



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

MONTHLY NEWS BRIEFING

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

AUTO/ENERGY/POLLUTION

Volume IV, Issue 5, May, 2007

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



TABLE OF CONTENTS

GENERAL ENERGY ISSUES	4
Sustainable growth is China's only way to go.....	4
Both sides to gain from concrete energy pact.....	5
Closer Asia-EU ties 'must' for energy security	6
China Power to spend US\$4b on renewable energy	6
More solar companies to list on NY exchange.....	7
The greenest energy is energy saved.....	8
Bringing sunshine into rural lives	9
AUTOMOBILE AND TRANSPORTATION.....	10
Going greener	10
China aims to increase car recycling rate	11
Number of automobiles registered in Beijing hits 3M mark.....	12
Green drive sees diesel cars as an alternative	13
Auto profits expected to slow	13
Aid for public transport.....	14
Wind tunnel boosts car industry.....	14
OIL AND GAS	15
Oil wholesale market heats up.....	15
Large-scale gas field discovered	15
China Gas to build 1.2b yuan LNG plant	16
China to regulate natural gas imports from June 10.....	17
Sinopec, CNOOC join forces to secure natural gas.....	17
CNOOC eyes overseas oil, gas assets.....	18
CNPC invests US\$5.2b in Nanpu	18
CLIMATE CHANGE AND AIR POLLUTION.....	19
Changing definition of corporate leadership	20
Global warming 'golden opportunity'	21

Anti-warming roadmap unveiled22
China, US urged to team up on GHGs23
US rejects EU emission reductions.....24
Wen calls for reduction in pollution24

Disclaimer:

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

iCET Beijing Office:

Ms. FAN Yue
Managing director
Phone: 86-10-65857324 ext. 212
e-mail: yuefan@icet.org.cn
Room 1904, e-Tower Building
No.C12 Guanghua Rd.
Chaoyang District 100020, Beijing

iCET USA Office:

Dr. Feng An
President and Executive director
Phone: 626-284-0191
e-mail: fengan@icet.org.cn
www.icet.org.cn
www.autoproject.org.cn

General Energy Issues

Sustainable growth is China's only way to go

May 18 (China Daily) -- "The cost of growth", the technical term for the imbalance between tapping resources and environmental protection, necessarily occurs in the course of all countries' modernization drive.

Some nations have managed to surmount this stumbling block to embark on the road of sustainable development. Others have fallen into failure.

China now stands at the crossroads. Shall we get over the obstacle or be baffled by it?

The experience of other countries indicates that the only effective formula for surmounting the obstacle is the transformation of the economic structure. This means that the growth mode marked by high energy consumption and pollution be turned into a clean one.

Currently, a new industrial policy of saving energy and reducing waste discharge is taking shape in the country.

China did not have an industrial policy in the real sense of the word until 1989. That was the year the State Council promulgated the Decisions on the Key Points of the Current Industrial Policy.

With this as the starting point, the country worked out a package of industrial policies in the 1990s. They involved optimizing the industrial structure, addressing the defects in market mechanisms and raising the quality of economic growth.

In the late 1990s, the government adopted policies to enforce the closing of enterprises in sunset sectors while taking forceful steps to ensure the development of newly emerging industries such as machinery, electronics, information, chemicals and construction.

As a result, these industries have kept expanding, becoming pillar industries that support the country's rapid economic development. At the same time, the portion of the service sector throughout the economy has grown considerably.

All this has helped bring about the China miracle - an annual growth rate as high as 9.8 percent over the last 28 years.

Problems exist, however. The most prominent one is that energy saving and environmental protection failed to be taken into consideration in the formulation of industrial policies.

The country's Outlines of the Country's Industrial Policy in the 1990s, for example, listed machinery, electronics, petrochemical, auto making and construction as the industries that were expected to power the Chinese economy. The policy failed to recognize that these industries are both energy consuming and polluting.

As a result, in the absence of restrictions imposed by energy-saving and discharge-reduction quotas, the rapid development of these pillar industries has heightened the imbalances between economic growth, resources and the environment.

Official statistics show that the energy consumed by producing a given amount of GDP rose 4.9 percent, 5.5 percent and 0.2 per cent in 2003, 2004 and 2005, respectively. Although energy consumption dropped 1.2 percent in 2006 thanks to the government's enforcement of energy-saving policies, the drop still fell short of the original target of 4 percent. With respect to resource consumption, the country used 388 million tons of oil and 1.24 billion tons of cement in 2006. This accounted for 30 percent of the world's total oil use and 54 percent of its cement that year, to produce a GDP that was merely 5.5 percent of the world's total.

High resource consumption directly results in worsening environmental conditions.

In the 1980s and 90s, China's industrial policies were largely dictated by short-term supply-and-demand relationships. When supply of certain goods fell short of demand, the industry or sector that produced them enjoyed development priority.

Upon entering the new century, the industrial policy became disoriented, with all kinds of goods in full supply. The situation did not change until the central government put forward the new strategy of sustainable development in October 2003.

The new strategy calls for a high content of advanced technology, low resource consumption and much less environmental pollution. The industrial policy's new focus is energy saving and waste-discharge reduction.

Although a number of energy- and resource-saving policies had been mapped out starting in the mid-1980s, they were not effective. This is because saving energy and protecting the environment were regarded as elements merely at the service of upgrading economic growth rather than prerequisites to it.

Now it has become crystal clear that energy saving and environmental protection must be the preconditions for economic growth. In fact, land, water and air resources have become so valuable that they must also be husbanded.

Concern for saving energy and reducing discharge is now on the fast track since the State Council promulgated the Decisions on Strengthening Energy-Saving Work last July. On this basis, a string of industrial policies has been worked out.

In the future, all industrial projects must pass energy-consumption and environment evaluations before getting the go-ahead. Existing polluting or high energy-consuming enterprises must be shut down if they fail to meet energy-saving and environmental-protection standards after undergoing upgrades.

The author is a senior economist with the State Information Center

Both sides to gain from concrete energy pact

May 25 (China Daily) -- Both the United States and China will gain from the concrete energy deals on coal and environment technology collaboration, analysts say.

"The agreements reached between US and China on energy cooperation are supposed to address specific issues, including clean coal technologies, coalbed methane utilization and environmental technology development.

"It's really a giant leap for the two countries to convert energy-related cooperative intentions

into concrete deals that will take immediate effect and benefit both sides," said Niu Li, an economist with the State Information Center.

The center is affiliated with the National Development and Reform Commission, China's top economic planner.

Concluding the China-US Strategic Economic Dialogue, the two countries agreed to develop up to 15 large-scale coal mine methane capture and utilization projects in China over the next five years.

The two countries will also create policy incentives to promote the commercialization of advanced coal technologies while facilitating the commercial application of carbon capture and storage technologies, according to a Reuters report.

The two sides decided to work together as part of the WTO Doha negotiations to discuss reducing or eliminating tariff and non-tariff barriers to environmental goods and services, the Xinhua News Agency reported yesterday.

Since coal accounts for more than two-thirds of China's energy consumption and the US boasts the world's largest coal reserves, there is room for the two to join forces in developing clean coal technologies and utilization projects, Niu said.

"It will be a win-win situation for both the US and China to cooperate in this area. China needs advanced coal technology to enhance energy efficiency, while the US wants to sell this kind of technology. More importantly, the joint effort is supposed to ease China's dependence on oil and to reduce the country's greenhouse emission from burning conventional coal products," Niu said.

Sun Maoyuan, president of China United Coalbed Methane Co Ltd, reckoned that the US is a leader in coalbed methane capturing and utilization, with advanced technologies that China needs to further tap the resource.

"We can cooperate with US counterparts to boost our capability in coalbed methane capture and utilization. In fact, our US counterparts have an upper hand in both capital and technology," Sun said.

The US captures and utilizes 50 to 53 billion cubic meters of coalbed methane every year,

compared to China's 2 billion, shows statistics from Sun's company.

China started to tap coalbed methane in the 1990s. Established in 1996, China United Coalbed Methane has exclusive rights to launch Sino-foreign joint projects to capture and develop coalbed methane.

