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汽车能源与气候变化—中国项目

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TABLE OF CONTENTS

GENERAL ENERGY ISSUES	4
Circular economy law to improve efficiency.....	4
Energy demand to be self-satisfied.....	4
China to substitute bio-fuel for refined oil products	5
Sow the wind, reap cleaner energy.....	5
National campaign promotes energy saving.....	7
China a leading investor in renewable energy	8
How China can use energy economically	8
Nation supports bio-energy to reduce dependency on oil	10
China's half-year power consumption to increase 11.5 percent year on year	11
China reports steady growth in energy production in first three months.....	11
China pushes for more energy-efficient buildings	11
AUTOMOBILE AND TRANSPORTATION.....	12
Olympic vehicles generate competition	12
11th five-year auto program to be announced.....	13
Turn to Diesel	13
Ties with Germany scale new heights	15
Beijing aims to upgrade public vehicles	16
Chinese expected to get back on their (electric) bikes	17
New energy for future	17
Beijing planning to cut Olympic traffic	18
Geely eyes Malaysian sales.....	19
Olympic Programme spurs VW sales growth	20
Toyota looks to overtake GM in China.....	21
OIL AND GAS	22
China to see stable growth of oil output in 10 to 15 years.....	22
Underground gas storage units planned.....	23
Shell in talk over stake in refinery	24

Blame oil prices on politics, not China's demand	25
Malaysia, China to jointly set up petroleum refinery	26
China hikes oil prices to narrow gap with international market	26
Most oil, gas reserves wait to be verified	27
CLIMATE CHANGE AND AIR POLLUTION	27
China, US scientists plan closer co-op	27
Industrial giant says polluting days are over	28
India says to tackle poverty before global warming	29
China faces rising temperatures	30
Beijing launches 'no car day' campaign	30
Sand and dust cast cloud over blue-sky days	31
Environment issues addressed more urgently	33

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General Energy Issues

Circular economy law to improve efficiency

May 27(chinadaily)--A circular economy law to improve efficiency in the use of resources is expected to come into force in 2008, a member of the country's top environment protection body said on Friday.

Speaking from the sidelines of a forum on China's circular economic development, Qian Yi, deputy director of the Environment and Resources Protection Committee under National People's Congress (NPC), said they are co-operating with the National Development and Reform Commission and the State Environment Protection Administration (SEPA) to enact such a law.

The initial draft is expected to come out around the end of the first quarter of the next year and will be submitted to the NPC standing committee for supervision, she said.

The law will mandate a clean development mode to produce the maximum amount of products with the minimum resources, she said.

"The country's goal of increasing energy efficiency will definitely get a shot in the arm if we enhance it to the height of a national law," Qian said.

China currently consumes about 11 times the energy in producing US\$1 worth of gross domestic product (GDP) as Japan, and five times that of the United States, she said.

Sun Youhai, who heads the legislative office of the environment protection committee, said the law would include systems to evaluate the environmental friendliness of products before they enter the market, to supervise resource property, to require the proper disposal of waste, and to establish an accountability system for manufacturers.

China has mapped out a plan to reduce energy consumption by 20 per cent and main pollutants by 10 per cent while still maintaining an average of 7.5 per cent in GDP growth.

"It's an ambitious plan, and a difficult one," Qian said.

But she remained upbeat.

"We could achieve it by upgrading the technology and standard of energy-guzzling industries, such as steel production," said Qian.

Jiang Yaoping, deputy minister of the information industry, said China's information industry faces mounting pressure for more recycling and disposal of obsolete and ageing electrical appliances.

China produced 300 million mobile phones last year, half of which are for sale domestically. It is estimated that 60 million will be sold to new subscribers, and the rest to people replacing old phones, he said.

"We can achieve sustainable development only by improving quality and working out new ways to recycle old phones," said Jiang.

Also on Friday, Zhou Shengxian, head of SEPA, vowed to stick to efficiency, transparency and fairness in SEPA's future environmental evaluation work.

Energy demand to be self-satisfied

May 25(xinhua)--China's energy demand will mainly be met by its domestic supply which has great potential, a senior Chinese economic planner said on Wednesday.

"China still has great potential in its domestic supply," said Zhang Guobao, vice minister of the National Development and Reform Commission (NDRC), China's main planning body.

He made the statement at the ongoing international seminar "Energy Security: China and the world", which was attended by officials, experts and businessmen from 17 countries.

China has abundant coal resources, with the proved amount accounting for a small percent of the total reserve, Zhang said. "Thus, coal will still constitute the basis of China's energy."

Saying China's crude oil production will likely remain at about 180 to 200 million tons per year

for years to come, Zhang said there is "the possibility of discovering new oil and gas fields."

He also stressed the potential of China's hydropower, nuclear power, wind power and other new resources.

Citing the research of energy experts, Zhang said "China's energy demand will keep rising, and it will mainly be satisfied by the domestic supply."

"In terms of energy consumption, China does not depend heavily on the international market, so it is unnecessary to overreact to increases in China's energy consumption," Zhang said.

With the international price of oil at a high level, China will "not increase its oil reserve by purchasing additional crude oil on the international market," he said.

China to substitute bio-fuel for refined oil products

May 17(xinhua)--China will be able to substitute bio-liquid fuel for 10 million tons of refined oil products in 2020, said a Chinese energy think tank on Tuesday.

Han Wenke, deputy director of the Energy Research Institute of the National Development and Reform Commission (NDRC), said at the ongoing forum on decentralized sustainable energy solutions in China, that by 2020 renewable energy will increase China's energy supply capacity by 400 to 500 million tons of coal equivalent.

Then renewable energy will account for 10 percent of China's annual energy consumption, he said.

China's electricity installed capacity by renewable energy will be over 360 million kilowatts, including 300 million kilowatts by hydro, 30 million kilowatts by wind farm, 150,000 kilowatts by small wind, 30 million kilowatts by biomass and 1.8 million kilowatts by solar.

By 2020, China's production capacity of bio-liquid fuel such as fuel ethanol and bio-diesel will reach 12 million tons, which could substitute some 10 million tons of refined oil products, said Han.

Soaring international oil prices have encouraged investment in alternative energies. According to statistics of the Worldwatch Institute, world output of ethanol and bio-diesel is over 30 billion liters in 2004, accounting for three percent of the total gasoline consumption that year.

Han said that China's current fuel ethanol production capacity, with corn as raw material, is 1.02 million tons per year, and the trial production scale of fuel ethanol with sweet sorghum as raw material is 5,000 tons per year. The annual production capacity of bio-diesel is 20,000 tons.

China has been mixing a percentage of ethanol into gasoline in some provinces including northeastern Heilongjiang, Jilin and Liaoning provinces, Central China's Henan Province and East China's Anhui Province.

The experiments in these areas are going well and the NDRC is planning to expand it to more regions, said Zhang Guobao, vice-chairman of the NDRC, at the Boao Forum for Asia Annual Conference 2006 held last month.

Sow the wind, reap cleaner energy

May 11(chinadaily)--The Yangtze River Delta has turned to wind power in its quest for cleaner energy, with Shanghai spearheading the drive.

Last month, the eastern metropolis opened China's first wind-power science museum next to a cluster of huge three-blade wind turbines installed last year in the south of the city.

The two-storey museum, which shows how wind has been used over the centuries to generate power, attracts an average of 100 visitors per day, mostly students and tourists, according to employee Yan Meihong.

From the second floor, visitors can see eight of the 11 giant white wind turbines, each with a capacity of 1.5 megawatts (MW) and 65 metres tall, in nearby Forest Park.

The turbines, along with three in Chongming District, can meet the electricity needs of 20,000 people.

Shanghai, one-third of whose power is imported, aims to promote this clean energy even more,

partly encouraged by the country's new Renewable Energy Law.

The law requires major power companies to ensure that at least 5 per cent of their generators are fuelled by renewable sources by 2010.

According to the National Development and Reform Commission, the country's top economic planner, wind power facilities with a total capacity of 30,000 MW will be built by 2020.

Most industry experts, however, believe the potential is much higher.

"We want to add 10 similar turbines in Nanhui District, and some bigger ones in Chongming District as well," said Hu Chuanyu, a senior engineer of Shanghai Wind Power Co.

"But the global wind power market is so hot that we are worried about where to find turbines."

Having worked in the wind power sector for 10 years, Hu estimates that Shanghai alone has a potential onshore wind power capacity of at least 3,000 MW.

That amount would meet the daily energy needs of about 1.2 billion average Chinese homes.

Although that is only about 10 per cent of the city's total demand, it is still significant for the city of Shanghai, which has a population of more than 10 million and a power shortage of 10 million kilowatts. The shortage equates to the power supplies of 2.5 million ordinary households.

At the estuary of the Yangtze River, Shanghai benefits from both ocean salt and silt carried by it, creating large patches of tidal land that are extending 100 metres a year on average.

"That makes it an ideal wind farm location, as tidal land is accommodating enough to hold big windmills," said Hu.

A spacious flat place is also important for ensuring steady wind speed, which is crucial for later power networking and facility maintenance.

The coastal city also has a large untapped sea area that is suitable for offshore wind turbine

construction, a likely future trend for wind farms as they take up no valuable land resources.

"Shanghai is planning a large offshore wind farm in the East China Sea, which could be the first one in the country," said Hu.

The proposed wind farm may even be located by the East China Sea Bridge to fuel a new residential area to be constructed nearby.

But it is not an easy task to erect turbines at sea in terms of cost, construction and technology.

"A single blade for a turbine can be as high as a 10-storey building. So imagine how much effort will be needed to erect scores of turbines on the water," Hu said.

It would make the cost far higher than building turbines on land, which already requires funding of about 20 per cent more than that of a thermal power station.

And for a country such as China, which relies heavily on imported turbines, it also means more sophisticated technology.

China began to follow the rest of the world in manufacturing turbines in the 1970s, but still lags far behind, said Yuan Guoqing, associate professor of Shanghai-based Tongji University's School of Aerospace Engineering and Applied Mechanics.

The difficulty, he said, lies in the design of turbine blades the most vital part of a turbine.

"They look simple, but involve multi-disciplines including aerodynamics, materials and automation. Their costs account for approximately one-third of the total of a turbine," Yuan said.

The most high-tech windmills, each with installed capacities of more than 1.5 MW, are all equipped with variable speed turbines, where blades can change angles and running speed against different winds to produce more stable electric currents.

But China is still behind many other countries in the technology, according to Yuan. He added that some domestic universities were planning to set up wind power majors to train future turbine designers.

"We at Tongji University are also considering establishing a wind power research centre someday," he said.

One inspiring development, however, is that an energy research institute in Guangzhou is experimenting with a new turbine that adopts maglev (magnetic levitation) technology, according to Hu.

It is said to be able to utilize winds at speeds of just 2.5 metres per second, in comparison with the driving wind speed of more than 3.5 metres per second needed for existing turbines.

China started wind farm construction in 1986, with the first site in full operation in Rongcheng, a county in East China's Shandong Province.

The Yangtze Delta, which boasts a long coastal line with the potential to greatly benefit from wind power, trails somewhat behind other areas, but has good future prospects.

Besides Shanghai, Jiangsu and Zhejiang provinces have also drawn up plans to develop the green energy.

