country's energy demand, and dependency on imports, are increasing.

"We are seriously weighing the option of constituting national oil reserves, both at the strategic and commercial level," said Wu Zhonghu, one of the core law drafters.

The law will require State-owned large and medium-sized oil companies to establish corporate reserves to maintain effective oil supplies, he said.

Wu said he hoped the State Council would review the draft law by year's end.

According to figures released by the Ministry of Commerce, China imported 138.84 million tons of crude oil in 2006, up 16.9 percent over the previous year.

Industry observers warn that more than 50 percent of the crude oil the country uses will come from imports "in just one or two years".

Since oil reserves are crucial for strategic and commercial purposes, oil reserves should be set up both at the State and corporate level, just as in some foreign countries, Wu said.

He said companies that build reserves may expect to get State subsidies to cover operating and management expenses.

Wang Xiaochuan, deputy director of the Department of Commercial Reform and Development, affiliated to the Ministry of Commerce, said recently that along with the gradual opening-up of the oil wholesale sector, commercial oil reserves at company

level should be established to cope with emergencies and to stabilize supply.

Jiang Xinmin, an analyst with the Energy Research Institute under the National Development and Reform Commission (NDRC), the top economic planner, also said that as oil wholesale sector is dominated by State-owned giants, such as Sinopec and China National Petroleum Corporation (CNPC), it is natural for them to shoulder the responsibility of setting up commercial oil reserves.

"The government can give some incentives. But it is also the oil companies' duty to help the government leverage oil supply and demand. It is a common practice in market-oriented countries," said Jiang, also an advisor to the draft energy law.

Han Xuegong, a veteran analyst with CNPC, agreed.

"Chinese oil giants are all State-owned and are supposed to shoulder both economic and social responsibilities. Therefore, they should take the lead role in setting up commercial reserves," Han said.

The experiences of industrialized countries prove that commercial oil reserves at company level are effective in balancing supply and demand, said Zhao Yumin, with the Chinese Academy of International Trade and Economic Cooperation, a ministry think-tank.

The NDRC announced recently that the country's first strategic oil reserve base in Ningbo, East China's Zhejiang Province, had been put into operation.

The government approved four national strategic oil reserve sites in 2004. The other three are in Daishan, also in Zhejiang; Huangdao, in East China's Shandong Province; and Dalian, in Northeast China's Liaoning Province.

Han said that compared with State-level reserves, commercial ones operated by oil

companies could be more reasonably allocated.

"CNPC's oil fields are spread all over the country, and commercial reserves can be set up at those sites to meet needs in different places," he said.

Fuel from forests is new clean energy goal

Feb 8 (China Daily) -- Money may not grow on trees but they could help power cars, thanks to a path-breaking effort to develop biofuel from forests.

By 2010, China plans to plant an area the size of England, or 13 million hectares, with trees from which biofuel can be extracted as a source of clean energy, according to the State Forestry Administration (SFA).

Jatropha, also called physic nut, is currently grown on around 2 million hectares across the country and produces non-edible oil for making candles and soap.

Now, it will be the main ingredient in the production of biodiesel.

The 13-million-hectare forest mostly spread over southern China is expected to produce nearly 6 million tons of biodiesel every year.

Vehicles account for a third of all oil use in the country.

Biodiesel is a clean-burning diesel made from natural, renewable sources such as agricultural products like palm oil, soybeans and sugarcane with Brazil, in particular, being a global leader.

The jatropha trees can also provide wood fuel for a power plant with an installed capacity of 12 million kilowatts about two-thirds the capacity of the Three Gorges Dam project, the world's biggest.

This amount of bio-energy will account for 30 percent of the country's renewable energy by 2010, according to the SFA.

Cao Qingyao, spokesman for the SFA, said: "This plan will not only help the country enlarge its green coverage (currently at about 130 million hectares) but also meet increasing demand for energy."

"And most importantly, it provides clean energy to meet the country's target of sustainable development," he said.

Currently, the country relies mainly on fossil fuels for energy production. To ease the pressure and reduce pollution and greenhouse gas emissions, a renewable energy target has been set: By 2010, it will make up 10 percent of the energy structure; and 16 percent by 2020.

China National Petroleum Corporation, one of the country's three energy giants, has started collaboration with the SFA to develop biofuel.