Closer Asia-EU ties 'must' for energy security

May 30 (China Daily) -- Foreign Minister Yang Jiechi yesterday called for closer partnership between Asia and the European Union (EU) to ensure energy security.

Speaking at the eighth Asia-Europe meeting (ASEM) of foreign ministers, which concluded in the German city of Hamburg yesterday, Yang said international cooperation is one of the most important ways of ensuring energy security.

Yang submitted a four-point proposal to enhance Asia-EU partnership:

Promote multilateralism and strengthen political dialogue and mutual trust;

Intensify pragmatic cooperation and promote a balanced development of the global economy;

Intensify partnership to ensure energy security and deal with climate change;

Respect diversity of civilizations and increase dialogue among countries with diverse cultures.

He said at the two-day meeting where top diplomats from 45 Asian and EU countries had gathered: "Climate change is a problem caused by development, and it should be dealt with on a common principle but different levels of responsibilities." Climate change will also be high on the G8 summit agenda in Heiligendamm, Germany, next week.

Other priority areas of the ASEM meeting include international trade, the Kosovo problem and the Iranian and Korean Peninsula nuclear issues.

The annual ASEM meeting is an informal discussion initiated in 1996 to strengthen Asia-Europe ties and increase mutual understanding between the two continents.

"We should increase the influence of Asia and the EU in international affairs to effectively resolve burning international and regional issues such as those in Afghanistan, Iraq and the Middle East, and the Iranian and Korean Peninsula nuclear crises."

The ASEM members now account for 60 percent of international trade, 58 percent of the global population and about 50 percent of the world's GDP. China and Europe have "a vast potential to tap" in bilateral relations, Yang told reporters after a meeting with three senior EU foreign ministers late Monday.

On Europe's trade deficit with China, Yang said: "China is not seeking a trade surplus with Europe deliberately. We'll try to import as much as possible from Europe, and we hope Europe will further relax the trade restrictions on high-tech transfers to China."

China Power to spend US\$4b on renewable energy

May 8 (Reuters) -- China Power International plans to spend up to US\$4 billion by 2010 developing renewable energy as Beijing pushes to clean up its air and water and whittle down its reliance on imported resources.

To help bankroll the investment -- one of the largest planned investments in renewable energy ever announced by a corporation -- the company is studying listing shares on mainland stock exchanges, Chief Executive Li Xiaolin told reporters on Monday.

Hong Kong-listed shares in the company fell 0.5 percent on Monday, lagging a 0.27 percent gain in the benchmark Hang Seng Index.

China intends to spend an estimated US\$200 billion on renewable energy over the next 15 years, partly to build hydropower, wind- and solar-powered plants to fuel growth in the world's largest energy consumer after the United States.

The government aims to boost renewable energy to 10 percent of energy use by 2010 and has ordered its largest power firms to ensure that 5 percent of their generation runs on renewable sources by the end of this decade, rising to a 10th by 2020.

State-run firms from China Power to larger rivals such as Huaneng Power and Datang International Power are gearing up commercial projects.

China Power International, which became the second-largest shareholder of Oriental Investment Corp. this month, wants to change that firm's name to China Power New Energy Development Co. and re-focus it on renewable energy.

By 2010, China Power International plans to put into operation 1,000 megawatts (MW) of renewable energy capacity -- including wind, hydropower and biomass -- have another 1,000 MW under construction and have a further 1,000 MW in the pipeline.

"It typically takes 8 to 10 billion yuan to build 1,000 megawatts of renewable capacity. So the total investment will be 24 to 30 billion yuan (US\$3.1-US\$3.9 billion)," said Liu Genyu, Oriental Investment's chief operating officer.

Analysts say high costs and low tariffs for renewable energy mean profit uncertainty, but executives remain optimistic.

On the face of it, China Power's five-year investment plan dwarfs spending by the world's largest oil firms. The country spent US\$6 billion on renewables in 2005, excluding large hydropower projects, the Xinhua News Agency cited academics as saying.

Shell has invested an estimated US\$1.25 billion from 1996 to 2006, according to calculations based on official data and company information, making the Anglo-Dutch company the oil sector's biggest investor in green energy.

And BP Plc. has spent around US\$900 million on renewables since 1999, according to published figures and information from BP sources.

"Because of low tariffs and high costs, there are different views on profitability of renewable energy. But we believe the government is

endorsing development of new energy and will gradually issue favourable policies," Liu said.

Datang, China's second-largest listed electricity provider, aims to generate 20 percent of its total power output via hydro by 2010 from about 2 percent in 2006.

An A-share sale -- if allowed -- might help with some of the costs.

Many Hong Kong-listed Chinese firms, eyeing record-high valuations in Shanghai and Shenzhen, are pondering mainland listings as a ready source of ample cash.

But regulations are sketchy on whether red chips such as China Power, which are backed by Beijing but registered in Hong Kong or overseas -- making them essentially foreign firms -- can list easily in the Chinese mainland.

"The domestic A-share market is doing very well. We are actively studying the possibility of going back for a listing," Li said without elaborating.

More solar companies to list on NY exchange

May 30 (China Daily) -- Two Chinese solar energy companies, LDK Solar Co Ltd and Yingli Green Energy Holding Co Ltd, are set to list on the New York Stock Exchange (NYSE) early next month, the latest in a string of solar companies to go public.

LDK, the larger of the two, plans to raise more than \$400 million, which would be the largest US IPO of a Chinese mainland company since 2005.

It applied to offer about 17.4 million in American depositary shares at an estimated price range of \$25 to \$27 per share, according to the prospectus filed with the US Securities and Exchange Commission.

Yingli has filed a prospectus to raise about \$350 million by issuing 29 million in American deposit shares at between \$11 and \$13 per share.

The two offerings come on the heels of China Sunergy Co Ltd's debut on NASDAQ Stock Market on May 17. China Sunergy's stock rose 51 percent over its IPO price of \$11 per share to

close at \$16.56 on its first trading day, reflecting investor optimism in the solar energy industry.

LDK, which is in the middle of a global road show, is slated to list on the NYSE on June 1 with the ticker LDK.

Morgan Stanley, UBS Investment Bank and Piper Jaffray, among others, serve as underwriters.

Yingli is set to list shares on the NYSE in early June under the symbol YGE.

Goldman Sachs, UBS, Piper Jaffray and CIBC World Markets are the co-lead underwriters.

"LDK's upper position in the solar power industry and its rich customer base are what have attracted investors," Ye Dong, president of Tsing Capital, told China Daily.

Tsing Capital, a Chinese venture capital fund focusing on alternative energy investment, had earlier invested \$5 million in LDK and \$3 million in China Sunergy.

LDK was backed by a host of private equity investors, including funds managed at CDH Venture Partners, China Renaissance Capital Investment, Natexis Private Equity Asia, JAFCO Asia, Roosevelt Investment Group and Tsing Capital. The company has benefited from several rounds of investments of an aggregate \$62.55 million last year.

LDK's Chairman and CEO Peng Xiaofeng, 31, owns an 83 percent stake in the company.

Based in East China's Jiangxi Province, LDK Solar makes multicrystalline solar wafers, which are thin sheets of crystalline silicon material used to make solar cells.

The solar power equipment manufacturer claims to be the biggest multicrystalline wafer producer in Asia. It plans to increase its annual production to 800 megawatts (MW) by 2008, up from the current 215 MW, according to the company prospectus.

The greenest energy is energy saved.

May 28(China Daily) -- The greenest energy is energy saved.

Swiss power products supplier ABB puts that notion forward, noting it is the simplest and also best way to meet needed energy demands.

"China is one of the largest power markets by numbers of consumers (more than 1.3 billion), with great energy-saving potential," says Brice Koch, chairman and president of ABB China Ltd. "The energy problem should not just be the concern of the public and government, but also should motivate enterprises to take action."

The Chinese government included energy conservation in its 11th Five-Year Plan (2006-10), with a goal to reduce energy consumption by 20 percent per GDP unit by 2010. It is investing \$130 billion to double power transmission and distribution spending for more efficient networks and greater rural development.

Ma Kai, head of the National Development and Reform Commission, says solving China's power shortages requires strengthened economic controls to reduce waste and inefficiency in the nation's industries.

Yet in 2006, the first year of the 11th Five Year Plan, the country did not meet its target of cutting energy consumption by 4 percent per GDP.