In Dongtai, Jiangsu Province, a wind farm with a total installed capacity of 200 MW is under construction. It is expected to be completed in 2008, generating annual electricity of 400 million kilowatt hours.

Also in the province, the largest wind farm in Asia is being built in Rudong, a city with an average onshore wind speed of 7 metres per second.

With a planned installed capacity of 850 MW, the wind farm will accommodate about 430 turbines, each with a capacity of 2 MW, according to Zhao Shengxiao, an engineer with the Central China Investigation and Design Institute, which carried out surveys in the area ahead of construction.

The province hopes to possess one-fifth of the total installed capacity of wind power in the country by 2010 by erecting more turbines.

Hu said: "Jiangsu has geographical advantages, with large plains, for instance. Its potential capacity of wind power along the coast could be as much as 100 million kilowatts."

Zhejiang, although hindered by its mountainous and compact geography, is also planning to make the most of its wind resources. One of its island cities, Zhoushan, has proposed an offshore wind farm with an installed capacity of 200 MW.

Statistics have shown that China has a total potential wind power capacity of 1 billion kilowatts, with about 70 per cent along the coast.

National campaign promotes energy saving

May 27(chinadaily)--Energy efficiency will step into the spotlight in this year's nationwide science education campaign, said State Councilor Chen Zhili on Friday.

In March, the central government issued its first 15-year plan on enhancing the understanding of science across China, part of its goal of building an innovation-led country.

Children, farmers, officials and migrant workers will be targeted by the campaign.

"Every year from now on we will organize various themed activities across the country," said Chen, who leads the campaign, speaking at the closing ceremony of the seventh national congress of the Chinese Association of Science and Technology (CAST) the country's largest science organization.

The campaign has been designed in response to increasing global concern about the world's energy shortage.

Xu Shanyan, a freshly-appointed committee member of CAST, blamed the country's education system for the low level of interest in science.

"Our education system overemphasizes the importance of exams and has a humdrum style," he said.

"To promote science in the country, we should inspire diversification," he added.

Throughout its four-day conference CAST has also selected a new committee and awarded 100 outstanding young scientists.

China a leading investor in renewable energy

May 17(xinhua)--China has become the top investor in renewable energy in the world, experts said Tuesday at the ongoing forum for decentralized sustainable energy solutions in China.

Dr. Eric Martinot, a senior research fellow with the U.S.-based Worldwatch Institute and senior visiting scholar of Tsinghua University, said that excluding large hydropower, China invested 6 billion U.S. dollars in renewable energy in 2005 out of a global total investment of 38 billion dollars.

Soaring oil prices have made renewable energy a focus for world investors, said Martinot.

Government support for renewable energy was 10 billion dollars in 2004 for the United States and Europe, including budget fund and policy support. The United States and Europe provide more than 700 million dollars per year for research and development, said Martinot.

Moreover, large commercial banks are starting to notice renewable energy and several are adding renewable energy investments to their lending portfolios, he said.

The industry of renewable energy is booming. There are now more than 70 renewable energy companies worldwide with a market capitalization greater than 40 million dollars each. Their total market capitalization has been over 30 billion dollars.

Major investments and acquisitions have been made in recent years by leading global companies such as GE, Siemens, Shell, BP, Sanyo and Sharp and the industry could provide over 1.7 billion jobs worldwide, he said. China is a great potential renewable energy market for world investors.

Among the 6 billion dollars investment in 2005, most was poured into small hydropower and solar hot water energy, with 600 million US dollars for wind power.

China plans to raise its electricity installed capacity for renewable energy to 10 percent of

its total power capacity by 2010 and 20 percent by 2020.

By 2010, renewable energy excluding large hydropower will account for five percent of China's total primary energy consumption and the percentage is planned to rise to 10 percent by 2020.

The Chinese government has given much policy support to the industry of renewable energy. The law for renewable energy, the first of its kind in China, came into effect at the beginning of this year.

Speaking at a meeting on energy development on the last month, Chinese Premier Wen Jiabao called for effective measures to ensure the implementation of the government's energy saving and renewable development policies and emphasized that renewable energy is an important strategic alternative to coal and oil.

How China can use energy economically

May 11(chinadaily)--The national energy leading group chaired by Premier Wen Jiabao recently declared that "marketization is the most important element of energy policy."

In support, China Daily itself sent May Day holiday-makers off with a staff editorial saying market-oriented measures are more effective than administrative measures to carry out the government's commitment to reducing pollution and raising energy efficiency.

These calls follow the recent proposal by the Ministry of Finance, the Ministry of Commerce and the State Council for a new energy consumption law to be approved by the National People's Congress next year, as well as the sixth gasoline price increase this year by the National Development and Reform Commission (NDRC).

The energy leading group calls for "perfecting energy laws and regulations" to "use energy economically." This highlights the purpose of the consumption law and the price increase, which is to make China use energy more efficiently to become a stronger and more secure global competitor, perhaps even using resources better than the United States has. What is most essential to a country's strategic

future is not only economic growth, but how efficiently the economic growth is achieved; in other words, how much more can be produced for less.

Only efficient growth is sustainable. The national security of China is also improved when the nation can depend less on imported commodity to achieve the same or more economic output. China's leadership has observed from the rest of the world that market pricing provides a far more detailed and timely, and therefore more efficient, resource allocation than administratively set artificially low prices or subsidies.

Indeed, investors use oil company profits to increase supply and eventually lower oil prices, but ultimately to directly finance the human-capital intensive "innovative economy" targeted by the 11th Five-Year Plan (2006-10). It is not just to reinvest in traditional oil production.

The most striking physical manifestation of China's revolutionary economic growth is its energy consumption. China accounts for 10 per cent of the world's energy consumption and half of East Asia's, but for much less of the gross domestic product (GDP). China is now the world's No 2 oil consumer. China's oil consumption has quadrupled in the last 15 years. That's a growth rate 30 per cent faster than GDP growth.

China's electricity consumption is approaching two-thirds of the United States', according to the electricity forecast released in March by the NDRC. This makes China the world's second-largest electric power producer.

To sustain this, China's oil companies are now placed under huge bargaining pressure to procure liquefied natural gas (LNG) as an alternative, cleaner fuel for electricity production. Also, huge planning and costly stabilization requirements are placed on State Grid Corporation and China Southern Power Grid Corporation to accommodate a proliferation of remote power plants near coal and water resources to the north and west respectively.

While these super-growth energy figures can be a point of pride for Chinese, the country's leadership has recognized that these numbers have a dark side that still indicates huge inefficiency and unnecessary over-consumption of energy relative to GDP and compared to

North America, Europe and Japan, where energy prices have been more market driven.

This is true especially since crude oil prices started rising above their 50-year historical average price in 2001.

China's population control policy combined with productivity improvement did contribute to improved energy efficiency for 20 years until 2001. But after 2001, China's economy reversed to becoming increasingly energy inefficient because energy prices to consumers did not rise to the market level.

In other regions of the world, energy consumption has continued to grow more slowly than GDP, just as it had since the oil-price shocks of 1973 and 1978 gave the economic incentive to find ways to improve the productivity of energy use, to marketize the price of natural gas and electricity, and to develop alternative energy sources.

After the oil price shocks in the 1970s, people adjusted their consumption and world energy prices eventually collapsed. For example, homes were insulated, more efficient lighting was used, and smart hot-water heaters were installed. In addition, more used public transportation, cars became more fuel-efficient, several co-workers carpooled to work, and companies became more competitive and invested in energy-saving technology. Many consumers switched to alternative fuel partly by installing dual-fuel power and heating systems, and small efficient gas-fired jet engines were developed to produce electricity.

Eventually national wholesale markets were created where natural gas and electricity could be sold competitively between suppliers and customers who pay a publicly posted "transportation" fee to the pipeline or electric-transmission operator.

Most importantly, that fee varies by region to reflect the cost of congestion in the delivery system, and to indicate whether and where it is economically more efficient to expand either delivery or production, and expand either the natural gas pipeline system or the electric transmission system.

China bravely started down the road toward energy markets in 2002 when it broke the State

Power Corporation into two grid companies, and five competing power generating companies, and established the State Electricity Regulatory Commission to oversee the market.

But the "demand side" of a wholesale market has not yet been developed and price regulation has persisted with no objective means of determining the most economically efficient expansion of the nation's electricity and natural gas pipeline systems.

Worse, the artificially low prices (especially since 2001) prompted over-consumption under the scientific law of prices, causing a shortage of power plants because producers' cost could not be recovered in the artificially low prices to consumers. This is the same thing that happened to oil refiners and prompted shortages of refined oil products.

The NDRC has taken some steps in the right direction to address this problem.

Besides the gasoline price increases intended to bring regulated prices closer to where market prices could prevail, the NDRC recently ended regulated coal prices to the power generation companies, and forced them to negotiate contracts directly with the coal producers while allowing them to recover 70 per cent of any subsequent cost increase in a higher regulated electricity price to consumers. Meanwhile power plant construction has recently surpassed demand growth sufficiently to eliminate power shortages by next year.

But the NDRC still has to go much further, and not just in regards to electricity. In particular it must eventually reflect on current prices and previously ignored market value increase in coal, electricity and refined oil products.

The NDRC needs to do so to resolutely transition to wholesale-market pricing mechanisms driving an energy price to consumers that reflect market-determined costs.

The NDRC now needs to initiate the hard detailed work of preparing those mechanisms, avoiding the mistakes made by other countries in developing such mechanisms, and developing flexible advanced economic system-planning, market forecasting, and system-operation methods that properly take market behaviour into account.

This is the scientific basis for efficiently expanding this nation's electricity, natural gas, coal and oil-refining and distribution systems into being the world's greatest.

The author Robert Blohm is an American and Canadian investment banker, economist and energy expert.

Nation supports bio-energy to reduce dependency on oil

May 3(chinadaily)--China will use fiscal policies to encourage the production of energy from natural sources as substitutes for oil in building an environmentally friendly society.

Zhu Zhigang, vice-minister of finance, told the Xinhua News Agency that the ministry is working on policies that will enable the government as well as consumers to share the costs and risks of bio-energy production.

The ministry is considering a plan to provide subsidies to a few selected companies that specialize in bio-energy production before the cost- and risk-sharing mechanism is set up.

Bio-energy mainly refers to ethanol made from grain and stems of plants and methane, which are environmentally friendly and renewable.

China has increased its annual production capacity of ethanol used for fuel to 1.02 million tons thanks to direct funding from the ministry, preferential tax policies and subsidies, Zhu said.

Fuel ethanol is produced in Northeast, Central and East China.

The raw material for fuel ethanol includes corn and wheat, and the ethanol is purchased and mixed with petrol by the country's State-owned oil producers.

Zhu said the ministry has allocated 2 billion yuan (US\$250 million) for ethanol projects in the past five years, which were launched mainly to solve the problem of a corn surplus in Northeast China, the country's major corn-producing area.

The corn-for-ethanol projects increased market demand for corn, and corn prices have been

increasing gradually in the past several years, the vice-minister said.

Shi Yuanchun, an academician at the Chinese Academy of Sciences, said China should do more to increase bio-energy production to catch up with the United States, the European Union, Brazil and India.

China should study ways to manufacture ethanol by using stalks and plants produced from wasteland and low-quality land unsuitable for grain production, said Shi, former president of China Agricultural University.