Jiang Jiemin, head of the corporation, said last month that the group would, by 2010, build a commercial production base with an annual capacity of 200,000 tons of biodiesel by planting more than 400,000 hectares of trees.

Seven billion barrels of crude oil certified in Venezuela's Orinocobelt

Feb 22 (xinhuanet) -- Some seven billion barrels of crude oil have now been certified in Venezuela's Orinoco Petroliferos Strip, the state oil company Petioles de Venezuela (PDVSA) said Thursday.

Another 235 billion barrels of heavy crude are expected to be certified across the strip, however, only 20 percent can be extracted due to technological limits, PDVSA vice president Luis Verma said.

There will be a noticeable increase in exploration on the strip in 2007 and a great advance in offshore exploration from maritime platforms in Sucre, Monagas and Delta Amacuro states, he said.

"We are going to drill to 20,000 feet in the north of Monagas and we have great hopes for an increase in light and medium crude and natural gas production," he added.

PDVSA is seeking to produce four million barrels a day (bpd) by 2012, up from 3 million at present. Seven foreign companies are in joint ventures in the Orinoco Strip, compared with 10 in offshore fields.

The Orinoco Petroliferos Strip, which has the world's largest crude oil reserves, estimated at around 235 billion barrels, is a 55,300-square-km swath of land, which overlaps the states of Guarico, Anzoategui, Monagas and Delta Amacuro, all in the east of the nation and close to the Orinoco River.

Each of these areas has in turn been divided into 27 blocks, which are being explored by PDVSA either alone or in joint ventures with foreign oil companies.

Climate Change and Air Pollution

UN panel links global warming to human activities

Feb 7 (Agencies) -- The UN climate panel is set to issue its strongest warning yet today that human activities are causing a damaging global warming likely to bring more heatwaves, droughts and rising seas.

The group, the most authoritative on climate change with 2,500 scientists from 130 countries, is also due to say that oceans will keep rising for more than 1,000 years even if governments stabilize greenhouse gas emissions this century.

Scientists and government officials in the Intergovernmental Panel on Climate Change (IPCC) have been meeting in Paris since Monday to review the report, including a 15-page summary for policymakers.

"The talks are moving forward," one IPCC official said. The IPCC says it will publish the results today at 0830 GMT.

The report, increasing certainty that humans are to blame for warming, may put pressure on governments and companies to do more to curb a build-up of greenhouse gases mainly from burning fossil fuels in power plants, factories and cars.

"It is very likely that (human) greenhouse gases caused most of the observed increase in globally averaged temperatures since the mid-20th century," according to a final draft.

"Very likely" means a probability of at least 90 percent up from a judgment of "likely", or a 66 percent probability, in the previous 2001 report. The report is the first of four this year by the panel that will outline threats of warming.

The Paris study, looking at the science of global warming, will also project a "best estimate" that temperatures will rise by 3 C by 2100 over pre-industrial levels, the biggest change in a century for thousands of years.

Arctic ice will shrink by 2100

It says bigger gains, of up to 6.3 C in one model, cannot be ruled out but do not fit well with other data. The world is now about 5 C warmer than during the last Ice Age.

The draft projects that Arctic ice will shrink, and perhaps disappear in summers by 2100, while heatwaves and downpours would get more frequent. The numbers of tropical hurricanes and typhoons might decrease but the storms would become stronger.

The Gulf Stream bringing warm waters to the North Atlantic could slow, although a shutdown is highly unlikely, it says.

And sea levels are likely to rise by between 28 and 43 centimeters this century, a lower range than forecast in 2001. Rising seas threaten low-lying Pacific islands and low-lying coastal nations from Bangladesh to the Netherlands.

"Governments planning coastal defenses have to live with large uncertainties for now, and quite some time in future," said Stefan Rahmstorf of Germany's Potsdam Institute for Climate Impact Research.

Rahmstorf wrote a report last year saying that observations of past changes indicated a bigger rise by 2100, of 50-140 centimeters.

The Eiffel Tower in Paris, near where the IPCC experts were meeting, shut off its famous night-time illuminations for five minutes last night to draw attention to energy use.

Gore: Global warming fight needs China

Feb 8 (Agencies) -- Emerging economies such as China are justified in holding back on fighting greenhouse gas emissions until richer polluters like the United States do more to solve the problem, former U.S. Vice President Al Gore said Wednesday.