"As a leader in power transmission and distribution, we are committed to continue helping China achieve its energy saving plans," says Koch, who regards energy conservation as the core of the ABB business and product line.

Dinesh C. Paliwal, president of global markets and technology for ABB Group and CEO of ABB North America, tells China Business Weekly that the group will put more than \$100 million into China in coming years, "with most of it going into the energy conservation market".

"To help China to achieve its energy conservation targets, we think advanced technology, especially for power transmission

and distribution, should be developed and encouraged," says Koch.

The company has for several years made efforts to promote power automation technologies to help industries in China "improve productivity, reliability and save energy".

According to Koch, ABB's more efficient electric motors have helped consumers save 2.1 billion kilowatt-hours (kwh) of power, equal to the yearly consumption of 1.5 million families.

Electrical motors now used in China that consume 60 percent of the power for industries are running at an estimated efficiency that is 10 to 30 percent lower than those in Western countries.

"Most of them are running at full speed, no matter whether it is necessary or not," Koch says. "But by using ABB's alternating current (AC) drives, motors will not run at top speed all the time."

"With ABB's AC drive technology, Chinese customers have saved 30 billion kwh of power in the past 12 years," says Koch. "That is equivalent to yearly electricity consumption of 21.4 million families, a population more than Beijing, Shanghai, Tianjin and the urban area of Chongqing municipality."

ABB is also involved in key state projects such as the Qinghai-Tibet Railway, the Three Gorges Dam, the Beijing Olympic Games, the south-to-north water diversion system and urban projects such as subways.

When transmitting 6,000 megawatts of power from the Three Gorges hydroelectric plant to South China's Guangdong Province and Shanghai, ABB's high voltage direct current (HVDC) links have saved hundreds of megawatts of energy and increased efficiency by 2 to 3 per cent, equivalent to the power supply for almost 468,000 households, the company says.

The power group is still not satisfied with the conservation result, it says.

ABB started the world's first laboratory last November for testing the energy efficiency of power superhighways, marking another first for the company, which pioneered HVDC systems more than 50 years ago.

Ultra high-voltage direct current (UHVDC) transmission systems will make it viable to produce electricity in remote regions of China, India, Brazil and Africa, where vast hydropower resources remain untapped.

An UHVDC link 2,000 km long is 30 percent cheaper, partly because it reduces electricity losses by 30 percent.

"China and India are set to be the main users of the new technology as they seek to secure reliable power supplies," says Koch. China is planning one line every year for the next decade, each with a capacity of 5,000 to 6,400 megawatts.

Koch adds that ABB has already introduced another world-leading technology for power transmission in China.

"As we all know, there is a lot of waste during power transmission, like pouring beer that foams into a glass. By using our 'FACTS' (flexible AC transmission systems) power transmission package, you won't see any foam during the process and no wastage," says Koch.

Bringing sunshine into rural lives

May 24 (China Daily) -- The use of regenerative energy is helping to improve living conditions in China's vast rural areas, while bringing forth new development opportunities.

More than 50 mountainous villages in South China's Yunnan Province, which had to go without electricity as the extremely adverse conditions make connection with the national grid impossible, now have access to power - thanks to the introduction of solar-power equipment.

This blessing is a result of Sino-German cooperation programs that began in 2001, aiming to help China's remote areas located far away from central power stations reach rural electrification goals by 2015.

KfW Entwicklungsbank (Development Bank) provides the funding for the "Yunnan Solar Power Project" on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). Other similar solar power projects have been facilitated in Xinjiang, Qinghai and Gansu. The investment costs total \$54.1 million, whereas the German government granted funding for some 65 percent of total investments. The remaining part was covered by Chinese funds. Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH has been contracted by the BMZ to initiate the program of "Renewable Energy In Rural Areas" - providing technological solutions for the introduction of renewable energies, like solar energy generators and mini hydropower plants.

GTZ, a German federal enterprise for sustainable development with worldwide operations, is not only supporting the Chinese government in the drafting and implementation of legislation on channeling renewable energy sources into power grids, but also helping to train professional technicians in solar-power and hydropower management and maintenance.

More than 80 technicians have so far received such training in China.

GTZ worldwide has 30 years of experience in providing viable, forward-looking solutions for political, economic, ecological and social development in a globalized world.

KfW Development Bank in China primarily facilitates funds from the German government as well as own financing to grant soft loans for financing investments in economic and social infrastructure. Important areas of cooperation are renewable energy and energy efficiency. More than 20 projects have been so far financed in these areas since 1993 covering 16 Chinese provinces.

Automobile and Transportation

Going greener

May 28 (China Daily) -- German auto conglomerate Volkswagen AG was the first global auto manufacturer to gain a foothold in China. After more than 20 years of operation in the nation, the auto giant now plans to be the first providing an entire fleet of fuel economy vehicles.

"Volkswagen China has planned a fuel and emissions strategy for the future. By 2010, the fuel consumption and emissions of all Volkswagen cars produced in China will be reduced by 20 percent," says Winfried Vahland, president and chief executive officer of Volkswagen Group China.

To reach that goal, all Volkswagen models will by 2010 be equipped with the latest multi-point injection or turbo supercharged injection engines.

A new powertrain technology, including turbo charging and advanced transmissions, will be used in all local models made at FAW Volkswagen and Shanghai Volkswagen.

"As the first step of this strategy, the 1.8 TSI engine, has already rolled off the production line at the Volkswagen FAW engine plant in Dalian, the same time as the technology is being introduced in Europe," says Thomas-Christian Knott, board member and executive vice-president of Volkswagen Group China.

The joint venture between Volkswagen and China First Auto Works announced its inauguration in March to contribute to the new powertrain strategy with engines using the latest turbo fuel stratified injection technology.

The two parent companies invested some 840 million yuan in the plant by the end of 2006, with total planned investment by 2011 set at 1.5 billion yuan. Production capacity will be 300,000 engines per year.

"We are aiming to be a high-efficiency, energy-saving and environmentalally friendly company.

This is Volkswagen China's long-term commitment toward sustainable development. As a partner of the 2008 Beijing Olympic Games, we are giving our full support to the Green Olympics and Hi-tech Olympics themes," says Knott.

The auto group displayed its fuel economy car models and technology at the Shanghai Auto Show last month, including its Touran EcoFuel, Polo BlueMotion, TSI, V6 turbo-charged direct injection (TDI) and direct-shift gearbox.

According to Knott, the TDI combines turbo charging and direct fuel injection, achieving both high power and lower fuel consumption. Because of the technology, even a 1.4-liter TDI is able to create a maximum power of 96 kilowatts and 220 in absolute peak torque.

Volkswagen's DSG transmission employs a twin-clutch technology that integrates two sets of gears to control shifting, making for a faster gear change that helps save fuel.

The combined TDI and gearbox technologies can save more than 20 percent in fuel while at the same time making driving more fun, the company says.

"Volkswagen is also a world leader in modern diesel technology. A TDI V6 engine demonstrates how we achieve robust power while using less fuel and producing fewer emissions," says Knott.

In Europe, diesel-powered autos now account for more than 50 percent of passenger car registrations. In Paris, almost all taxis are equipped with diesel engines, which have lower fuel consumption but greater power.

"For example, our 3-cylinder 1.4 TDI-powered Polo BlueMotion consumes just 3.9 liters of diesel fuel per 100 kilometers and already meets stringent 'Euro Four' standards. Its low carbon dioxide emissions have won it a lot of applause," Knott says.

BlueMotion comes from Blue - the Volkswagen color suggesting clean water and air - and Motion that embodies the future.

The automaker also has new designs that use alternative fuels.

"Alternative fuel means a wider supply resource of fuel. The Touran EcoFuel shows Volkswagen's commitment in this direction," says Knott.

Fueled with compressed natural gas (CNG), the Touran EcoFuel car can reach up to 180 km per hour while using 5.8 liters of CNG per 100 kms. It can cover a range of 310 kms on one tank of fuel. The auto stores CNG fuel in four tanks underneath the car body, yet the company says the system is as safe as gasoline or diesel designs.

"At Volkswagen we had the capability to produce hybrid cars years ago. But we want to provide the public with fuel economy cars at a low price, not using high-cost technology like hybrid or hydrogen-powered," says Knott.