China's half-year power consumption to increase 11.5 percent year on year

May 3(xinhua)--The China Electricity Council said China's total power consumption during the first half of this year is expected to increase 11.5 percent.

Wang Yongping, secretary-general of the council, told a meeting late last week that the demand for power will moderate in the last three quarters of this year.

Wang said the shortage of power will total about 8 million kilowatt at peak hours of this summer in East and North China.

Total electricity consumption for the first quarter of this year stood at 642.987 billion kwh, up 11.81 percent year on year.

The figure included 459.461 billion kwh by industrial sectors, and petrochemical, building materials and metallurgic sectors contributed to 56.3 percent of the increased power consumption, said Wang.

That indicates that China has a long way to go to curb the expansion of energy-intensive sectors, said Wang.

Wang said newly installed capacity totaling 30 million kw will be released during the first half of this year and an additional 45 million kw will be generated in the second half of this year, which will enable most of the country to meet demand at peak hours of this summer.

China reports steady growth in energy production in first three months

May 9(xinhua)--China has experienced a steady growth in energy production during the first quarter of this year, China Securities Journal said on Monday.

Quoting a report from the National Development and Reform Commission, the country's pricing watchdog, the paper said the nation's production of coal, power and oil increased by 12 percent, 11.1 percent and 1.7 percent respectively.

The output of raw coal came to 431 million tons, while the coal industry's profits stood at 11.4 billion yuan (1.4 billion U.S. dollars, up 6.2 percent).

In the January-March period, China generated 606.8 billion kwhs of electricity, with thermal power and hydropower growing 10.8 percent and 15.7 percent. The electric power industry's profits rose by 51.1 percent to 21 billion yuan (2.6 billion dollars).

Meanwhile, China produced 45.45 million tons of crude and imported 33.91 million tons, up 7.1 percent. The output of gasoline and diesel went up 3.1 percent and 6.1 percent respectively, and the output of natural gas hit 15.9 billion cubic meters, a rise of 31.3 percent.

China pushes for more energy-efficient buildings

May 24(xinhua)--China has launched ambitious plans to make its residential and office buildings more energy-efficient.

In the first five months of the year, industrial standard makers announced three sets of new national standards: namely, regulations on energy saving for civil buildings, standards for residential buildings and standards for technical evaluations of residential buildings.

Another new guideline regarding the assessment of green buildings will take effect on June 1. Though not a compulsory standard, it asks for even higher standards in energy consumption and other environment-related indices.

According to Wang Guangtao, the Minister of Construction, these standards have formed a

basic framework of industrial standards regarding energy-efficiency of buildings.

Chinese legislators are also actively involved in the process. Both the Law on Energy Saving and the Law on Architecture are being revised to accommodate the new standards.

A new decree on energy-saving for buildings is also high on the agenda of the State Council, Minister Wang said recently.

China's efforts to improve the energy-efficiency of its buildings is important for itself, but it also affects the rest of the world.

China is now the world's fourth largest economy and the second largest energy consumer. Over 30 percent of the world's coal, steel and cement are now consumed in China.

On the other hand, architectural energy consumption is accounting for 30 percent of the country's total energy consumption. The figure will rise to 40 percent if energy consumption for manufacture and transportation of construction materials is considered.

According to Jiang Yi, a professor in architecture with the privileged Tsinghua University, if nothing is done to check the situation, architectural energy consumption in China will double by 2020.

To meet the new demand would require the building of more than 10 power stations the size of the Three Gorges power station, he said.

Chinese vice-premier Zeng Peiyan and other senior government officials have repeatedly pointed out that reducing the architectural energy consumption should be given top priority in the national drive to turn China into a resource-saving and environment-friendly society.

The subject is already among the priorities in both China's 11th Five-Year-Plan period (2006 - 2010) and its medium and long-term plan for science and technology development.

The application of new materials and new energy is a major part of the government strategy to reduce architectural energy consumption.

A good example is the government effort to phase out the use of traditional bricks made of soil that have been used in China for thousands of years.

The manufacture of such bricks is not only energy-intensive, but also destroys tens of thousands of hectares of precious farmland in China every year. Bricks of this kind also provide poor insulation which increases energy consumption. By 2010, these bricks will have been phased out in all China's cities.

Government has also launched an ambitious plan to renovate existing buildings to make them more energy-efficient. The renovation of buildings housing the Ministry of Construction and other central government departments has already begun.

Planners hope to renovate 25 percent of all residential and public buildings in major cities by 2010, as well as 15 percent of the buildings in medium-sized cities and 10 percent of those in small cities. The whole job will be completed by 2020.

The government is also working on new policies that will provide tax rebates and other financial incentives for the construction and purchase of energy-efficient buildings.

Automobile and Transportation

Olympic vehicles generate competition

May 16(chinadaily)--A US-based firm is among the firms competing to sell the Beijing Olympics Organizing Committee small electrical vehicles for use during the 2008 Games.

Ingersoll Rand, a world leading diversified industrial company, is excited about the huge opportunities appearing due to China's rapid industrialization, and has been building up its product portfolio for China, in particular for the Games.

Jeff Song, vice-president of the firm, said talks are going on with the organizing committee to sell it the "Club Car" which could be used in the Olympic village and sports venues.

Song, also president of Ingersoll Rand China, said the committee is planning a performance evaluation on several short-listed candidates in August and will then make a final decision.

Danny Ferguson, a business development manager for Club Car, said it is estimated that Beijing will need at least 1,000 electric cars during the Games. Four companies Ingersoll Rand and three Chinese firms are competing for the contract.

Ingersoll Rand has already introduced microturbine products to the Olympics, Song said, adding that microturbines are now being used in the construction of Olympic venues.

A microturbine is a very small device used to make electricity, fuelled by natural gas or some other energy source.

"Security technology is another thing we are providing for the event," Song said. "So far we have signed a deal with the Beijing Municipal Traffic Management Bureau to provide monitoring cameras for traffic management and security."

Apart from the Olympics, the extensive building and rebuilding of infrastructure in China are also providing tremendous opportunities for Ingersoll Rand. It has just launched several new products including air compressors and mini-excavators.

Scott Krull, vice-president of Ingersoll Rand China, said the firm is enhancing its research and development capabilities at both the Wuxi and Shanghai factories to find additional products and technology suitable for the Chinese market.

For instance, the company has altered its air compressors for Chinese customers, powering them by electricity instead of diesel.

Krull also mentioned that the company launched special financial services last year for Chinese customers who have difficulty getting loans from banks. "Features of our financial solutions include rapid credit decisions, easy documentation and flexible terms and conditions," Krull said.

Ingersoll Rand predicts an annual business growth of 25 per cent in China in the next five years, Song said.

"I have full confidence we can meet that goal," Song said, adding that the firm is talking with several Chinese companies about mergers and acquisitions.

Song said the mainland market only accounted for 5 per cent of Ingersoll Rand's US\$10.5 billion sales last year. "That proportion may increase to 10-15 per cent in the next 5 to 10 years," Song predicted.

11th five-year auto program to be announced

May 24(chinadaily)--Industry sources said the "Outline of the 11th Five-Year Program for China's Auto Industry" has been submitted to the National Development and Reform Commission, the country's top planning agency, for consideration. The plan will be made public in the first half of this year.

The outline lists three tasks for the Chinese auto industry in the next five years. The first is for automakers to beef up independent development and technological innovation to give self-brand passenger cars a 60-per cent market share. The second is to promote energy-saving and new energy autos through technological upgrades. The third is to step up consolidation in the industry to develop a number of large competitive auto groups.

The program has also set growth targets for the auto sector during the 2006-2010 period. They include an average annual growth rate of about 10 per cent, down from the average rate of 25 per cent in the 2001-2004 period, 55 million units of autos on the road and an auto industrial added value of 450 billion yuan (US\$56.23 billion) by 2010. The car to person ratio is expected to reach approximately 400 vehicles per 1,000 people by 2010.

Turn to Diesel

May 22(chinadaily)--At the moment, it seems like a ridiculous notion that cars could be solely powered by solar panels or wind turbines, and therefore have zero gas emissions.

So to achieve the same purpose, burning diesel, instead of gasoline, seems like the most feasible way to be more energy efficient and environmentally friendly.

Why is that? What's the difference between gasoline and diesel, both of which are crude-processed products - many ordinary people continue to seek the answer to this question.

But it is just poor awareness of diesel engines that mainly prevents the wide use of diesel fuel in cars.

Don't neglect the power of diesel, though, experts warn.

To most Chinese, diesel-fuelled motor vehicles are associated with black smoke, loud noises, and for use in farming activities in low-efficiency rural areas.

However, the truth is very different.

According to industry statistics, with advanced technology, diesel engines could save 30 per cent energy and reduce the emission of carbon dioxide (CO₂) by 30 per cent to 45 per cent, compared with gasoline-fuelled machines.

And there should be a priority fuel choice for small cars and not just the big trucks.

So, diesel is clearly a good replacement of gasoline in China, and this fits in with the central government's commitment to increase energy efficiency and fight against the deteriorating environment.

Surging energy demand and worsening environmental conditions in China are the side effects of the country's fast growing economy of at least 8 per cent annually, which has relied too much on heavy investment in the energy-guzzling industrial sectors such as steel, power and infrastructure construction.

The primary energy drive of these industries are oil and coal, both air-polluting fossil fuels.

To address the situation, China has decided to cut its energy intensity the energy consumption per unit of GDP growth by as much as 20 per cent by 2010.

And the target will be achieved by introducing new and efficient sources of energy supply, as well as encouraging people to conserve and use less.

"Diesel should be one of the new sources encouraged," said a statement from the Green Diesel Initiative, a group of companies pushing the use of diesel in China.

The push comes because diesel could save at least a third of energy consumption compared with gasoline, which now runs most cars in China. And diesel-driven vehicles will be increasingly competitive as oil prices continue to soar beyond US\$70 a barrel.

Experts also point out that diesel vehicles have greater safety features and longer engine function endurance.

The Chinese Government has also realized the huge potential of diesel in accelerating its initiative of creating an energy-saving society.

In 2003, several ministries, including the State Environmental Protection Administration of China, issued a policy to eliminate any regulations that ban the use of diesel vehicles. Even so, the market for diesel car has been slow to develop in China.

In 2004, China sold 12,654 diesel sedans, accounting for only 0.6 per cent of the total sales volume of sedan cars in the country.

In a striking contrast, about 20 per cent of cars in Europe were driven by diesel at the beginning of the 1990s, and the proportion increased to more than 45 per cent in 2004, industry statistics said.

The reason diesel vehicles have not been embraced strongly by China is due to a shortage of diesel supply, lower technology levels, as well as poor public awareness of diesel in general, industry analysts have said.

To address the problems experts suggest the Chinese Government introduce more specific regulations and laws to encourage the use of diesel in vehicles.

Among these incentive measures, reducing taxation is regarded as the most effective.

In addition, Chinese companies should increase spending on technology research to enhance their competitive edge.

And oil companies such as Sinopec and PetroChina should increase diesel supply to meet growing market demand.

Seeing the tremendous market potential of China, a number of foreign giants are already looking at the country for a market share.

Honeywell, the US-based world technology and manufacturing conglomerate, announced its intention to join the first to initiate the green diesel drive in China, and is already well positioned to help carmakers produce fuel-efficient and cleaner cars.

