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General Energy Issues

Improve energy efficiency

June 15 (china daily) - The National Development and Reform Commission (NDRC) is reportedly planning to make energy consumption a compulsory index for local officials' career assessment.

Officials' performance in meeting pollutant emission and farmland conservation criteria will also be taken into account by the assessment.

The new policy means local officials will not be promoted if their area uses excessive amounts of energy to achieve economic growth, no matter how well they perform in other respects.

This may prove to be the most effective method to rein in runaway energy consumption as the country's gross domestic product growth soars.

Local officials used to care little about the environmental consequences of their local economic development plans. This did not matter at the time. All that was important was the GDP growth they managed to notch up, as this was the most important factor in deciding their future career prospects.

For that reason, it is often a matter of political will, not technology or expertise, to adhere to the cause of energy saving. Once governments are forced to care more about the efficiency of GDP growth in terms of energy consumption, they will become as capable of saving energy as maximizing GDP figures.

The country's 11th Five-Year Plan (2006-10) calls for overall consumption of energy for per unit of GDP to be cut by 20 per cent in five years.

The new move by the NDRC is part of the national drive to implement that requirement.

Local authorities have realized the importance of taking applicable measures to force down energy consumption, which would greatly menace China's sustainable economic development if the current trends go unchecked.

The country can only meet its energy saving targets when local governments take the national energy consumption goal seriously.

The authorities in Guangdong have said they will publish figures for energy and power consumption per unit of GDP every six months to enhance officials' awareness of this issue.

In Beijing, energy consumption per unit of GDP was reduced last year by 3.9 per cent compared to 2004. In the first quarter this year, Beijing further reduced the index by 8.5 per cent year-on-year.

It is notable that both are prosperous regions with ever-expanding GDP growth, which indicates they have made successful efforts in improving the efficiency of energy use.

More parts of the country, especially western China, where energy efficiency is much lower, must follow suit to help achieve the national energy-saving goal.

Effective measures should be adopted for energy security

June 13 (Xinhua) - Energy supply uncertainties can be effectively addressed with a comprehensive national energy policy that stresses energy efficiency, renewable energy and a more market oriented oil and gas sector, according to a report released by the Development Research Center of the State Council.

China should more aggressively promote energy efficiency and commercialization of its national oil and gas companies by opening the sector to international oil companies. This will attract investment and needed new technologies, said the report.

The country should clarify the security-enhancing roles of both international and national companies. This could lead to the creation of a market-oriented, multi-source, robust national energy economy that would provide an important basis for security of supply, the report said.

The "right mix" of a specific security of supply measures should be selected according to

China's needs from a suite of measures that includes: maintaining spare domestic production capability; protection of its import oil transport channels; accumulated reserves; allocation and possibly rationing systems to share scarce supplies equitably; and close international cooperation with trading partners for whom secure oil supplies are essential for their economic well being and with energy exporters who have a similar interest in secure markets, the report stressed.

Recognizing the country's interdependence in the global energy sector and incorporating security of supply into the country's long term strategy could be the first steps on the road towards a stable energy supply, which is one of the pillars of sustainable development for the sector and the overall economy during the coming decades, the report said.

Energy consumption soars during heat wave

June 27 (China Daily) -As temperatures hit their highest level so far this year government departments have been urged to save energy.

The temperature rose to 36 C in the southern metropolis yesterday, with electricity consumption also closing on record levels as more and more people turned their air conditioning up.

The electric grid has been operating at full capacity in Guangzhou, according to an official from the Guangzhou Economic Commission.

And yesterday, the electric charge reached 7.2 million kilowatts, challenging the city's highest ever charge of 7.28 million kilowatts, said the official, who refused to be named.

Government departments, companies and other organizations have been told to save electricity, while some factories were urged to stop production during peak hours, the official said.

Many cities in the Pearl River Delta have also witnessed a sharp growth in electricity consumption over the past week.

Guangdong Observatory has been issuing warnings about the weather since last Thursday,

with local residents and tourists urged to take measures to protect themselves from the heat.

But despite the warnings the number of people admitted to Guangzhou's hospitals with heat-related ailments has increased by more than 30 per cent in the past week.