Addressing a conference in Madrid on global warming, Gore was asked how industrialized countries that for decades have contributed to global warming can now pressure poorer nations to clean up their industries.

Gore said Chinese officials have reacted to the U.N. report issued last week -- warning that global warming was very likely caused by humanity and would last for centuries -- by saying China would act when industrial countries such as the United States and others act.

"They're right in saying that. But we have to act quickly," said Gore, who has been active in environmental issues for decades and was nominated last week for a Nobel peace prize for his work in drawing attention to global warming.

"China's reaction to the scientific report last week was disappointing, but it was instructive," Gore said.

Jiang Yu, a spokeswoman for China's Foreign Ministry, said China was willing to contribute to an international effort to combat global warming but placed the primary responsibility on richer, developed nations that have been polluting for much longer.

"It must be pointed out that climate change has been caused by the long-term historic emissions of developed countries and their high per capita emissions," she said, adding that developed countries have responsibilities for global warming "that cannot be shirked."

China recently ordered a shutdown of dirtier coal-fired power plants that emitted 5.4 million tons of sulfur dioxide a year, said Jiang.

The United States is the world's leading emitter of greenhouse gas and has refused to ratify the 1997 Kyoto Protocol on curbing such emissions because it did not set mandatory emissions limits on developing nations such as China and India. China signed the protocol in 1998.

"The Chinese government is taking climate change extremely seriously," Qin Dahe, chief of the China Meteorological Administration, told reporters at a briefing Tuesday.

"President Hu Jintao has said that climate change is not just an environmental issue but also a development issue, ultimately a development issue."

Mr. Qin noted that China had set an ambitious five-year goal of improving energy efficiency by 20 percent.

"As a developing country that's growing rapidly and has a big population, to thoroughly transform the energy structure and use clean energy would need a lot of money," Mr. Qin said.

Gore narrated an hourlong slide presentation with graphic evidence of global

warming: Antarctic ice shelves cracking and collapsing into the sea, before-and-after shots of glaciers reduced to lakes and small patches of ice, and forecasts of heavily populated land masses such as Florida shrinking drastically if glacial meltdown reaches a worst-case scenario and floods the seas.

"Never before has all of civilization been threatened," Gore said.

"We have everything we need to save it, with the possible exception of political will. But political will is a renewable resource," Gore said.

Gore also was nominated this week in Spain to receive an international cooperation award from a foundation named for Crown Prince Felipe.

Why the time is right for G7 action on global warming

Feb 13 (China Daily) -- LONDON: Here's a strange thing. The global economy has been growing at its fastest rate in decades. China and India are booming, and the demand of the big developing countries for raw materials is even helping Africa to put on a spurt.

In the developed world, there may be clouds on the horizon but policymakers don't wake up in the middle of the night in a cold sweat worrying about double-digit inflation or an imminent slump.

A more rapid pace of growth adds to the pressure on the environment. Almost without exception, the recent scientific evidence has indicated that man-made factors are leading to global warming.

As economies expand, they need more power, more steel, more concrete. As consumers get richer, they demand cars, holidays, flat-screen TVs. Feedback mechanisms come into play as well. Wealthier consumers can afford to put in air conditioning to cope with the heat but

cooling systems require even more power, which adds to carbon emissions and ultimately assuming the science is right to global temperatures.

Yet, perversely, the fact that the global economy is in a sweet spot has created the policy space to deal with the problem that a period of strong growth has itself helped to create. When unemployment is going through the roof, politicians want as much growth as they can get as soon as they can get it, and the environment is a long-term problem that can be put off until another day.

So, when Tony Blair goes to Berlin today to meet Angela Merkel, the agenda for the mini-summit will be totally different from what it would have been when the prime minister met Helmut Kohl in the early days of his premiership.

There will be no talks about the euro or the stability and growth pact. Economics will be tangential to discussions on securing a post-Kyoto treaty on climate change, what needs to be done to clinch a deal on global trade, how Europe should respond to the latest developments in the Middle East peace process, and a package of help for Africa, concentrated on HIV/Aids treatment and education.

Overwhelmingly, it is a good thing that there is a different agenda from a decade ago. For a long time, lobby groups complained with some justification that the issues that mattered (i.e. the issues they were interested in) were ignored at international gatherings. Now global warming and Africa have moved to center stage, and that's progress.