Ties with Germany scale new heights

May 23(chinadaily)--China and Germany signed 19 agreements yesterday to intensify collaboration in such fields as railways, finance, telecommunications, and energy at a ceremony attended by Premier Wen Jiabao and visiting German Chancellor Angela Merkel.

The partnership between China and Germany in the magnetic levitation (Maglev) field has "been fruitful" as demonstrated by the operation of the 30-kilometre railway between downtown Shanghai and Pudong International Airport, Wen pointed out.

Merkel is expected to ride on the Maglev train later today before she returns to Germany "I'd like to make a point here that China has a positive attitude in co-operation with Germany in Maglev technology," Wen said.

China is conducting a feasibility study on using Maglev technology on a 175-kilometre railway linking Shanghai and neighbouring Zhejiang Province, Wen said at a joint news conference with Merkel at the Great Hall of the People.

"Considering the investment is huge, we need an in-depth evaluation."

An expected contract on the rail link project was not signed.

The Maglev link between Shanghai and Hangzhou, capital of Zhejiang, is estimated to

cost 35 billion yuan (US\$4.4 billion); and a Siemens-led group is bidding for the project.

But Siemens walked away with success in other fields it signed framework agreements with China Mobile and China Unicom to provide GSM equipment and services, as well as with Beijing Guohua Power Generation Corp for strategic partnership in IT business.

It also signed a framework agreement on technical co-operation with the Ministry of Railways for 6-axle freight and passenger platform locomotives.

The two countries also signed a memorandum of understanding on the protection of intellectual property in the textile industry.

Wen said China is sincerely committed to protecting intellectual property rights (IPRs).

"Protecting IPRs is not only China's international obligation, but also helps the country's own development," Wen said.

During one hour of talks, both leaders agreed to start the first round of a strategic dialogue this year to improve political consultation. They also agreed to enhance co-ordination in international affairs.

Bigger role

"China supports a bigger role for Germany in multilateral organizations, including the United Nations," Wen told his guest.

In response, Merkel said Germany hoped to maintain high-level contacts with China and have bilateral strategic talks to co-ordinate stances on key international and regional issues.

She also pointed out that Germany and China had become close economic partners.

Trade volume between the two sides reached US\$63.2 billion last year, or one-third of that between China and the European Union.

Merkel, who also met President Hu Jintao yesterday, said she and the Chinese leader agreed during their talks that Iran must not have nuclear weapons or proliferate weapons of mass destruction.

"We spoke in great detail about the possibilities of a diplomatic solution for Iran, that the conflict should be resolved by diplomatic means and Iran must not have nuclear weapons," Merkel said.

"We want to direct the efforts of the (international) community more strongly towards reaching this aim."

Merkel arrived in Beijing on Sunday night for a three-day official visit, her first visit to China since taking office last November.

She arrived in Shanghai last night.

Beijing aims to upgrade public vehicles

May 19(chinadaily)--As a metropolis possessing the most buses using clean fuel around the world, Beijing will spend 2.8 billion yuan (US\$345 million) this year to increase the number of environmentally friendly buses.

An official from Beijing Public Transport Holdings Ltd (BPT) said on Wednesday that the money will be used to buy 3,485 such buses, bringing the total number of buses in the city to 20,427 by the end of this year.

These new buses will include 1,000 powered by natural gas, 200 Euro-4 emission standard diesel vehicles, 2,185 Euro-3 emission standard diesel vehicles and 100 double-energy-source electric buses, said Feng Xingfu, BPT deputy general manager.

The number of environmentally friendly buses in Beijing is expected to hit 13,252 at the end of the year, accounting for 64.9 per cent of the city's total, Feng said.

In a bid to help rein in pollution, BPT aims to bringing in more "green" buses, he said.

Last year, the capital invested 3 billion yuan (US\$370 million) in either buying new buses or helping install new technology to cut emissions. In that way, the city accelerates its pace of green public transportation by introducing more buses and cabs using compressed natural gas and liquefied petroleum gas, Feng said.

Statistics show that by the end of May last year, Beijing had 17,507 public vehicles in service, a

big proportion of which were obsolete diesel or electric buses. Some outdated vehicles were abandoned or replaced in the latter half of last year.

BPT handles 4.36 billion trips a year on its mainly surface public transport system, and its annual mileage is 1.45 billion kilometres, Feng said. The system accounts for more than 82 per cent of Beijing's public transport.

Currently, the company has 27 subordinate units 11 of which are branch companies, six wholly owned subsidiaries, six shareholding subsidiaries and four affiliated institutions.

According to Zhang Guifang, a BPT publicity official, Beijing will add 5,000 buses by the end of 2010, bringing the total number of operating vehicles of various kinds to 24,000.

During the period, the rate of investment on Beijing's transport infrastructure will be elevated to 50 per cent from the current 35 per cent, she said.

Liu Xiaoming, deputy director of the Beijing Transportation Committee, said that by the 2008 Beijing Olympic Games' opening ceremony, the city will upgrade all its diesel buses so that their discharge meets or undercuts the standard.

By then, all the operating buses in the city will meet the Euro 3 emission standard, he said.

Zhu Mingshu, a sophomore at China Women's University, said that since she arrived in Beijing, she has enjoyed taking buses as they are cleaner and more comfortable than ever.

"I hope more environmentally friendly buses come to upgrade the city's image and help Beijing's Olympic Games," she said. "Also, more buses using clean fuels will help lower pollution and are beneficial to people's health."

Li Zhichen, a teacher at the University of International Business and Economics, said: "I am fully confident that Beijing's air will become much cleaner with the introduction of more vehicles using clean energy."

According to Beijing Vice-Mayor Liu Zhihua, vehicle emissions, the burning of coal as an energy source in winter and dust from

construction sites are the leading environmental problems in the capital.

The municipal government has been following an environmental protection plan for the 2003-07 period, aiming to ensure an ideal environment for the Games, he said.

Chinese expected to get back on their (electric) bikes

May 16(chinadaily)--China's electric bicycle production is expected to maintain an annual growth rate of at least 80 per cent in the next five years, driven by efforts to save energy and clean the environment.

The country, once known as the kingdom of bicycles, will churn out 30 million electricity-driven bikes in 2010, compared to 9 million bikes last year.

So said a report drafted by the Development Research Centre under the State Council and other ministries such as the National Development and Reform Commission.

"There is huge market demand for the product in the country, as the Chinese Government has highlighted the issues of energy conservation and environmental improvement," said Yang Jianlong, a director at the Development Research Centre and one of those involved in writing the report.

The central government wants to reduce the amount of energy consumed by as much as 20 per cent within the next five years. That would be achieved through introducing new sources of energy as well as encouraging people to save energy.

Fumes from car exhausts are a major cause of pollution darkening the sky in Chinese cities, especially Beijing.

Industry experts yesterday called for the government to come up with more preferential policies to spread the use of electric bikes in China.

Electric bike production in China accounts for about 90 per cent of the world's total, making China the world's biggest producer, consumer

and exporter of the energy-efficient vehicle, the report said.

The country last year sold about 3 million electric bikes to foreign countries, a figure expected to double to 6 million in five years.

By 2010, the production value of the electric bike industry in China is expected to be 70 billion yuan (US\$8.6 billion), almost four times the current level, it said.

Ni Jie, chairman of Luyuan Electric Vehicle Co Ltd based in East China's Zhejiang Province, said his company sold 90,000 electric bikes in the first four months of this year, a year-on-year increase of around 95 per cent.

"Demand for the electric bike is robust in China, and I expect this rapid increase to continue in the following years," Ni said.

An electric bike uses very little electricity which costs only 90 yuan (US\$11) per year, if calculated on current tariffs set by the Chinese Government.

It is quite common to see people travelling on electric bikes in Beijing at peak times.

There are obstacles preventing the full development of the industry due to a lack of policy incentives and industry standards, experts said yesterday.

As current regulations do not specify the electric bike as a motor vehicle or non-motor vehicle, many local governments ban the use of electric bikes just to simplify their management.

Yang yesterday said government departments are working to amend regulations with the aim of pushing the use of electric bikes and cars in China to save energy and improve the environment.

New energy for future

May 10(chinadaily)--A bus powered by a hydrogen battery has run for 3,000 kilometres around Shanghai in April and the battery system is still sound for further use. Driven by the new energy, the first vehicle of such kind can run as fast as 80 kilometres an hour and continue to

run for 300 kilometres before the battery needs to be recharged.

The lamps outside some of the Olympic stadiums under construction in Beijing are powered by solar energy. Compound fuel for cars is being researched and if researchers can figure out how to use it in vehicles, it is expected to save 25 per cent more fuel, maybe even more, compared to gas currently used.

This suggests the development of new energy has enormous potential to ease the energy crisis in the near future and reduce air pollution caused by car emissions.

Our quest for new energy sources is necessary in that it will not only ease our reliance on dwindling reserves of non-renewable fossil fuels, but also considerably reduce carbon dioxide discharge from the use of traditional fuels. The air polluted by gas emitted from motor vehicles is a major health hazard in our cities.

Finding or developing clean energy resources has a significant bearing not only on economic development in the foreseeable future but also the future of later generations.

China needs to make breakthroughs in this area. It is already the second-largest oil-consuming nation after the United States.

Further economic growth will improve living standards for an even larger proportion of our 1.3 billion people. It is quite natural that our consumption of coal and oil will increase further.

On the other hand, there is the prediction that if gas consumption in cars could be reduced by 40 per cent, 50 million tons of oil would be saved a year, which is half the amount of the country's imported oil.

If all the motor vehicles could be powered by alternative energies in the near future, the country would make a considerable contribution to the world by saving energy resources and reducing carbon dioxide emissions.

The use of solar energy for lamps in the construction of stadiums or gyms for the 2008 Olympic Games has set a good example for other construction projects nationwide.

If more construction projects follow suit, the country may save even more and cut down substantially on pollution.

China still has a long way to go before new and clean energy is widely used. But the hydrogen battery-powered bus, compound fuel and increasing use of solar energy give us hope.

Beijing planning to cut Olympic traffic

May 19(AP)--BEIJING - Faced with traffic and pollution problems as they prepare for the 2008 Summer Olympics, officials in the Chinese capital are drafting contingency plans that include an extended holiday for the city's huge government work force during the games or limiting the days residents can drive.

Partial traffic bans and special lanes for Olympic traffic on some roadways already are being planned, and other measures are being considered to deal with the city's smothering traffic and smog.

"We're striving to achieve better air quality by the 2008 Games to welcome the athletes and the Olympic family," Jiang Xiaoyu of the Beijing Olympic organizing committee said at a news conference Thursday at the end of a three-day inspection visit by the International Olympic Committee.

With soaring car ownership and other effects of economic growth, the city of more than 15 million residents regularly is choked in brown haze and jammed traffic, lengthening commutes and frustrating citizens and officials.

The IOC inspectors' visit occurred as a sandstorm coated the city in yellow grit. For much of Tuesday and Wednesday, the Beijing Environmental Protection Bureau recorded severely polluted air in the capital.

City and Beijing Olympic officials stress the situation is improving. Jiang said nearly two out of three days last year had air quality ranked good or better. He ticked off a list of measures being taken to improve traffic, from adding more highways to lengthening the subway system.

In reviewing Beijing's progress toward the Olympics, the IOC delegation expressed

confidence in the city, said it was meeting its targets and praised the construction of sports venues, especially a futuristic swimming center and a national stadium known as the "Bird's Nest" because of its lattice steel exterior.