According to a doctor from Guangzhou No 1 People's Hospital, the number of both outpatient and emergency cases has increased sharply. Other major hospitals in Guangzhou have seen similar rises.

Most patients suffer from fever, sunstroke or related acute diseases.

The heat wave has been passing over Guangdong Province since the middle of last week, with temperatures in more than 40 cities and counties in the province hitting 35 C over the past four days, according to the Guangdong Observatory.

Observatory official Huang Zhong said the scorching temperatures would last until Thursday, when heavy rain is expected.

The drought in the western part of Guangdong has become even more severe because of the hot weather, said sources from the Guangdong Provincial Bureau of Water Conservancy.

The heat wave, however, has spurred the sales of air-conditioners and electric fans across Guangzhou.

And business is also booming at karaoke bars, cinemas and shopping centres with air-conditioning.

The steamy weather is also influencing fashion, with lower collars and backless clothing becoming popular in the southern metropolis.

Shenhua joins Sasol to boost coal-to-liquids in China

June 24 (xinhua) China's top coal producer Shenhua Group has joined hands with Sasol to set up two coal-to-liquids (CTL) plants in Northwest China, Shanghai Securities News reported Saturday.

Sasol, based in South Africa, is the world leader in producing fuel from coal. The multinational has produced more than 1.5 billion barrels of oil equivalent fuel in South Africa.

The two firms signed two agreements Thursday. One was to proceed the feasibility studies of an 80,000 barrels per day potential CTL project in Shaanxi Province. The other similar one is for a 80,000 barrels per day CTL project in the Ningxia Hui Autonomous Region.

The initial pre-feasibility studies of the two projects have confirmed that all key drivers are in place for establishing a viable CTL business in China using Sasol's unique Fischer-Tropsch technology, said the Xinhua newspaper.

Each plant is expected to cost more than 5 billion U.S. dollars. They could be brought into operation in 2012 if these CTL projects go ahead, the newspaper quoted Sasol Chief Executive Davies as saying.

Coal accounts for more than 84 percent of China's energy reserve. Experts said boosting CTL projects in China is the most practical way for the country to achieve self-support in oil supply.

Energy sector powers ahead in earnings

June 26 (Shanghai Daily) - China's energy producing sector like oil and gas exploitation and power generation enjoyed the best performance in 2005 among 100 major industrial sectors of the nation.

The National Bureau of Statistics released figures on the 2005 performance of the top 10 firms in 100 major industrial sectors on Friday.

According to the figures, the profits gained by China's top 10 oil and gas firms totaled 241 billion yuan (US\$30 billion) in 2005, consolidating the sector's leading position in profit volume.

Other sectors with their top 10 making profits of more than 20 billion yuan include steel processing, power generating and supply, tobacco manufacturing, communication equipment making and vehicle production.

The power generating sector leads others in profit per capita, 960,000 yuan on average in 2005, followed by the oil and gas exploitation sector with 876,000 yuan. Per-capita profit of the tobacco making sector reached 670,000 yuan, dropping from first place in 2004 to third in 2005.

Energy price increase is good news for China

June 13 (China Daily) - China's recent wave of domestic energy price increases is very positive both for the nation's economy and for relations with the major net oil-importing industrial economies. The latest, a 10 per cent retail price increase three weeks ago for refined oil products, was the seventh since 2005, and came just three weeks after I predicted such a rise in an article in China Daily.

The domestic price increases make China consume less energy than it would without the price increases. In addition, they pay for alternative forms of energy, both renewable and environmentally friendly, and they make China's economy efficient and stronger by prompting it to produce the same output from less energy, and by enabling Chinese energy companies and investors to earn a profit that gets efficiently reinvested in the economy. They also increase China's national security by making China less dependent on imported oil than it would be without the price increases.

Bringing oil prices inside China closer to the global market price aligns Chinese strategic economic interests closer to those of major net oil-importing industrial economies and distances them from net oil-exporting economies such as Russia, where economic reform risks being postponed amid the euphoria of high oil-and-gas export prices to Europe.