There is, however, reason to be cautious. First, the fact that there are no longer meetings of the G7 called to stabilize currencies does not mean that the big economic issues have all gone away. What it means, worryingly, is that the main players are either unable or unwilling to do anything about them.

This impotence was well illustrated by the weekend's meeting of the G7 in Essen, Germany a far cry from that held 20 years ago this month at the Louvre in Paris. That meeting agreed to use intervention in the foreign exchange markets to put a floor under the falling dollar. In theory, there was similar business for finance ministers and central bank governors to get their teeth into.

For a start, they could have taken up the suggestion of the host nation to do something about the weakness of the yen. It is being dragged lower by Tokyo policymakers' unwillingness to risk raising interest rates for fear that the result would be to kill off what already looks like a faltering economic recovery.

Germany, relying heavily as it does on exports, is worried about this trend and about the growing tendency of hedge funds to borrow money cheaply in yen and invest it in higher-yielding assets elsewhere, often at considerable risks. Yet the Japanese did not want to talk about the yen, while the countries with a light-touch approach to hedge funds (Britain and the US) will do nothing to risk the ire of the City of London and Wall Street.

The G7 might also have taken steps to tackle the chronic global imbalances, in particular the need to massage down the US trade deficit through a controlled depreciation of the dollar. This, though, would require reciprocal action from China, which has been running up record trade surpluses with the US. It has become abundantly clear that the G7 is not the body for achieving this end.

National plan targets climate change

Feb 16 (China Daily) -- Having been a major victim of climate change, China is formulating plans to cope with the problem.

The country is working on its first national program to mitigate and adapt to climate

change, according to a high-ranking environmental official.

A common program for all government agencies is important, because as the central government is paying increasing attention to climate change, most local officials are still not quite aware of the issue, said Lu Xuedu, deputy director of the division to oversee environmental affairs under the Ministry of Science and Technology (MST).

Lu said the program will set goals for reducing greenhouse gas emission, and for developing climate-friendly technologies.

It will outline the facts and effects of climate change, and will also formulate policies to support climate-related international cooperation and technology transfers, the official said.

The draft of the program will be submitted to the State Council, the Chinese Cabinet, for approval late this month, Lu told China Daily.

But he said the program will be "more of a guideline" rather than setting specific targets.

He said it would be "unrealistic to set specific goals in some areas" at this time.

The program is envisaged to be "a three-year scheme", although environmental officials hope it can be expanded and become applicable over a longer period.

Zou Ji, a climate policy expert involved in drafting the program, said China has already made progress in improving energy efficiency, developing recycling energy and coal-gas exploration.

But more importantly, the program will have a legal basis, necessitating all government agencies work with each other in battling climate change, said Zou, a professor with Renmin University.

Lu said implement plans to mitigate the effects of global warming was now a serious challenge for China.

A report released recently said that temperatures would keep rising through this century as a result of increased energy consumption and greenhouse gas emissions, with warmer winters in North China being the most obvious features.

The report was co-authored by six central government agencies and academic bodies, including MST, China Meteorological Administration and the Chinese Academy of Sciences.

It predicted that the average annual temperature would rise 1.3-2.1 C by 2020, and 2.3-3.3 C by 2050.

Another report released by the State Oceanic Administration last month also warned of a rapid rise in sea levels.

It said that the country had witnessed an average annual sea-level rise of 2.5 mm in recent years, and predicted that in the next 3-10 years, the sea level would continue to rise by 9-31 mm over the 2006 level.

"The speed is astonishing," Lu said. "Coastal cities including Shanghai and Guangzhou will confront unimaginable challenges if the situation deteriorates."

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confront unimaginable challenges if the situation deteriorates."

With Gore's goading, awards ceremony goes green

Feb 27 (Agencies) -- Al Gore and his campaign against global warming won big at the Oscars as Hollywood went green on Sunday night (yesterday morning Beijing time). If only politics were that simple.

The former vice-president, who inspired the box office hit *An Inconvenient Truth* with a slideshow on climate change, took every opportunity to drive home his message that people need to act now to save the environment.

"My fellow Americans, people all over the world, we need to solve the climate crisis," Gore told the audience as the film's director and producers accepted their Oscar for best documentary feature.

"It's not a political issue, it's a moral issue," he said.

The Gore documentary also won best original song with *I Need to Wake Up* by Melissa Etheridge.