"You can't think of any other word than 'stunning,'" said Hein Verbruggen, the head of the IOC's coordination committee.

Verbruggen acknowledged the challenge that traffic and pollution pose for the city. Beijingers purchased about 1,000 new cars a day last year, giving the city 2.6 million vehicles, half of them private.

"Staggering figures like that give an idea of the problems they have to solve," Verbruggen said. "It's an uphill battle for them."

Beijing dropped from fourth to 15th place in a Chinese survey of livable cities this year, in part because of pollution and traffic. The city has 7,000 building sites, many of them being rushed to completion ahead of the Olympics. A relay marathon went ahead last month despite hazardous smog.

Beijing's mayor regularly cites air pollution, traffic and water shortages as among his gravest problems.

"You're lucky the air quality is good during your visit," Mayor Wang Qishan told visiting Chicago Mayor Richard M. Daley on Monday. When Daley handed Wang a photograph of the Chicago skyline with Lake Michigan in the foreground, Wang said, wistfully: "Look, the sky is blue, the water clean."

Beijing has a history of taking extreme measures during important public events. In 1993, during an unsuccessful bid for the 2000 Olympics, police drove beggars and the handicapped from the city before an IOC visit. For the 50th anniversary of the People's Republic in 1999, city residents were ordered to stay home while floats and military units moved through neighborhoods for a parade.

The IOC and Beijing organizers have said they are counting on the traditional hospitality of ordinary Chinese and their enthusiasm for the Olympics to make the 2008 Games a success. But the Olympic contingency plans are testing the tolerance of ordinary Chinese, who have

grown more free and assertive after two decades of economic reforms.

Beijing Olympic organizers have said privately that city residents, if given vacations during the Games, might swarm the venues rather than leave the city on holiday. Excessive security that keeps Chinese away also could spark negative media reports and spoil the atmosphere.

"The temporary administrative measures we will take will be in line with international practices," Jiang said.

Geely eyes Malaysian sales

May 26(chinadaily)--Independent Chinese carmaker Geely Automobile expects Malaysia to further relax sales restrictions on vehicles it will build in the Southeast Asian nation, according to a top company executive.

In an interview with China Daily, Yang Jian, Geely's executive vice-president, said he hoped Malaysia would allow the carmaker to sell a bigger ratio of its locally-made vehicles in the country.

Under the current rules, the firm will be able to sell just 20 per cent of locally-produced vehicles in the country.

Geely will start producing cars in Malaysia from September with an annual capacity of 30,000 units, Yang said.

Geely, which is based in East China's Zhejiang Province and listed in Hong Kong, last May agreed with a Malaysian partner to assemble own-brand cars in the country.

However, Malaysia last November said it would require the carmaker to sell all of its locally-built vehicles abroad.

In March this year, Geely was informed it would be permitted to sell 20 per cent of its made-in-Malaysia cars in Southeast Asia's No 2 car market.

"The restrictions are unfair and discriminatory as they are only imposed on Geely. We hope Malaysia will raise the quota," Yang said. Regulators from China and Malaysia will discuss the matter soon, he said.

At present, nearly 20 foreign automakers are assembling vehicles in Malaysia. In 2005, car sales in the nation jumped by 38 per cent year-on-year to 522,000 units. The country's top two home-grown brands, Proton and Perodua, control three-fifths of the market.

Benjamin Asher, a Bangkok-based analyst with consultancy Automotive Resources Asia Ltd, told China Daily that Malaysia wanted to protect its national car programme.

"Having only recently opened its doors to international brands, the market share for Proton and Perodua has plummeted.

"Although the quality of Protons and Peroduas are lower than international, mostly Japanese, brands, Chinese vehicles are still lower than that (the quality of Protons and Peroduas)," Asher said.

"But the Malaysian Government may still be concerned that Chinese makers will snatch up too much of the lower end of the market, thus reducing the domestics' share further."

However, many Chinese carmakers still want to assemble cars in Malaysia in a bid to branch out into the Southeast Asian market.

Earlier this week, Chery Automobile, another independent Chinese car producer, agreed with Proton to jointly study plans to make and sell each other's cars in China and Malaysia, and elsewhere in Southeast Asia.

Hafei Automobile and Chang'an Motor are also planning to build cars in Malaysia.

Hafei is a partner of Mitsubishi Motors. Chang'an runs car ventures with Ford Motor and Suzuki Motors in China.

Geely's Yang said the carmaker is also negotiating to assemble cars in Viet Nam and Russia.

The carmaker aims to sell 1.3 million cars overseas annually by 2015, accounting for two-thirds of its overall sales.

Last year, it exported 7,000 cars, up from 5,000 in 2004.

Meanwhile, the company's overall sales surged by half to 150,000 units.

Geely Automobile ended at 0.79 Hong Kong dollars (10.18 US cents) yesterday, down 1.25 per cent.

Olympic Programme spurs VW sales growth

May 22(chinadaily)--Volkswagen (VW) Group has resumed sales growth in China since the fourth quarter of last year as a result of its aggressive local business restructuring, labelled "Olympic Programme."

Its group sales in China jumped by 40 per cent year-on-year to 164,339 cars in the first quarter of this year.

The sales enabled Volkswagen to keep the crown of the biggest foreign manufacturer in China's passenger car market.

China sales of the Volkswagen brand group, including its Czech arm Skoda, increased 32 per cent to 145,328 units from January to March this year. In the meantime, its premium brand group Audi sold 19,011 vehicles in China, surging by 131 per cent.

"The first-quarter sales are the positive result of the strong relationship with our two joint venture partners and our common understanding of the 'Olympic Programme' to restructure Volkswagen's business in China," says Winfried Vahland, chairman and chief executive officer of Volkswagen China Group.

Volkswagen, the first foreign auto group to make cars in China, runs two car ventures with Shanghai Automotive Industry Corp and the First Automotive Works Corp (FAW) - the nation's top two vehicle producers.

The official automobile partner of the Beijing 2008 Olympic Games, Volkswagen started to carry out the "Olympic Programme" last October to deal with increasingly fierce competition from rivals.

Volkswagen plans to introduce 10 to 12 new models into the two Chinese ventures during the period from 2005 to 2009.

The company expects to slash costs in China by 40 per cent by 2008.

Volkswagen also vows to further differentiate the market positioning of the two Chinese ventures' products.

"Shanghai Volkswagen and FAW Volkswagen are in a process of becoming fully customer-oriented by restructuring their sales networks. We expect further growth in the coming months and we will achieve our defined target to do better sales in the overall year, compared to 2005," Vahland says.

Shanghai Volkswagen now makes the Santana, Passat, Polo, Gol and Touran. FAW Volkswagen's product line includes the Jetta, Bora, Golf and Sagitar, as well as Audi A6 and A4.

Volkswagen will bring the Polo GP into the Shanghai venture, and the Bora GP and Future B6 into FAW Volkswagen during the second half of this year.

The Shanghai venture will also introduce a Skoda model next year.

The German carmaker, together with the two joint ventures, has a total of 1,000 dealerships and 800 spare parts suppliers in China.

Volkswagen, which kicked off China production in the early 1980s, has so far invested more than 6 billion euros (US\$7.7 billion) in China.

Toyota looks to overtake GM in China

May 20(AP)--Toyota, on course to overtake General Motors as the world's biggest automaker, is well behind in the world's fastest-growing market - and one where GM is thriving: China.

But on Tuesday, Toyota hopes to take a key step toward catching up when it rolls out its first made-in-China Camry, the best-selling model in the United States.

The launch, from Toyota's new 3.8 billion yuan (US\$475 million) factory in Nansha, near the southern city of Guangzhou, symbolizes the automaker's newfound ambitions for China,

which is about to surpass Japan as the world's second-largest auto market.

Virtually unscathed by political frictions between the two countries, Toyota and fellow Japanese automakers Honda Motor Co. and Nissan Motor Co., are pushing ahead with billions of dollars in new investments.

Toyota Motor Corp., a relative latecomer to China, has a paltry 3.5 percent of the market, with 179,000 vehicles sold last year.

That puts it well behind top foreign automaker General Motors Corp., which captured 11 percent of the market last year with 665,390 units sold, and Volkswagen AG of Germany, the No. 2 foreign maker.

The Camry was the lead import model in China over the last 10 years, selling 20,000 to 30,000 annually during that time, according to Yale Zhang, an auto market specialist for consulting firm CSM Asia Corp. in Shanghai. By shifting production to China, where consumers are closer, Toyota hopes to double its Camry sales to 60,000 by year-end.

Toyota is betting that - as in the United States - the reliable, mid-sized sedan will spearhead its growth in China, helping it reach 1 million units in sales, or a projected 10 percent of the market, by 2010.

"We are confident that the Camry is a good fit for the Chinese market," Toyota Motor Corp. President Katsuaki Watanabe told The Associated Press this past week at a Tokyo reception for auto executives.

GM spokesman Dee Allen said the company is aware of Toyota's plans in China and sees the Japanese company as a tough competitor in any market.

"But we have a multi-brand strategy in China - with Wuling, Chevrolet, Buick, Cadillac and Saab - and our business results there have been very good. We've seen double-digit growth and we continue to expand," Allen said on Friday.

"I don't know that this is so much a case of GM defending its position as it is one of Toyota establishing one," he said.

Chinese consumers seem largely unaffected by ongoing tension between the Beijing and Tokyo over a range of issues, including Japanese Prime Minister Junichiro Koizumi's repeated visits to a Tokyo shrine that honors the dead of World War II, including war criminals.

Brand reputation trumps politics, says Zhang Xin, an auto industry analyst at Guotai Junan Securities.

"What customers care about is quality and price," Zhang says. "Japanese cars are economical, not gas-guzzlers. And their appearance appeals to us; perhaps because we are all Asians we have something in common in terms of aesthetics."

With China's sizzling economy and swelling middle class, the auto market grew 30 percent last year to 5.7 million vehicle sales, according to local industry figures, just behind Japan's 5.8 million. US auto sales totaled 17.4 million last year.

That business potential is not lost on Japanese auto industry, which invested a total of 113.7 billion yen (US\$1.03 billion) in China last year, according to Japan's Ministry of Finance, more than any other sector.

Japan's No. 3 automaker, Honda, which began making Accords in the southern city of Guangzhou in 1999, launched exports of its Jazz compact model to Europe a year ago.

Toyota first started exporting Crowns to China in 1964, and began nurturing partnerships with Chinese vehicle makers as early as the late 1970s, but then turned its attention to the US and European markets.

It cautiously held back in China in the 1980s while Western automakers like Germany's Volkswagen AG plunged in, only launching its first Toyota-branded car from its joint venture with First Auto Works (FAW), based in Changchun, in the northeast in 2002.

Toyota has since made China a pillar of its global strategy, cultivating relations with its partners in Tianjin, near Beijing, and Guangzhou, in the south, buying up engine plants and other suppliers and enticing Japanese suppliers to shift operations to China.

The company has invested a total of 215 billion yen (\$1.94 billion) since 1998 in China and now has a dozen plants making parts and assembling vehicles.

To oversee its push into China, Toyota last year appointed Yoshimi Inaba, former head of its American operations.