He also says that using the powertrain strategy, Volkswagen autos will not be very expensive, with the price "merely several thousands yuan higher than that of the older models".

China aims to increase car recycling rate

May 23 (China Daily) -- The National Development and Reform Commission (NDRC) recently unveiled its goals to increase the recycling rate of vehicles and the materials used to make vehicles.

In the Auto Product Recycling Technology Policy released jointly by NDRC, the Ministry of Science and Technology and the State Environmental Protection Administration, there are three step-by-step goals to achieve an increase in the recycling and reusing rate.

First, by the year 2010, the recycling rate of all imported and domestic commercial vehicles should reach 85 percent, and the rate of reusing

the materials should reach 80 percent. Meanwhile, the recycling rate of those trucks weighing less than 3.5 tons and all passenger cars should be at 80 percent, and 75 percent for the rate of reusing their materials.

Second, from 2012 onwards, the recycling rate of all kinds of imported and domestic vehicles will be targeted at 90 percent and 80 percent of all materials reused. Lastly, these two figures should rise to 95 percent and 85 percent respectively by the year 2017.

In order to achieve these goals and to improve the management of the auto industry, NDRC held its third seminar on making detailed policies and standards, such as the Auto Product Recycling Administrative Measures and the List of Forbidden or Limited Materials in Making Vehicles.

Meanwhile, auto manufacturers must shoulder part of the responsibility in making less of an impact on the environment. From the beginning of the designing and manufacturing processes, companies should consider using recyclable materials, and the manufacturers are asked to provide recycling and dismantling guiding manuals when they release new models. From 2010 onwards, carmakers and their dealers need to be responsible for recycling their own products and the packages, or they can ask other agents to do it for them instead.

China plans to record the carmaker's recycling rate next year. When enterprises are trying to enter the auto-manufacturing industry, their recycling capability will also be considered. And once they fail to meet the recycling requirements, a series of punishments are waiting for them, like suspending their production and sale, giving penalties and charging them with extra environmental protection fees.

The recycling rate is a key element in energy efficiency and the auto industry's contribution to environmental protection. China still has a long way to bridge the large gap with developed countries in the process of recycling, dismantling and reusing materials.

Number of automobiles registered in Beijing hits 3M mark

May 29 (Xinhua) -- The number of registered automobiles in Beijing reached 3 million on Saturday - a great pressure to the city's traffic system and environment, according to a traffic official.

"The number reflects the level of economic and social development in Beijing, but also poses a new pressure to the urban traffic system and environment protection," said Liu Xiaoming, deputy director of the Beijing Municipal Transportation Commission.

Insisting that the government will be able to deal with the new challenge, Liu called for an improvement in the city's current public transport system.

Liu made the remarks on Saturday at a seminar on scientific renovation and urban management at the ongoing Beijing High-Tech Expo.

Statistics show that 30.2 percent of Beijing residents travel by bus and 29.8 percent drive cars, according to Liu.

"The rapid increase in the number of privately-owned cars and a decrease from 1.52 persons per car to 1.26 persons per car is not conducive to energy conservation," said Liu.

Statistics show that the number of newly-registered automobiles in Beijing is growing at a rate of about 1,000 a day, and the total number is expected to reach between 3.3 million to 3.5 million by August next year, when the Olympic Games begin.

The municipal government has tried to restructure the bus network and reduce ticket prices to encourage the use of public transport but still the streets are clogged at rush hour.

In a short-term measure for the Olympics, it has decided to restrict the access of more than 1 million vehicles, particularly those belonging to government departments and state-owned enterprises, to downtown Beijing during the Olympics to reduce traffic congestion and improve air quality.

Liu said that about 45 percent of residents are expected to travel via public transport by 2015.

Green drive sees diesel cars as an alternative

May 25 (China Daily) -- China, the world's No 2 vehicle market and oil consumer, is scouting around for fuel-efficient cars.

A battery of automakers, from global names like Toyota and General Motors to indigenous companies like Chery and SAIC Motor, are conducting research on hybrid and fuel-cell cars.

Hybrid cars have a conventional combustion engine as well as an electric motor to improve mileage. Fuel cells convert hydrogen into electricity to power the car and the only thing they emit is water.

Germany's Volkswagen, however, is betting on diesel-powered cars, although it also plans to make hybrids next year in Shanghai for the Beijing Olympic Games.

The top car seller in China holds diesel cars as the "most practical" solution to the nation's energy and environmental problems. Modern diesel engines won't increase car prices and can save fuel consumption by 40 percent compared with petrol cars with the same engine capacity, the company said.

"Only with the approach to provide environmentally friendly technology to everyone and not just a few, can a positive effect on the environment be achieved," said Winfried Vahland, president of Volkswagen China Group.

Diesel engines are part of Volkswagen's plan to spend \$600 million making its latest engines and gearboxes in China to cut fuel consumption and emission of its locally made cars by over 20 percent by 2010 from last year.

The plan is in response to China's goal to cut energy consumption per unit of gross domestic product by 20 percent by 2010 from 2005.

Auto profits expected to slow

May 14(China Daily) -- China's top 16 automotive groups reported a 70 percent increase in first-quarter profits helped by brisk

sales, but the pace is expected to slow due to pricing wars in the world's second-biggest vehicle market.

Post-tax profits totaled 12.8 billion yuan in the first three months of 2007, up 69.9 percent from a year ago, according to data provided by China Association of Automobile Manufacturers on Friday.

SAIC Motor Co Ltd, the biggest manufacturer by sales, posted profit growth of 71.9 percent, while profit from First Automotive Works Corp, the No 2, increased one-third.

Zhu Yiping, an official from the auto association, said strong vehicle sales boosted by new model launches helped the profit surge.

From January to April this year, sales of domestic passenger vehicles - sedans, sport utility vehicles, multi-purpose vehicles and micro-buses - climbed 20.7 percent to 2.08 million units, according to the auto association.

Zhu said automakers' growing cost-cutting efforts also helped to raise profits.

However, analysts predicted full-year profit growth will be dampened by aggressive price incentives brought by mounting competition.

Zhang Xin, an analyst with Guotai Jun'an Securities Co Ltd in Beijing, said 2007 profits of the 16 largest automotive groups will grow 35 to 40 percent from last year.

"Producers have to cut prices to tempt buyers, which will hurt their margins in the remaining period of this year," Zhang said.

Nanjing Automobile Corp's joint venture with Italian carmaker Fiat Auto on Tuesday slashed prices of the Perla, Palio and Siena models by 8,000-11,300 yuan.

Hua Xue, chief executive officer of Cheshi.com.cn, a Beijing-based website tracking nationwide car prices, said last month that average prices of China-made cars will tumble 6 percent in 2007.

Aid for public transport

May 9 (China Daily) -- Local governments should offer more aid to bus companies to develop public transportation, says a commentary in Beijing News. An excerpt follows:

One of the country's most famous tourist cities, Xiamen, in Fujian Province, is now confounding tourists. Today, the city names its bus stops after hospitals or shopping malls that are willing to pay.

Similar practices take place in other cities, such as Changsha, in Hunan Province, and Hefei, in Anhui Province.

The public has complained about the commercialization of bus stop names. It said the practice creates confusion about bus stop locations among both tourists and residents.

The bus stops should be named after the roads, avenues or nearby landmark buildings to make their locations clear. Obviously, these bus stop names are changed to garner revenue for the bus companies.

According to reports, the bus company in Xiamen runs on an annual deficit of 30 million yuan (\$3.85 million), which partly justifies the commercialization of bus stop names.

So, the local government should offer proper subsidies to these companies to support public services.

However, a survey by the Ministry of Construction says that 42 of the 117 urban bus companies did not get a penny of subsidy from local governments in 2006.

When bus companies serve the public with low-priced transportation, they are unable to generate enough return from the service. If the government does not give them enough money, they have little choice but to open bids for the names of bus stops.

The central government issued a document in 2006 emphasizing that the development of public transportation should be a priority. Local governments should earmark more money for this.