"Mostly I have to thank Al Gore for inspiring us, inspiring me and showing that caring about the earth is not Republican or Democrat," Etheridge said in her acceptance speech.

Her song was the second piece of music from a socially-aware film to scoop an Oscar, Argentine composer Gustavo Santaolalla took home his second award in as many years for his score for *Babel*, a tale of the globalization of pain and suffering.

Santaolalla said he was proud to work on *Babel*, which addresses the theme of global miscommunication.

Hollywood happy to listen

Hollywood proved more than willing to listen to Gore, the Democrat who narrowly lost out to Republican George W. Bush in the race to be president of the United States in the 2000 elections.

More stars than ever before arrived in environmentally friendly limousines, like plug-in hybrids and all-electric cars, hoping to educate Americans on alternatives to fossil fuels blamed for producing heat-trapping gases.

Earlier in the show, Gore and hybrid-driving actor Leonardo DiCaprio took the stage to announce the Academy Awards had "gone green" with environmentally sensitive methods incorporated into every aspect of putting on the show.

The cleaning up of the Oscars included using recycled paper, doing an energy audit for venue the Kodak Theatre and serving organic food at the Governors Ball, said the National Resources Defense Council, the advocacy group that worked with organizers.

Many in Hollywood, impressed by Gore's persuasive message on the climate crisis, have wanted him to run for president again in 2008.

But Gore ruled that out once again on Sunday and even played with the pressure to run with a well-timed joke that won raucous laughter from the audience.

"Even though I honestly had not planned on doing this, I guess with a billion people watching, it's as good a time as any. So, my fellow Americans, I'm going to take this opportunity right here and now to formally announce..," Gore said.

And then loud music from the pit orchestra the kind used to cut short over-long acceptance speeches drowned out Gore and he and DiCaprio walked off stage arm-in-arm.

Report:Economic losses caused by environmental pollution

Feb 15 (xinhuanet) -- Environmental pollution has cost China's capital Beijing over 11.6 billion yuan (about US\$1.5 billion) in economic losses in 2004, amounting to 1.92 percent of the city's GDP, according to a government report.

"Air pollution was a major cause for the losses, accounting for more than 81 percent of the total loss," said Du Shaozhong, deputy director and spokesman of the Beijing environment protection bureau.

It's the first time Beijing has issued a report of its "green GDP", which is calculated by subtracting economic losses incurred by pollution from the GDP.

"The calculation formula is still not complete, as it did not include pollution caused by noise and radioactive substances," said Yu Xiuqin, deputy director of the municipal Bureau of Statistics, adding that they will improve the calculation method by taking all environment-related factors into account.

Beijing is among the first batch of cities to pilot the Green GDP calculation, after the State Environmental Protection Administration (SEPA) announced the national figure in September last year.

According to SEPA statistics, environmental pollution caused China 511.8 billion yuan (about US\$64 billion) in economic losses in 2004, which amounted to 3.05 percent of national GDP that year.

Since 1998, Beijing has invested over 119.2 billion yuan (about US\$15.3 billion) in environmental protection.

12 plants closed for pollution

Feb 14 (Reuters) -- China has ordered a dozen heavy industrial plants to shut down for failing to meet pollution standards and told another 70 to comply with the rules.

The State Environmental Protection Administration said on its Web site (www.sepa.gov.cn) that the plants represented combined investment of 2 billion yuan (US\$258 million).

They include a metallurgy company in Inner Mongolia, four steel makers in Jiangsu and Hebei and a charcoal plant in Shandong.

"Projects that seriously violate the state's industrial policies and environmental protection thresholds must be immediately and permanently closed down," SEPA vice head Pan Yue was quoted as saying.

The agency has been striving to extend its influence in the face of opposition from local authorities that frequently put growth before the environment.

SEPA said on Monday that China fell short of its goal for 2006 to reduce emissions of pollutants by 2 percent from 2005 levels.

China has set a goal of reducing emissions of pollutants by 10 percent between 2006 and 2010.

To that end, the government would withhold approval of projects that produce a lot of pollution in those provinces that have failed to meet Beijing's emission targets, the agency said.

China last year also missed its goal of cutting by 4 percent the amount of energy it uses to generate a unit of output.

Sources told Reuters last week that China achieved only a 1.0-1.5 percent reduction in that measure of "energy intensity" in 2006.