And to help contain costs, Toyota plans to buy most parts for the Camry locally, with half coming from the region near Guangzhou. Its engine plant there is already exporting engines for Camrys built in Japan and the US.

The Camry will be produced in Toyota's newest plant, a joint venture with Guangzhou Automobile Industrial Group in Nansha, a port city 40 miles north of Hong Kong on the Pearl River.

That southern region around Guangzhou has become an offshore Japanese car manufacturing hub that is challenging Shanghai's self-designated status as China's auto city, with Toyota, Nissan and Honda all building up joint ventures, accompanied by dozens if not hundreds of parts suppliers.

"All the Japanese cars are selling really well," says Zhang of CSM Asia.

Like many analysts, he believes Toyota's late start is not much of a handicap given the company's strong reputation for quality and its systematic approach to acquiring market share.

"Toyota will jump to No. 2 if not No. 1," he says.

Oil and Gas

China to see stable growth of oil output in 10 to 15 years

May 27(xinhua)--Chinese energy experts say the country is able to keep a stable growth of domestic oil output in the next 10 to 15 years.

Zhai Guangming, an academician of the Chinese Academy of Engineering, said at a recent forum on China's energy strategy that from 2006 to 2010, China's annual oil output is able to reach 185 million to 195 million tons.

China is able to keep such an output for some 10 to 15 years, he said.

China produced 182 million tons of crude oil in 2005 with its dependency on overseas crude oil and oil products reaching 42.9 percent.

According to Zhai, China is expected to see a stable growth of its proved oil reserves for at least 10 years.

Zhu Jianjun, a researcher with China National Petroleum Corporation (CNPC), China's largest oil producer, said that while there is great potential for more oil reserves to be discovered, China finds it more and more difficult in making new discoveries.

Many potentially proved resources are distributed in geologically complicated regions such as deserts, loess tablelands and deep ocean, making higher requirements for oil exploration technology and investment, said Zhu. According to Zhu, major oil fields in east China has entered the output reduction phase while new fields in west China and offshore areas are substituting those in the east to become major oil suppliers of the country.

To make full development of old oil fields in the east and strengthening oil mining in the west and offshore areas, China is able to see its crude oil output surpass 200 million tons by 2020 and remain at 170 million tons by 2030, said Zhu.

Underground gas storage units planned

May 27(chinadaily)--PetroChina, the country's biggest oil and gas producer, plans to spend about US\$500 million to build underground natural gas storage facilities in the provinces of Jiangsu and Anhui.

"Eventual capacity of these gas storage facilities could reach as much as 2 billion cubic metres (bcm)," Zhai Guangming, an academician at the Chinese Academy of Engineering, said at an energy forum in Beijing on Friday.

Zhai is also a senior expert at PetroChina and participated in the discoveries of China's major oil and gas fields, such as Daqing and Shengli.

China last year produced 50 bcm of natural gas, more than 70 per cent of which is contributed by PetroChina.

A senior official in charge of PetroChina's natural gas and pipeline business on Friday confirmed the storage project to China Daily.

He added it was an auxiliary project designed along with the US\$50-billion West-East Gas Pipeline.

Beijing-based PetroChina at the end of 2004 announced the completion of a 4,000-kilometre-long pipeline to pump 12 bcm of natural gas from the Tarim Basin in the Xinjiang Uygur Autonomous Region to Shanghai.

"The (gas storage) project goes with the west-east gas line and will involve a total investment of 4 billion yuan (US\$500 million)," said the senior official from PetroChina, who declined to be identified.

An initial project with a storage capacity of 140 million cubic metres is expected to be completed at Jintan of Jiangsu Province by July 1.

The size of further expansion will be based on PetroChina's supply increase, although a detailed timetable has yet to be worked out, the official said.

"For the moment, the 140-million unit is enough to handle our current supply," he said.

He added that it took the company three years to complete the construction of the Jintai storage facility.

These storage facilities in Jiangsu and Anhui are designed to deposit surplus gas when demand falls in the summer, and to ease shortages when consumption increases in the winter.

They can be used for domestically-produced or imported natural gas, the official said.

PetroChina is also looking at other places in Jiangsu, and neighbouring Anhui Province, to build similar gas storage facilities, but the combined capacity would be less than the 2 bcm that Zhai proposed, the company official said.

"There isn't a definite figure, as we cannot predict the exact output by then," he said.

Zhai on Friday said China would be able to produce up to 150 bcm of natural gas by 2020, and imports could reach about 90 bcm by then to meet surging demand.

"The country will need to pump 40-60 bcm of gas from Russia and central Asian countries through cross-border pipelines by 2020.

"It will also need to secure 15 million to 30 million tons of imported LNG (liquefied natural gas)," the academic said.

Fifteen million to 30 million tons of LNG would be transformed into 20-40 bcm of un-liquefied natural gas.

PetroChina's parent company, China National Petroleum Corp, on Thursday announced the country's first cross-border crude oil pipeline has begun bringing oil into the northwest from Kazakhstan.

Analysts applauded the move, saying there could be more oil and gas pipelines with the nation's neighbouring countries.

Oil majors, including PetroChina, Sinopec and China National Offshore Oil Corp, plan LNG terminals along the eastern coast to import natural gas.

Shell in talk over stake in refinery

May 24(chinadaily)--Royal Dutch Shell, the world's third-largest oil company, said it was in talks about taking a stake in a 19.3 billion-yuan (US\$2.4 billion) oil refinery being built by China National Offshore Oil Corp (CNOOC) in Huizhou, South China's Guangdong Province.

Lim Haw Kuang, chairman of Shell China, was quoted by Bloomberg News as saying Shell wants to invest in the refinery to integrate the facility with its US\$4.3 billion chemical joint venture with CNOOC.

"We continue to look for co-operation opportunities with CNOOC, including refining," said Li Lusha, a spokeswoman with Shell China, who declined to give a timescale.

Liu Junshan, a senior spokesman with CNOOC, made no comment on the purchase plan.

The refinery, now being built by CNOOC, the nation's third-largest oil company, is to turn as much as 12 million tons of crude oil a year into fuels starting in June 2008.

Nearby, Shell and CNOOC have started operating a petrochemicals complex.

The complex is one of China's largest such ventures in recent years, of which Shell owns a 50 per cent stake and CNOOC 45 per cent.

The project will manufacture 2.3 million tons of petrochemical products to supply markets in Guangdong and other coastal areas, where demand for petrochemical products is high.

This year the Dutch company plans to invest US\$500 million in both the upstream and downstream sectors of oil production to increase its presence in the competitive Chinese energy market.

"So far we have invested some US\$3.5 billion in China and we hope to invest another half a billion this year," Lim Haw Kuang told a news conference earlier in Beijing.

Lim said Shell would spend the money on everything from oil and gas exploitation to downstream refining and oil retailing.

In the upstream business, Shell is working with PetroChina to develop the Changbei gas field in Northwest China's Shaanxi Province.

The project is expected to supply gas to Beijing and northern regions before 2008.

The company has also signed a memorandum of understanding with the Shenhua Group and the local government of the Ningxia Hui Autonomous Region to develop a coal-to-liquids project in the northwestern region.

The company has reported robust growth in its lubricant business in China, which increased at a double-digit rate last year.

It currently has about 200 service stations in Suzhou of Jiangsu Province.

Blame oil prices on politics, not China's demand

May 19 (chinadaily) --China is the fastest growing economy in the world. It has the fastest growing middle class. It is also one of the fastest growing fuel consumers. But that is the logical conclusion of the second proposition of the syllogism.

Fuel consumption, however, doesn't seem to be a decision relying on the sovereignty of a country. There is the question of depleting the ozone layer, harming the environment and violating principles of sustainable development. Sustainable development must come first.

The Commission on Sustainable Development (CSD-14) met earlier this month at United Nations headquarters for its 14th session. CSD-14 was to review the "progress in energy for sustainable development, industrial development, air pollution/atmosphere and climate change, together with cross-cutting issues."

As expected, the energy agenda dominated CSD-14, with discussions focused on "energy security, the impact of oil and gas prices and the respective roles of renewable energy technologies and fossil fuels."

Needless to say, all these issues will dominate the world's energy mix in the future. The review session's non-negotiating format helped disguise simmering tensions over the future of fossil fuels, nuclear power and the climate regime after 2012. But the Chair's Summary, China and the Group of 77 countries charged, sidelined these countries' agenda, including the Millennium Development Goals and means of implementation.

China and the Group of 77 countries said the Chair's Summary would jeopardize multilateralism by turning the agenda over to "corporations and privatization."

And it comes back to fuel consumption. The West loves to say it aloud every time it gets a chance (and even when it doesn't get one) that China's rising consumption has been fuelling the oil prices. We are ready to forget that China is not the largest, or even the second-largest, consumer or importer of oil.

But it's not possible to ignore what Qatar Oil Minister Abdullah Al Attiyah said just days ago. Speaking in Amman, Jordan, he said oil prices would remain volatile in the short- and medium-term because of political tensions, rather than supply and demand affecting its current levels.

Oil prices are pressured more by politics than by supply and demand. And then there's the bombshell: "Supply is now greater than demand and there is not less than 1.5 million barrels of excess supply, but oil prices are unfortunately not influenced, as in the past, by supply and demand," said Al Attiyah.

Add this to the role of "corporations and privatization," and no wonder crude oil has surpassed US\$70 a barrel.

Less than two years ago, the world seemed to have been hit by an atomic bomb when the crude price hit US\$50 a barrel; it seemed the world was coming to an end. But the global economy is still alive and kicking. In fact, it's healthier than ever before, despite crude oil selling at 50 per cent higher than its two-year-ago price.

So where does this leave China? Is China still fuelling rising oil prices? Or, is the supposed threat a ploy to deprive it of its share of energy to sustain its economic growth?

The Middle East and Russia are supposed to be the richest oil reserves that will outlast those in the rest of the world. And since China gets most of its oil imports from the Middle East, the West sees it as depleting the reserves, for which only they, as the developed world, have a right to.

But that doesn't mean we throw caution into the wind and embark on a mad fuel-burning journey. As a responsible nation, China's goal should be sustainable development, and we have already taken strides in that direction.

But the important task is to maintain that progress towards sustainable development, irrespective of the din created by the West.

Malaysia, China to jointly set up petroleum refinery

May 24(xinhua)--A Malaysian company has signed a memorandum of understanding (MoU) with a China-based consortium on the establishment of a petroleum refinery in northern Malaysia, local media reported Wednesday.

With an investment of 6 billion U.S. dollars, the joint venture, to be based in Perak state, will involve the construction of storage facilities for liquefied petroleum gas, a petrochemical plant, a condensate refinery, crude oil refinery and a jetty, the local English newspaper New Straits Times reported.

The MoU was signed between the Malaysian China Petroleum Corporation (MCPC) and a consortium comprising China International New Energy Petroleum Group Co. Limited and Empire Global Corporation.

The two-month feasibility study will identify a suitable area of between 600 hectare and 800 hectare in Manjung, near Lumut, for the project, MCPC spokesman Abdul Rahman Abdullah was quoted as saying.

Lumut has been chosen for its deep sea and long coastline, offering a natural harbor which will allow huge petroleum containers and tanks to dock at the jetty, said Abdul Rahman.

The project will be implemented in three phases over five years, with 20 percent of its crude oil supplied by the Malaysian national oil company Petronas and the remainder from Indonesia and the Middle East, said Abdul Rahman.