Wind tunnel boosts car industry

May 18 (China Daily) -- China's first auto wind tunnel center, one of the four key facilities for auto research and development, is being built in Shanghai, according to a Chinese press. The facility will be the largest of its kind in Asia, with an investment of nearly 500 million yuan (US\$65.14 million), the press said.

The Shanghai Automotive Wind Tunnel Center, invested by domestic carmakers including Shanghai Automotive Industry Corp and Chery, is expected to be completed this year.

The new facility is expected to substantially help cut expenses for domestic carmakers that until now have had to send their cars overseas for tests, industry insiders said. Chinese carmakers usually test their independently-developed cars in European wind tunnel centers and the cost can be as high as 3,000 euros (US\$4,048) per hour. New models need to be tested for between 400-600 hours.

In recent years, wind tunnel centers are more technologically sophisticated than the other three facilities for auto development: auto testing fields, impact lines and electro magnetic compatibility labs, explained Wan Gang, Chinese Minister of Science and Technology and the former president of Shanghai-based Tongji University.

Wang noted the new auto wind tunnel center will significantly assist China's independent auto development and auto industry.

The new center will provide services for research and development by Chinese carmakers at half the price of its overseas counterparts. So far, eight carmakers including Shanghai Volkswagen and Shanghai GM have signed letters of intent with the center, according to the press.

In wind tunnel centers, various driving conditions are simulated to test the car's fuel economy,

safety and appearance as well as the performance of car parts.

According to industry experts, a country needs an auto wind tunnel when its auto production reaches 500,000 to one million units. In 2006, China's auto production exceeded seven million units and it is expected to hit eight million this year, according to Zhang Xiaoyu, director-general of the Society of Automotive Engineers of China.

Oil and Gas

Oil wholesale market heats up

May 26 (China Daily) -- New players in the oil products wholesale industry are set to get down to business following the commerce authority's distribution of the first bunch of licenses on Thursday.

"We expected to win an oil products license wholesale because we meet all the requirements. Next we will step up efforts to build up a sales network for our new refinery, which will be on-stream soon," Liu Junshan, a spokesman for Beijing-based China National Offshore Oil Corporation (CNOOC), told China Daily on Friday.

The Ministry of Commerce (MOFCOM) disclosed on its website on Thursday that it had granted oil products wholesale licenses to eight State-owned and private companies, the first batch of new players to enter the industry since the oil products wholesale sector was deregulated last December.

CNOOC Refinery Co Ltd is one of the eight newcomers. Its Guangdong Huizhou refinery is under construction and is to be on-stream next year.

"With a wholesale license, we can start securing sales for the refinery. We will try every means possible, including acquisitions and self-construction, to get access to sales terminals in South China," Liu said.

The CNOOC spokesman was tight-lipped about how many filling stations his company was

planning to either build or buy for the refinery. He did say his company would adopt a flexible market approach to establishing a scale sales network in South China.

The eight new players entering the market are: CNOOC Refinery Co Ltd and its sales subsidiary, Sinochem International Oil Co, as well as subsidiaries in Guangdong, Jiangsu and Zhejiang provinces; Sichuan Ludi Oil Sales Co Ltd; and Wuhu Erhuan Oil Co Ltd.

Cao Xiaoxi, chief engineer of Sinopec's Economic and Development Research Institute, said most of the newcomers are based in South China because the fuel supply is tight there. It also boasts high economic growth.

A senior press manager with Sinopec, Asia's top refiner, said having new players in the market would surely heat up competition, though Sinopec and PetroChina's dominant positions would not be shaken in the short term.

"That is because China's oil supply is tightly controlled by PetroChina and by us. Also, it is not easy to import a large quantity of crude under the quota system or to build up a widespread sales network in a short period of time," the press manager said on condition of anonymity.

Altogether, 2,512 companies in China own oil products wholesale rights, including the newly approved eight, according to the MOFCOM. The ministry's statistics show that 1,654, or 65.8 percent of the country's oil product wholesalers, are run by PetroChina and Sinopec.

Large-scale gas field discovered

May 28 (China Daily) -- A major gas field has been discovered in Southwest China's Sichuan Province, it was announced over the weekend - which experts said would add to energy security and boost the development of the western region.

A total of 3.8 trillion cubic meters of natural gas deposits have been found in the western part of the Sichuan Basin, said officials in Dazhou, where the reserve is located.

They include proven exploitable reserves of newly-discovered 244 billion cubic meters -

around four years of current production - and the already-announced 356 billion cubic meters in Puguang gas field.

Till the latest discovery, amounting to a total of 600 billion cubic meters of exploitable reserves, the largest gas field was in Sulige, Inner Mongolia Autonomous Region. Discovered last year, it has exploitable reserves of 533.6 billion cubic meters.

Last Wednesday, a large gas field with reserves of nearly 30 billion cubic meters was discovered in Karamay, the Xinjiang Uygur Autonomous Region.

China had about 2.4 trillion cubic meters of economically-viable natural gas reserves at the end of 2006, the Ministry of Land and Resources said in March.

According to the energy development plan released by the National Development and Reform Commission - the country's top economic planner - China plans to nearly double its annual natural gas production from 49.3 billion cubic meters in 2005 to 92 billion cubic meters by 2010.

Natural gas consumption will soar to more than 100 billion cubic meters by 2010 from the nearly 50 billion cubic meters in 2005.

With the increasing need for energy, China has strengthened exploration efforts to ensure energy safety, which experts say is vital to reduce China's reliance on imports.

The latest gas discovery comes days after the country announced the finding of a mega-scale oilfield - Jidong Nanpu oilfield in Bohai Bay of North China's Hebei Province.

The oilfield is expected to have reserves of 1 billion tons, or about 7.35 billion barrels, the largest discovery in the country in more than four decades.

By 2010, the newly-found gas deposits in Dazhou will raise the city's gas output to 24 billion cubic meters, said Li Xiangzhi, Party secretary of Dazhou.

Li said that Dazhou is set to become a natural gas and chemical center in western China.

Dazhou, located in eastern Sichuan, covers an area of 16,600 square km with a population of 6.46 million.

China National Petroleum Corporation, the country's biggest oil and gas producer, and Sinopec Corporation, China's largest refiner, plan to build five purification plants in Dazhou and are expected to process 74 million cubic meters a day by 2010.

A 30 square-km natural gas and chemical industrial park is planned about 6 km away from the city.

China Gas to build 1.2b yuan LNG plant

May 30 (Bloomberg) -- China Gas Holdings Ltd, which operates 61 natural gas projects on the mainland, will build a 1.2 billion yuan liquified natural gas plant in Southwest China to meet growing demand for cleaner fuels.

The plant, in the southwestern city of Dazhou, will have an annual capacity of 500,000 metric tons, or about 700 million cubic meters of gas, the company said.

This is the second major gas project the company has announced in a week. On May 23 China Gas said it had formed a venture with Oman Oil Co to ship the fuel to China from the Middle East.

The Hong Kong-based company wants to secure supplies as China pursues a target to use gas for 5.3 percent of the total energy consumption by 2010 from about 3 percent now.

"This is a very positive move from China Gas as the nation's gas industry will grow very fast in the next five years and beyond," said Duncan Chan, an analyst with Everbright Securities Co. "More discoveries by State oil companies in the region will also help to boost the industry."

The project includes construction of facilities to remove polluting sulfur and carbon from gas, a liquefaction plant, storage space and the production of trucks to transport LNG. China Gas expects the project to generate annual revenue in excess of 2 billion yuan on completion in 24 months, it said in the statement.

"Investing in LNG projects will help us alleviate some of the pressure of gas shortages in downstream city gas projects and enlarge our market share," the company said.

China to regulate natural gas imports from June 10

May 29 (Xinhua) -- The Chinese government plans to introduce new measures on June 10 to regulate imports of natural gas in order to protect its three major gas importers from intense domestic competition.

Sources with the Ministry of Commerce said on Tuesday that the move would end the chaotic competition between China's three oil and gas giants - China National Petroleum Corp, Sinopec and China National Offshore Oil Corp - in the purchase of gas, which has helped overseas exporters raise prices.

The competition has been blamed on the lax import system for natural gas that is currently in place. Enterprises, at present, do not have to satisfy any conditions to obtain import permits for natural gas. After June 10, each application for an import permit will be examined and approved.