The refinery will be handling 10 million tons of crude oil and 5 million tons of condensate oil annually, said Abdul Rahman.

Meanwhile, Perak Menteri Besar (a title similar to Chief Minister) Tajol Rosli Ghazali said the state government is excited about the project as the spin-offs will be huge.

"Besides benefiting the locals, the project will create domestic ventures into the manufacturing of petroleum and petrochemical products," Tajol said.

China hikes oil prices to narrow gap with international market

May 25(xinhua)--Rising international prices and China's increasing demand for oil, fueled by the country's fast economic growth, prompted it to hike on Wednesday the price of processed petroleum fuels.

The price of gasoline, diesel and aviation kerosene jumped 500 yuan (62.4 U.S. dollars) per ton.

The price increase, the second in the last two months, aims to narrow the gap between international oil prices and domestic prices, a spokesperson with the National Development and Reform Commission (NDRC), the industry watchdog, told Xinhua on Wednesday. The official asked not to be named.

The official said China has become an important player in the global economy so domestic oil prices should not only reflect availability of domestic resources, but also the fluctuations of the international market. Gasoline prices in China have been much lower than in most other countries.

Higher prices will also help meet the country's goal of building an energy-saving society by encouraging conservation, lower consumption and better utilization of resources, he said.

Last year, China imported 136 million tons of oil, accounting for 42.9 percent of the country's total oil consumption.

"If China's oil prices continue to be lower than that on the international market, then domestic oil supply can not be guaranteed," the official noted.

China's per capita oil resources are only 7.7 percent of the world's average level.

China's energy consumption per unit of GDP was 3.36 times greater than the world average in 2004, four times that of the United States, and nearly eight times that of Japan, Britain, Germany and France.

Irrationally low oil prices are one of the factors contributing to China's huge consumption of energy, he explained.

"Narrowing the gap between international and domestic oil prices will help promote energy-savings and better utilization of resources and in realizing sustainable development of China's economy," said the official.

Although Sinopec and PetroChina, the country's largest oil companies, made outstanding profits last year, the official said the price rise was mainly prompted by soaring global oil prices.

He noted that Sinopec and PetroChina, both state-controlled, publicly-traded enterprises, shoulder the responsibility of ensuring oil supply in the country. Their profits were mainly used for oil exploration and enhancing the country's oil supply.

PetroChina and Sinopec invested 124.8 billion yuan (15.6 billion dollars) in oil and gas exploration and 46.6 billion yuan (5.8 billion dollars) on new oil refineries last year, said the official.

The net profits of PetroChina were up 28.4 percent last year to 133.4 billion yuan (16.68 billion dollars) while Sinopec's profits rose 23 percent to 39.6 billion yuan (4.95 billion dollars) from a year earlier.

In response to criticisms of the monopoly held by the two oil giants, the official said there are high risks and tough competition in the industry and to be competitive oil companies need large scale operations that can manage the required huge investments.

He pointed out that the output capacity of most newly built oil refineries around the world were all above 10 million tons a year.

Since the 1990s, there have been many acquisitions and mergers of international oil companies and Sinopec and PetroChina have also been forced to make changes.

In order to manage the risks involved in oil exploration and to cut costs and enhance competitiveness, Sinopec and PetroChina restructured in 1998.

He also acknowledged that competition in the sector will increase in China as the country has committed to the World Trade organization that it would gradually open its market to other

wholesalers and retailers of processed petroleum fuels.

Most oil, gas reserves wait to be verified

May 3(xinhua)--As much as 78 percent of China's petroleum reserves and 93 percent of natural gas reserves still wait to be verified, said sources with the Ministry of Land and Resources (MLR).

Despite good mineralization conditions, China has to improve its exploration of mineral resources, said the MLR.

According to MLR statistics, 80 percent of China's more than 200,000 discovered mineralization points have not been assessed.

The proven reserves of coal, oil and gold is only one-fifth or one-fourth of the possible reserves of the country, said the MLR.

The exploration for mineral reserves in western China is quite undeveloped and the reserves in eastern China still need systematic exploration and investigation.

China has great potential for discovery of energy and metal reserves to feed its booming economy and more efforts should be made in resources exploration and development, said experts.

China has discovered 171 minerals with the reserves of 158 verified.

Climate Change and Air Pollution

China, US scientists plan closer co-op

May 25(chinadaily)--US scientists hope to collaborate more closely with their Chinese counterparts, according to the US National Science Foundation (NSF) which launched its third world office in Beijing Wednesday.

"With the new office, we expect to bring up more new ideas and further programmes in such areas as physics, bioscience and information science," said Arden L Bement, director of NSF.

He added that research into global problems such as climate change, ecological disasters and the spread of contagious diseases would be their priority.

"Our collaboration will not only focus on the nature of these problems, but also ways to deal with them," said Dr Bement.

Beijing is the third city outside the US where the NSF has set up a local office, following branches in Tokyo and Paris.

Bement said the new office followed growing co-operation between scientists from both countries in recent years.

"We have seen that there are greater opportunities ahead, so we've set-up people here to facilitate further collaboration," he added.

NSF's Beijing office will be led by William YB Chang, who has more than 20 years experience in science and engineering research, education and policy in China.

Aside from research the NSF will also double its funding for student exchanges over the next few years, said Bement.

"It is important because it can lead to a closer understanding of each other's country, especially among young scientists," he explained.

One of the related programmes is a young scientist exchange plan, jointly initiated by the NSF and the Ministry of Science and Technology, which started in 2004.

Under the programme about 30 US master or doctor candidates come to work in China's universities or research institutes each year, receiving tuition from Chinese mentors for eight weeks.

The NSF has had a close bond with Chinese scientific organizations since the 1980s.

Statistics show that over the years it has spent about US\$15 million in Sino-US scientific research programmes.

Industrial giant says polluting days are over

May 24(chinadaily)--The traditional scene of sea birds flying over reeds through blue skies in Caofeidian, Hebei Province, will not be ruined with the arrival of China's leading iron and steel producer, local officials have said.

Shougang Group is being relocated from Beijing to the small island in Hebei to ensure Beijing will be less polluted as the 2008 Olympic Games approaches.

"When operations in the new location start, the heavy emission days are over," Xue Boxun, deputy director of the Caofeidian Industrial Park Administrative Committee, was quoted by CCTV as saying.

The industrial park has been specially built for Shougang Group and its related industries.

His words were aimed at dispelling concerns that the island may become another major polluter.

In past decades, the iron producer has sparked controversy for both its high revenues and heavy pollution.

In recent years before the relocation, the inhalable particles it discharged every year contributed 23 per cent of the total harmful particles floating in the capital city's air.

Designated as a flagship project for green production, Shougang is committed to being a zero-emission production model for all high-polluting heavy industries to follow, said Xue.

Advanced technology and design will be used to minimize the energy consumption and maximize the use of the resources in the whole production chain, Xue said. Waste water, gas, and materials generated will all be used in other projects.

"We will not let go of any piece of scrap or drop of water in the iron-making process," said Zhang Fuming, chief designer of project.

All the waste is in the form of raw or semi-raw materials, so they can go into other industries

like chemical production or power generation, he said.

However, Shougang could perform better if a recycling chain is established across the whole industrial park, suggested Zhang Jianyu, Beijing office head of US-based non-profit organization Environmental Defence.

Liu Donghong, one of the planners of the industrial park, said that by using advanced technologies, the amount of water used in production would be reduced by as much as one-third. This means up to 76 million cubic metres water could be saved every year.

Sitting on 12 square kilometres of land, the first phase of the iron base will be put into operation at the beginning of next year. Some 4 million tons of high-quality iron and steel products will be produced by the end of 2007.

By 2010, capacity will increase to 10 million tons before it enters the second phase of production.

India says to tackle poverty before global warming

May 16(Reuters)--India said on Tuesday that rich nations must lead a fight against global warming, telling a 189-nation U.N. conference that developing countries should instead give priority to ending poverty.

India said that it could not be expected to limit use of fossil fuels, widely blamed for stoking climate change, when 35 percent of its population lived on less than a dollar a day and many lacked electricity, clean water and other basics.

"Removal of poverty is the greater immediate imperative" than global warming, Prodipto Ghosh, Secretary of India's Environment Ministry, told talks in Bonn trying to work out new ways to fight climate change.

He said that India needed to use more energy to reach what he called "minimalistic" development goals. Those included cutting poverty, raising literacy rates to 75 percent by 2007 or increasing forest cover to 33 percent of the nation by 2012.

"There will inevitably be greater greenhouse gas emissions," he said. "Placing curbs on the growth of greenhouse gases will entail reduced economic growth." India has about a billion people, almost a sixth of humanity.

He said that industrial states had to do most to reduce emissions from power plants, factories and cars. He urged a "significant strengthening" of cuts in emissions by almost 40 nations which support the U.N.'s Kyoto Protocol.

The Bonn talks are discussing ways to widen U.N.-led action on global warming beyond rich nations which support the U.N.'s Kyoto Protocol to include developing nations and outsiders led by the United States and Australia.

"GLOBAL EFFORTS"

Kyoto backers say that other countries have to do more to help avert wrenching climate changes that could drive up sea levels by up to a metre by 2100, disrupt farming, spawn more floods and desertification and spread diseases.

U.N. reports say that developing nations are likely to be among the hardest hit.

Kyoto obliges industrial nations to cut emissions of heat-trapping gases by 5.2 percent below 1990 levels by 2008-12 as a tiny first step to cut emissions.

"Global joint efforts are needed in the coming decades," the European Union said in a statement, saying Kyoto backers "will not be able to combat climate change effectively on their own."

It said Kyoto backers accounted for only about 30 percent of all emissions in 2000. Among outsiders, the United States is the biggest source of emissions on 24 percent, ahead of China on 12.1 percent and India with 4.7 percent.

The United States pulled out of Kyoto in 2001, saying it would cost jobs and wrongly excluded developing nations from a first round. Washington is instead making big investments in new technologies, ranging from hydrogen to solar power.

The Bonn talks started with talks among all nations on Monday and Tuesday. Kyoto nations will meet from May 17-25 to discuss how to extend the pact beyond 2012.

India also said that its energy use was low, and that India was more productive than Sweden or the United States when judged by how much energy it used per dollar of economic output.

Even with strong growth, use of new technologies such as solar power and greater energy efficiency, India will use less energy per capita by the 2030s than the world average from 2003, said Surya Sethi, an adviser to India's Planning Commission.

China faces rising temperatures

May 18(Reuters)--China's average temperature may rise by 2.8 degrees Celsius by 2030 and its crop production could tumble by 10 percent as global warming throws the climate into disarray, a senior Chinese climate official said on Thursday.

The leading China Meteorological Administration official told a government meeting in Beijing that global warming is likely to lift China's average temperature -- compared to annual averages for 1961-1990 -- by 1.3 to 2.1 degrees Celsius by 2020, and by 1.5 to 2.8 degrees by 2030, the Xinhua News Agency reported.

And these rises threaten to overturn patterns of rainfall and slash crop output, said the official, whom Xinhua did not name.

"Our country's precipitation distribution over time and space will become even more unbalanced," Xinhua said, citing the official, who said the changes would lead to less rain and the accelerated spread of arid land in northern China and around the Yangtze River, the country's largest river.