China aims to slash its energy consumption per 10,000 yuan of GDP by 20 percent by 2010 so natural gas, seen as an ideal way to meet this target, is now in huge demand nationwide.

Apart from the Big Three, enterprises controlled by local governments have joined the competition for gas imports, which is contributing to a further hike in prices.

According to the National Development and Reform Commission, Indonesian exporters have adjusted the price of LNG (liquefied natural gas) from US\$25 per barrel to US\$38 per barrel for Chinese buyers in eastern China's Fujian Province. The commission also revealed that the price of natural gas exported by Russia to China is likely to be raised to US\$180 per 1,000 cubic meters.

Han Xiaoping, a senior analyst with Qunying Energy Consulting Co., said international natural gas markets are decided by gaming between major buyers and major sellers. Bringing gas imports under unified control will be conducive to

increasing the influence of major Chinese buyers on the market.

Sinopec, CNOOC join forces to secure natural gas

May 21 (Dow Jones) -- China Petrochemical Corp., or Sinopec Group, said Monday it has signed a strategic agreement with China National Offshore Oil Corp., or CNOOC Group, marking the first time the two companies are working together to secure supplies of natural gas.

The agreement covers natural gas supplies, reserves and construction of natural gas pipelines.

The Chinese government forecasts domestic natural gas demand will reach 100 billion cubic meters a year by 2010 from around 65 billion cubic meters in 2005 as the country shifts to the cleaner fuel amid strong economic growth.

Chen Tonghai and Fu Chengyu, general managers of Sinopec and CNOOC respectively, signed the agreement May 17 in Beijing, said Sinopec, without elaborating on its content.

The two companies, once rivals, are likely to use their advantages to form an alliance in domestic and overseas investment in natural gas distribution, infrastructure and acquisition of overseas natural gas assets.

Sinopec, the country's second-largest petroleum company by assets and second largest natural gas producer by output, last year made a big gas find in southwestern China. It is currently building a natural gas pipeline that will span from the country's southwest to the eastern city of Shanghai, where CNOOC, the country's third-largest petroleum company by assets, is currently supplying gas produced in the East China Sea to Shanghai. The two companies may need to coordinate natural gas sales and pipeline networks in the city.

CNOOC is more active than Sinopec in liquefied natural gas imports. Last year, it began operating China's first LNG terminal, Dapeng, in the southern province of Guangdong and will start operating a second LNG terminal in the southern province of Fujian by the end of this year.

CNOOC is also purchasing spot LNG cargoes from the international market, receiving its first-ever imported spot cargo in April.

Both Sinopec and CNOOC are in talks with Iran on acquisition of LNG resources. It's unclear whether the two companies will work together in Iran after signing the agreement.

CNOOC eyes overseas oil, gas assets

May 30 (China Daily) -- China National Offshore Oil Corporation (CNOOC), the country's top offshore oil company, is increasing overseas oil and gas assets and LNG imports to meet its bold 2010 energy supply target, the firm's chairman said yesterday.

"Rather than buying oil companies, we will look for more oil and gas assets, in terms of mergers and acquisitions, in the future," Fu Chengyu, CNOOC's chairman, told China Daily yesterday.

By 2010, CNOOC is determined to raise its energy supply to the local market to 100 million tons of oil equivalent, up from the 40 million tons today.

CNOOC's China production is estimated to reach 50 million tons of oil equivalent by 2010, while current overseas reserves are expected to contribute 20 to 25 million tons by 2010, depending on engineering capacity and construction speed, Fu said.

"We plan to bridge the gap by purchasing more oil and gas reserves from overseas markets and importing more liquified natural gas (LNG)," he added.

CNOOC currently owns overseas reserves equal to around 1.7 billion barrels of oil equivalent.

Fu declined to name the current LNG projects under negotiation, but he said there are several "very positive" talks ongoing.

With production and LNG imports reaching 100 million tons, CNOOC may experience a slower development pace after 2010.

"From 2010 on, our production increase may slow down and we plan to insert new assets into the listed company to maintain its steam," Fu said.

The new assets include the refining business, renewable energy projects and petrochemical business, Fu said.

"That is why we are sparing no effort to develop alternative energy, such as bio-fuel and offshore wind power projects."

The CNOOC chairman said his firm is to step up China's first offshore wind power project in Bohai Bay. "The test project will satisfy our own energy demand first, and contribute to other power networks later."

As an upstream offshore oil and gas producer, CNOOC is also expanding downstream to the retailing, refining and petrochemical business. The company recently received the green light from the Ministry of Commerce to tap oil product wholesale.

Fu said CNOOC will not engage in large-scale mergers and acquisitions of filling stations in the short term.

"We may target the rural areas and some middle regions connecting cities and villages. But it is still early to expand widely," Fu said.

CNPC invests US\$5.2b in Nanpu

May 17 (China Daily) -- China National Petroleum Corporation (CNPC), one of China's largest oil producers, will invest 40 billion yuan (US\$5.17 billion) in the newly-founded Nanpu Oilfield in the coming five years, says president Jiang Jiemin.

This is the first time CNPC announced an investment plan for the oilfield. Investors were worried the excessive investment in the block would affect CNPC's overall performance. But CNPC said this year's oil expenditure budget is 185.7 billion yuan, up from 148.7 billion yuan from 2006.

Earlier media reports said the newly found oilfield in Bohai Bay has a reserve of one billion

tons, or about 7.35 billion barrels, the largest discovery in the country in the past four decades. But latest explorations indicate Jidong Nanpu Oilfield in Bohai Bay may have more reserves than previously estimated, PetroChina President Jiang Jiemin said yesterday.

"The Jidong Nanpu Oilfield has huge and quality reserves of up to 5 million tons per square km. The 1-billion-ton reserve announced earlier is not the final figure. As our explorations deepen, we expect to discover more reserves," Jiang said.

According to CNPC's estimates, by 2012 the Nanpu Oilfield could produce 10 million tons of crude every year, with 7 million tons coming from offshore areas. After further tapping the Nanpu block.

The investment announcement may make Fidelity Investments regret its decision to sell its PetroChina shares, a subsidiary of CNPC, according to Beijing Times.

But Berkshire Hathaway, an investment company run by the American legendary stock investor Warren Buffett, rejected a proposal to sell its PetroChina shares.

Jiang also said CNPC will go public on China's A-share market, but did not announce when this would happen. He added that CNPC will not issue A-shares when the stock market is overheated.

The demand for fuel in China has increased with the rapid growth of its economy. Last year, the country consumed more than 320 million tons of crude, an year-on-year increase of 7.1 percent, according to the National Bureau of Statistics (NBS).

Last year, 145.18 million tons of crude - or 45 percent of the total crude consumption - was imported, Xinhua News Agency has said, quoting NBS figures.

General Administration of Customs (GAC) data show that China imported a record 14.82 million tons of crude in April, up 23 percent year-on-year. Crude imports rose 10.8 percent year-on-

year in the first four months of this year to reach 54.46 million tons.

In contrast, the country's crude exports from January to April fell 55 percent year-on-year to 1.07 million tons, according to customs figures.

Climate Change and Air Pollution

China targets big polluters

May 17 (Xinhua) -- Chinese rural enterprises -- big polluters in the country -- are finding ways of reducing energy consumption and greenhouse gas (GHG) emissions under a new project.

Funded by the Global Environment Facility (GEF), a technological transformation program is helping 100 rural enterprises save China 451,000 tons of coal and reduce carbon dioxide emissions by 1.13 million tons annually, vice minister of agriculture Wei Chaoan said Thursday.

Only eight firms signed up for the project in March 2001 when it was launched with a fund of 8 million U.S. dollars from GEF.

The project aims to help Chinese rural enterprises in the brick-making, cement, foundry and coking sectors reduce GHG emissions by improving their production methods.

Statistics show rural enterprises in the four sectors account for 16.7 percent of China's carbon dioxide emissions and use up 56 percent of the energy consumed by all Chinese rural firms.

China has 23 million rural enterprises, producing 30 percent of the country's gross domestic product (GDP) and providing 143 million unskilled farmers with job opportunities.

"These enterprises used to be bedeviled with environmental problems such as low energy efficiency, high consumption and heavy pollution", said Wang Xiwu, an official with the Project of Energy Efficiency and GHG Emissions Reduction for Chinese Rural Enterprises.

The 100 rural enterprises were chosen as "role models" to encourage more firms to take part in

the program, as well as to exhibit the government's resolution in reducing greenhouse gas.

According to Wei, an increasing number of rural enterprises have voluntarily signed mid- and long-term pledges with local governments, promising to reduce energy consumption and GHG emissions, said Bai Jinming, an official with the Ministry of Agriculture.

The government in turn have allowed them to enjoy preferential policies in tax payments, fund raising and technological research, said Bai.

As a developing country, China is not obligated to meet targets set by the Kyoto Protocol, under which 38 industrialized countries must reduce their GHG emissions by an average of 5.2 percent below 1990 levels, during the period 2008 to 2012.

But the Chinese government realized it must do its part to slow global warming as the country has become the world's second largest carbon dioxide emitter and is likely to overtake the United States in the near future.

Carbon dioxide is produced by burning coal, oil and gas for heat, power and transportation and scientists believe it is a major contributor to global warming.

Chinese Premier Wen Jiabao said earlier this year "the current macro-control policy must focus on energy conservation and emission reduction in order to develop the economy while protecting the environment".

The challenge of reducing energy consumption and GHG emissions has proved arduous as China's economy grew 11.1 percent in the first quarter but power consumption surged 14.9 percent, suggesting there had been no major changes in the country's overall emissions trend.

China has set a target of reducing energy consumption for every 10,000 yuan (1,298 U.S. dollars) of GDP by 20 percent by 2010, while pollutant discharge should drop by 10 percent.

But energy consumption fell only 1.23 percent last year, well short of the annual goal of four percent.

The Chinese government has vowed to advance reforms in the pricing of natural gas, water and other resources, raise the tax levied on the discharge of pollutants, establish a "polluter pays" system and severely punish those who violate environmental protection laws.

"Without an efficient method of economic growth, China's natural resources and the environment will not be able to sustain its economic development", said Wen.

"We have no choice but to develop in an economical, clean and safe way", he said.

Changing definition of corporate leadership

May 29 (China Daily) -- The 32nd China Daily CEO Roundtable was held on May 23 in Beijing. Its theme was climate change and China's sustainable development. More than 50 government and company officials from home and abroad joined the discussion.

Climate change is redefining industrial leadership as one that involves energy efficiency and environmental friendliness.

This is the consensus reached by nearly 70 company executives, industry observers and government officials who gathered last Wednesday at the 32nd China Daily CEO Roundtable to discuss how businesses in China can engage in climate change issues.

They concluded that foreign-funded companies in the country can play a very positive role in contributing to China's efforts to mitigate global warming.

In China, industry consumes 70 percent of the total energy, according to Richard Hausmann, president and CEO of Siemens China and co-chairman of the roundtable.

As many domestic companies are still unaware of the dangers of climate change, an increasing number of foreign-funded enterprises, particularly European companies, are exhibiting great enthusiasm to transform themselves into low-carbon businesses.

Hausmann told roundtable participants that the German company is adjusting its own business portfolio to fight climate change. "It has always been ignored that motors for fans, pumps and compressors are actually responsible for 65 to 70 percent of industrial energy usage."

So the company has adopted motor compacts to reduce energy consumption by 45 percent and uses LEDs (light emitting diodes) to save 80 percent more electricity compared with average light bulbs.

Siemens also provides energy-efficient turbines for power plants in China, helping them reduce carbon dioxide emissions each year.

US-based Alcoa is also a leading enterprise fighting climate change. Ren Bingyan, vice-president of Alcoa Asia-Pacific, said the aluminum producer invests \$100 million a year in low-carbon technology innovation.

"We find aluminum recycling is the most efficient way to save energy, so is aluminum application," Ren said. He added that 1 kg of aluminum application in automobiles can reduce carbon dioxide emissions by 20 kg.

Lauding the performance of companies in their fight against climate change, Pieter de Haan, senior vice-president and general manager of Philips Lighting East Asia, offered a wider perspective.

He said a partnership between European Union and China "on the level of industry" can help both achieve effective reduction of greenhouse gases.

His suggestion was supported by Michael Pulch, deputy head of European Union Delegation of the European Commission and the honorary

chair of the roundtable, who welcomed the idea of an industry platform and cooperation.

"EU will continue to lead global actions to fight climate change and will work closely with both developed and developing countries as well as energy consumer and producer countries," Pulch said.

He said the EU is sending a clear signal to the private sector that it is serious about moving toward a low-carbon economy. "EU and China can work together to do it (lower carbon emissions)."

Gerard Deleens and his Green Journey Beijing-Paris is a case in point. Deleens, general manager of Green Journey Beijing-Paris, said the company is preparing an event in 2008, using a new vehicle between Beijing and Paris.

"I think we need to improve the use of new-tech vehicles," Deleens said. "We are speaking with different automakers. We would like to show that this vehicle can also be used outside city."

Christoph Stark, president and CEO of BMW Group Region China, admits the auto industry has a long way to go in realizing emission-free goals.

In addition to calling for governments to enforce stricter emission standards, Stark encouraged companies to cooperate with governments in alternative energy research and development.

China has set an official usage target of 15 percent for renewable energy by 2020, with a \$200 million R&D budget, loan assistance and subsidies as incentives, according to International Energy Agency. That implies great opportunities for the private sector, both at home and abroad.

Global warming 'golden opportunity'

May 21 (China Daily) -- China and the UK have a golden opportunity to embrace and benefit from the challenges posed by global warming,

British Foreign Secretary Margaret Beckett said over the weekend.

Beckett was in town as part of a whirlwind three-city tour, itself part of a wider Asian tour, to talk about the future of the world's environment and spearhead the first stage of a new era of closer economic, political and technological cooperation between the two countries, to help preserve that environment.

"China and Britain are two of the world's leading economies and we believe that both countries can continue to grow without destroying the resources required for future growth," Beckett said.

"We see a strategy partnership between the UK and China and Chinese cities, Guangzhou especially, as the way to tackle the many issues we face, and by working together we can make the most of the opportunities of the future.

"We don't believe we need to penalize ourselves while tackling the issues of climate change. Effective solutions will help save money as well as make money.

"That is why accompanying me on this trip is a delegation of business leaders from the financial and technology sectors - the types of companies that are an important part of the fight and with whom Chinese companies can form close relationships.

"The economic record of Guangdong Province is outstanding and has gone from strength to strength and we believe Guangdong companies and UK companies can form close partnerships where addressing climate change is a major goal," she said.

Since the release last year of a review of the impact of climate change on the global economy by UK's leading economist, Sir Nicholas Stern, pressure has been building on the world's leading economies to take action, especially the US, and also those experiencing rapid growth, namely China and India.

For its part, the UK will pursue policies that will move it toward becoming a low-carbon economy, Beckett said.

"Two early tools that we can adopt, and that we believe a city with a strong economy like Guangzhou has potential in following, are greater energy efficiency and diversifying sources of energy."

On a wider front, new foreign policies will need to reflect the importance of dealing now with future problems that will threaten countries around the world, she said.

"At the heart of every country's foreign policy is the security and peaceful occupation of its homeland. Access to water, the need for food supplies and land have always been a source of conflict throughout history, and if nothing is done, we can see that global warming will be the source of such conflicts in the future," the foreign secretary said.

Anti-warming roadmap unveiled

May 5 (China Daily) -- BANGKOK, Thailand: Delegates approved the world's first roadmap for stemming mounting greenhouse gas emissions on Friday, laying out an arsenal of anti-warming measures that must be rushed into place to avert a disastrous spike in global temperatures.

The report, a summary of a more than 1,000-page study by a UN network of 2,000 scientists, showed the world has to make significant cuts in gas emissions through increasing the energy efficiency of buildings and vehicles, shifting from fossil to renewable fuels and reforming both the forestry and farming sectors.

The document made clear that the world has the technology and money to decisively act in time to avoid a sharp rise in temperatures that scientists say would wipe out species, raise ocean levels, wreak economic havoc and trigger droughts in some places and flooding in others.