But in other areas, climate changes may lead to more severe and frequent rainstorms that "will present a massive threat to our country's disaster prevention system", the report said.

The official said disturbed weather patterns could cut China's crop production by 5 to 10 percent by 2030, with wheat, rice and corn suffering the steepest falls.

"Under the impact of climate change, instability in our country's agricultural production will increase

and turbulence in production volumes will grow," the report said.

Scientists believe industrial pollution and human consumption are raising global temperatures by producing greenhouse gases that trap heat in the atmosphere, especially carbon dioxide from burning coal and other fossil fuels.

The United States accounts for nearly a quarter -- 24 percent -- of all emissions of carbon dioxide, the main greenhouse gas.

Chinese Vice Premier Hui Liangyu told the Beijing meeting on Thursday that China needed to upgrade its weather tracking and climate research to address impending change.

"We need to observe changes in weather and climate, and the question of global warming, from a high strategic vantage point," he said, according to the China Meteorological Administration website (www.cma.gov.cn).

Beijing launches 'no car day' campaign

May 16(xinhua)--More than 200,000 members of Beijing's driving associations are being asked to leave their cars at home at least one day a month in the hope of improving air quality in the capital city.

More than 100 Beijing-based drivers' clubs jointly launched the campaign on Monday calling on local drivers not to use their cars for at least one day every month. The goal is to ease traffic jams, reduce noise and improve air quality.

"I love driving, but I'm willing to make my contribution for more blue sky days in Beijing and for myself," said Lu Chuan, a film director and a former environmental ambassador who helped raise public awareness of pollution issues in China.

Lu said he planned to make improvements to his car to make it more environmentally-friendly. He also plans to ride his bicycle and walk more often in the future.

There are more than 2.6 million motor vehicles in Beijing and the number is increasing by more than 1,000 a day, said Du Shaozhong, deputy head of Beijing Municipal Environmental Protection Bureau.

Motor vehicle emissions is the leading cause of Beijing's air pollution, Du said. According to the city's environment department research, Beijing's vehicles spew out 3,600 tons of pollution each day.

The "no car day" campaign comes as Beijing tries to achieve 238 "blue sky days", or days with fairly good air quality this year, five days more than last year.

Beijing launched the program called "Defending the Blue Sky" in 1998, when the city had only 100 days of blue sky.

While the city has seen a dramatic increase in the number of Blue Sky days by moving industry from the city and more stringent vehicle emission requirements, it still faces many challenges to improve its air quality. Most challenges focus air pollution caused by motor vehicles.

The city has removed 4,000 old polluting buses and 30,000 cabs from service this year and replaced them with vehicles meeting new, more rigid state emission standards.

The 'no car day' was first introduced by 34 French cities that jointly launched the world first "no cars day" on September 22, 1998.

Sand and dust cast cloud over blue-sky days

May 12(chinadaily)--When Li Jiangnan left his apartment on April 16 to get into his car, he was shocked to discover its colour had changed overnight.

The dark green vehicle had become yellowish a victim of the severe sandstorm from the Inner Mongolia Autonomous Region that hit the capital, which dumped 400,000 tons of dust.

Li, who has lived in Beijing for more than 20 years, said he had never seen such a heavy sandstorm before.

"I couldn't breathe," he said. "My nose was full of dust."

Bad weather conditions, including smog, have dented the authorities' efforts to improve air quality.

The Blue Sky Project, as it was dubbed by local media when it was launched in 1998, aims to address these problems. Initiatives taken under the project have helped to visibly improve air quality in the past few years by reducing pollutants released into the city's skies, said Tang Xiaoyan, a professor at Peking University who is also an adviser to the project.

The project has formulated an air quality index on three national standards: SO₂ (sulphur dioxide), NO₂ (nitrogen dioxide) and PM₁₀ (particulate matter of 10 microns or less).

In short, if Beijing's pollution index is less than 100 in a day less than 150 milligrams/cubic millimetre of SO₂; less than 100 milligrams/cubic millimetre of NO₂ and less than 300 milligrams/cubic millimetre of PM₁₀ it is considered a "blue sky day," according to the municipal environmental protection bureau.

The city met the goal of blue sky days at 234 in 2005, up from 177 in 2000. This year the target is 238.

But now, Tang said, the city has reached a critical point.

There were only nine blue sky days last month, and pollution levels were at their highest for four years.

From January 1 to April 17, Beijing reported 56 blue sky days, 16 fewer than the same period last year.

What is more, with Beijing's windy and dry spring comes dust caused by hundreds of construction sites in the city.

"I believe the sandstorm was a result of climate change," Tang said. "But we should try our best to reduce the polluting sources in the city."

Therefore, how to maintain the progress already made in Beijing is a priority on the government's agenda.

"But given its climate and geographical conditions, it is very difficult for Beijing to have

even 5 per cent more days of good air quality than it already has," said Zhai Xiaohui, spokeswoman for the bureau.

For about 40 days every year, particular weather conditions mean that pollutants cannot be diffused, and its location is like a dustpan, a natural habitat for sand and dust, Zhai explained.

But the municipal government remained determined to realize its goal, Beijing Party Secretary Liu Qi said at a televised conference last month. "No matter how difficult the task will be, there is no bargaining on the number of blue sky days in Beijing," he said.

The task in reducing pollutants varies from season to season. In spring and autumn, strict monitoring and supervision of construction sites and the transportation of waste is required in the city.

Liu has urged all construction sites in Beijing to cover the areas being worked on, press loose dirt into the ground and wash the wheels of vehicles when exiting the sites.

"We recently sent out all our staff to check the construction sites, and issued warnings and penalties to those who violated the regulations," said Li Rugang, director of the supervision team of the Beijing Municipal Law Enforcement Bureau of City Comprehensive Administration.

The monitoring task is enormous, with about 9,000 construction sites in the city. Samples have been taken at 280 sites in recent weeks, and 59 were found to have excessive levels of dust, Li said.

In total, about one-third of all construction sites in Beijing have been ordered to take remedial action recently.

"Some sites were found not to have been covered, or that loose dirt had not been compressed," Li said.

Xuanwu District has set up 40 video surveillance monitors at construction sites to expand its own level of supervision.

The district's Environmental Protection Bureau said that 11 special environmental monitors

have also been installed to monitor excessive outbreaks of pollution.

"Staff analyze the information 24 hours a day to locate the pollution sources," according to Li.

One of the major causes of pollution in Beijing comes from vehicles. It becomes an even graver issue in the summer time, when outdoor activities are at their peak.

Vehicle emissions account for 23 per cent of the city's total air pollutants due to the rising number of cars in the capital, said Feng Yuqiao, director of the Vehicle Emission Department of the Municipal Environmental Protection Bureau.

To combat the problem, 7,100 old diesel buses and 35,000 ageing taxis were taken off the city's roads from 2000 to 2005. About 2,700 buses, which run on natural gas, were also introduced.

This year, Beijing Municipal Committee of Communication plans to take a further 8,000 taxis and 2,000 buses out of service.

But Tang said the city was not removing the worst polluting vehicles quickly enough.

In a survey last year, almost 30 per cent of vehicles in Beijing's streets failed to meet the city's current exhaust release standards.

Feng said stricter emission standards on new vehicles and better control on the emissions of older cars was vital.

At the end of last year, the city upgraded its exhaust standard for vehicles from Euro II to Euro III, to make them cleaner.

"The new standard that bars polluting cars will help reduce the accumulation of pollutants in the city," Feng said, but added more still needed to be done.

Beijing has the largest number of vehicles on its roads in the country.

During winter, authorities face new challenges, when the burning of coal and gas becomes the biggest cause of air pollutants.

Large factories are the major culprits. In response, the municipal government

restructured the city's industries and relocated some power plants to the outskirts of the city.

Some heavily polluting enterprises were even ordered to suspend production.

In further measures that have been taken, coal factories and coal processors are required to cover their manufacturing facilities to prevent dust from rising.

Apart from reinforcing pollution control, the use of innovative cleaner energy has been encouraged to replace standard coal for industrial use and heating systems.

Nowadays, of 16,000 large industrial boilers that used to burn coal in the city, more than 80 per cent now use cleaner energy. According to the city's plan, by this October 1,400 more boilers will adopt cleaner energy.

It was Tang who proposed the Blue Sky Project in 1997 to the Beijing Municipal Environmental Protection Bureau.

And she still has a strong belief that the city will have more and more blue sky days in the coming years, including for the 2008 Olympic Games.

Environment issues addressed more urgently

May 4(chinadaily)--China's top environment watchdog vowed recently to tackle the serious environmental problems that may trigger mass protests over pollution.

Mass protests of such kind have been on the rise in recent years, increasing at a rate of almost 30 per cent a year, and they often occurred in economically developed regions, said Zhou Shengxian, head of the State Environment Protection Administration (SEPA) in a recent meeting with local environment protection officials nationwide.

The official cited an example of villagers from Huashui Town of Dongyang City, in East China's Zhejiang Province, who gathered last April outside an industrial park to protest against the chemical plant operating inside the park that was polluting.

More than 50,000 disputes over environmental pollution occurred last year. According to Zhou, 97.1 per cent of all environmental mishaps involved the release of pollution. Water contamination made up 50.6 per cent of the total accidents. Almost 40 per cent of environmental accidents involved air pollution. The accidents collectively caused up to 105 million yuan (US\$13.1 million) in direct economic losses.

"This environmental problem has become one of the main factors that affect national safety and social stability," said Pan Yue, deputy director of the SEPA.

"If current economic development, production and consumption remains unchanged, the faster our economy develops, the more problems we might have to face, such as these kinds of group emergencies," Pan said.

Zhang Lijun, another deputy director of the SEPA, said: "With people's rising demand for a better environment, China has started having high rates of environmental disputes and even mass protests."

The SEPA had an annual increase of 30 per cent of environmental complaints, with more than 90 per cent requiring SEPA's help to get rid of the problems, Zhang said.

And Zhang called for a more timely and effective response to people's complaints to prevent them from escalating into mass protests.

Wang Guoping, director of the Environment Protection Bureau of Central China's Henan Province, said in the city he required his subordinates to arrive at the affected area within 2 hours after receiving a tip-off about a particular environmental problem. The time limit extends to 6 hours if the place is in the counties.

"Most people are satisfied with the measures we take," he said.

Li Hengyuan, vice secretary-general of the All-China Environment Federation (ACEF), a non-government organization, said they are providing legal aid for some environment lawsuits with the hope of reducing the number of mass protests triggered by environmental problems.

A legal service centre under the ACEF has taken on 23 environment lawsuits, covering more than 3,000 people since it was set up a year ago.

Li revealed that they were assisting local residents in Zibo, Shandong Province, to launch a lawsuit to seek compensation from Tiewing Steel Company, which allegedly heavily polluted its surrounding area.

And while addressing local environment officials nationwide on legal enforcement in environmental protection work during the conference, for the first time, Zhang Lijun noted there might be "corruption" behind the violation of environment laws in some regions.

Zhang said that some local officials are sheltering local companies, which discharge heavy pollutants, because they have shares in them.

"We have heard many complaints saying: no clean official, no clean water," Zhang said.

In the middle of last month, Chen Changzhi, vice-minister of the Ministry of Supervision, said they would join hands with SEPA to crack down on corruption that may be behind the ineffective closure of companies that discharge heavy pollutants.