Under the most stringent scenario, the report said the world must stabilize the amount of greenhouse gases in the atmosphere at 445 parts per million by 2015 to keep global temperatures from rising more than 2 C over preindustrial levels.

Delegates said the approval of the report should conclusively debunk arguments by skeptics that combating global warming was too costly, that it would stifle development in the world's poorer

countries or that the temperature rise had gone too far for humankind to do anything about.

"If we continue doing what we are doing now, we are in deep trouble," cautioned Ogunlade Davidson, the co-chair of the group responsible for finalizing the report this week in Bangkok.

Delegates hailed the policy statement as a key advance toward battling global warming and setting the stage for an even stronger international agreement to replace the 1997 Kyoto Protocol on greenhouse emissions when it expires in 2012.

"It's stunning in its brilliance and relevance," Rajendra Pachauri, chair of the group responsible for the report, the Intergovernmental Panel on Climate Change, said of the study.

The United States was pleased the report "highlights the importance of a portfolio of clean energy technologies consistent with our approach," the head of the US delegation, Harlan Watson, said.

China said rich countries must not keep clean energy technologies to themselves.

"It is something the developing countries have been asking for many years, but up till now it has not happened," Zhou Dadi, director of China's Energy Research Institute and a co-author of the report, said.

For many delegates, the strongest message was that reaching the lowest targets could be achieved by 2030 for less than 3 percent of the global gross domestic product.

Global economic growth has averaged almost 3 percent every year since 2000.

China, US urged to team up on GHGs

May 18 (China Daily) -- US environmentalists have called on China and the United States, the world's top emitters of greenhouse gases (GHGs), to work together on mitigating climate change.

During her recent visit to China, Frances Beinecke, president of the Natural Resources Defense Council (NRDC), a US environmental non-governmental organization, said China's efforts to meet energy-saving targets not only

helped the country improve its environment, but also demonstrated its willingness to work with other countries to solve a global problem.

China is striving to cut its energy consumption per unit of gross domestic product by 20 percent and its pollution emissions by 10 percent during the five-year period from 2006 to 2010. Meanwhile, the country is also trying to increase its use of renewable energy by 10 percent during the period.

"The Chinese government completed and released the National Climate Change Assessment Report at the end of last year," she said. "And the country is said to be preparing to make public its national action plan to combat global warming. The moves are really impressive."

She said the United States, the world's top emitter of carbon dioxide (CO₂), one of the major GHGs causing climate change, had a responsibility to deal with rising temperatures. Though the Bush government withdrew the United States from the Kyoto Protocol, the key international agreement on curbing GHGs, American NGOs have led a sustained effort to cut emissions.

She said that although China's per-capita carbon emissions are lower than the global average, the International Energy Agency estimates that China will overtake the United States in terms of carbon emissions by 2009.

Faced with such a situation, both China and the United States must accept their responsibility to protect the Earth. Close cooperation between the two countries in this area is key, she said.

Beinecke said helping China improve energy efficiency and develop clean energy are the NRDC's top priorities in the next decade.

The organization has carried out clean energy projects in China for years, said Barbara Finamore, director of the China Program. Constructing green buildings, developing clean power and promoting sustainable transportation are some of the group's projects.

US rejects EU emission reductions

May 30 (AP) -- The United States rejects the European Union's all-encompassing target on reduction of carbon emissions, President Bush's environmental adviser said Tuesday.

James Connaughton, chairman of the White House Council on Environmental Quality, said the United States is not against setting goals but prefers to focus them on specific sectors, such as reducing dependence on gasoline and cleaner coal. "The US has different sets of targets," he said.

Germany, which holds the European Union and Group of 8 presidencies, is proposing a so-called "two-degree" target, whereby global temperatures would be allowed to increase no more than 2 degrees Celsius - the equivalent of 3.6 degrees Fahrenheit - before being brought back down. Practically, experts have said that means a global reduction in emissions of 50 percent below 1990 levels by 2050.

Connaughton, who is on a one-week bipartisan trip to Europe with members of the House of Representatives, said the US favors "setting targets in the context of national circumstances."

But despite the disagreements, Connaughton said the G-8 meeting, which brings together the leaders of Germany, the US, Russia, Britain, France, Italy, Canada and Japan, could still result in a productive conclusion.

"Let the G-8 process run its course," he said. "Give the leaders a chance."

House Speaker Nancy Pelosi, who opposes Bush on climate policy, urged international cooperation in tackling climate change.

Pelosi, on a separate trip to Berlin, hailed Chancellor Angela Merkel's "extraordinary leadership" in fighting climate change and agreed "that these solutions must be multilateral."

"We are trying to preserve the planet, which many in our country, including I, believe is God's creation, and we have a responsibility to preserve it," Pelosi said, speaking alongside the German leader after a meeting at the chancellery.

The California Democrat said faith-based organizations could play a role in battling climate change. The United States needed "the spirit of science to show us the way and faith-based organizations to help mobilize to preserve the planet," Pelosi said.

Merkel, who will host the summit of leaders from the G-8 in Heiligendamm, was diplomatic as she met with Pelosi and her bipartisan congressional delegation. The German leader said she was delighted there was "a bipartisan movement in the US Congress that pays great importance to the issue of energy."

Environment Minister Sigmar Gabriel has been more blunt, voicing regret after he met Pelosi on Monday at the difficulty of achieving "concrete results" with the Bush administration.

"I think that what we could achieve is at least a mandate for negotiations - a clear mandate - for the climate conference" later this year in Bali, Indonesia, which is set to consider future action against global warming, Gabriel told ARD television.

"The United States is rejecting that as well, so far," he said, but "if we could achieve that, then I think Heiligendamm would have achieved a breakthrough."

The US refused to ratify the 1997 Kyoto Protocol limiting emissions because developing countries were not included.

Pelosi has disagreed with that decision on Kyoto, but has said she wants to work with the Bush administration rather than provoke it. On the way to Europe, her delegation stopped in Greenland and saw the effects of global warming firsthand, she said.

Wen calls for reduction in pollution

May 8 (Xinhua) -- Chinese Premier Wen Jiabao has urged more curbs on industries that consume more energy and release more pollutants in a bid to ensure a healthy and fast economic growth.

Wen said that the economy could hardly be sustainable if China failed to adjust the

economic structure, transform the (extensive) growth mode, and reduce energy consumption.

"We are left with no choice but to develop in an economical, clean and safe way," the premier said in a speech addressed to the national working teleconference on energy saving and pollutants reduction late April.

A copy of the full speech was made available to Xinhua Monday.

Wen noted the nation will tighten land use and credit supply and set stricter market access and environmental standards for new projects amid efforts to rein in the rapid expansion of energy-gorging industries including power, steel, oil refinery, chemicals, construction materials, and metals.

The premier said the six sectors that consume 70 percent of energy for industry and release the same percentage of sulfur dioxide grew 20.6 percent in the first quarter, 6.6 percentage points higher than the same period last year.

"We will continue to curb the energy-guzzlers by further adjusting exports rebates, levying more exports tariff, and reducing exports quotas," he said.

Wen said China will cancel preferential policies on the industries like lower tax, electricity and land costs.

"Outmoded production facilities must be eliminated at a faster pace and how this policy is implemented by local governments and companies will be open to the public and subject to social supervision," he said.

Wen added that China will push forward reforms in the pricing of natural gas, water and other resources, raise the tax levied on pollutant discharge, establish a "polluter pays" system and severely punish those who violate the environmental protection laws.

"The ten nationwide energy saving programs, such as developing oil alternatives, upgrading coal-fired boilers and saving energy indoors, will save China 240 million tons of coal equivalent during the 2006-10 period, including 50 million tons this year," he said.

He said the government will also introduce more incentives to encourage companies to use more energy efficient production facilities and techniques.

"This year is crucial for China in its efforts to meet the energy saving and pollutants emission reduction target set for the 2006-10 period," said Wen.

The Chinese government has set a goal of reducing energy consumption per unit of gross domestic product by 20 percent by 2010, while pollutant discharge should drop by 10 percent.

Energy consumption, however, fell only 1.23 percent last year, well short of the annual goal of four percent.

Wen also said to meet the target is an urgent demand of global climate change and the coal-dependant China should bear the responsibility to reduce pollutant emission.