The most effective and fastest solution to high world oil prices is high world oil prices. Following the two oil shocks of the 1970s, the world developed and adopted less-energy-intensive technologies and developed and used cheaper substitutes for expensive forms of energy. The result was a permanent loss of customers for oil producers and a 30-year decline in energy's percentage of GDP that is continuing today.

The most effective way to "globalize" China's domestic energy prices is to "marketize" them by finishing the job, started by China at the end of 2002, of bringing the market economy to the energy sector. The strategic national-defence-related aspects of energy and food do not exempt these two sectors of the economy from the efficiency benefits of market competition and capital allocation determined by the objective laws of supply-and-demand driven pricing.

Will high oil prices cause China's economic growth to slow? No, although it is government policy to slow growth slightly to avoid overheating and inflation. Not unless the high oil prices are inflationary, in other words, not unless they increase too fast the demand for money whose supply is controlled by the central bank and is reflected in how low interest rates are. But China is capable of further massive improvements in efficiency (think of the huge potential for eventual large-scale industrial farming) that can more than make up for the impact of any price increase on inflation.

Price increases can indicate excess demand that can be met by increased productivity (the supply of goods) on the one hand, or by increased money supply or higher interest rates on the other. The more price increases (demand for a good) are met by increased productivity (supply of a good), the less impact the price increase has on money demand reflected in higher interest rates or increased money supply (possible inflation in terms of an excessive money-supply growth rate). Accordingly, companies have two ways to face cost increases raise prices to customers (and risk inflation) or increase efficiency and productivity.

The more companies can pass through cost increases by raising prices, the greater the risk of inflation. The more companies can offset cost increases by increasing the amount of output per unit of higher-cost input, the less likely inflation is. The United States has avoided the inflationary impact of energy price increases because consumers have been able to resist price increases thanks to the huge productivity gains of the Internet economy and price competition unleashed by deregulation.

China has huge still-untapped productivity improvement potential far more basic than the benefits of the Internet economy. These should enable China to experience non-inflationary

domestic price increases, while rising income from the growing economy enables consumers to pay higher prices and still consume and save more.

China needs to allow non-inflationary domestic price increases in order to avoid an appreciation of the RMB, which would slow China's economy. Domestic price increases depreciate the RMB. They neutralize current upward pressure on the RMB's exchange value. Upward pressure on the RMB's exchange value makes its purchasing power stronger than other currencies' due to the comparatively low prices for goods in China. To maintain the policy of a fixed RMB exchange rate, prices inside China must be allowed to increase in a non-inflationary way to achieve "purchasing power parity" with other currencies.

If instead, the RMB appreciates because prices inside China have not been allowed to increase, three economic shocks will occur that will slow China's economy and harm innocent sectors of the economy not directly driven by those prices: (1) China's exports drop dramatically (especially where the profit margins are as slim as 3 per cent); (2) the cost of imported foreign capital equipment used to increase productivity increases dramatically; and (3) China experiences huge financial loss on the massive capital investment abroad that it has made to finance foreign demand for its exports.

By allowing domestic energy prices to rise closer to the global market level, China is moving in the correct direction (towards "marketization" of energy) and deserves support and recognition for its enlightened and informed policy-making.

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

New fund to boost energy research

June 21 (Shanghai Daily) - China has set up a fund to finance the development of hydro, wind, solar and other environmentally friendly power sources as part of a plan to boost renewable energy to 16 percent of the country's total electricity supply by 2020.

The fund will be used for research and development and equipment purchases, the Ministry of Finance said yesterday.

The budget for the project, which also includes biomass, ocean wave and geothermal energy, was not disclosed. But the ministry did say funds would be distributed through direct subsidies and loan interest allowances.

China is seeking to develop more alternative fuels such as ethanol-gasoline blends and coal-to-liquid products to meet rising energy consumption propelled by a rapidly expanding economy.

"To quench the energy thirst, China has only two ways out: conservation and alternative fuels," said Shu Zhaoxia, a senior engineer at the economics and development research institute under Sinopec, Asia's top oil refiner.

Pollution is a major problem as coal now supplies nearly 70 percent of China's energy.

The latest move in the nation's effort to raise the contribution from renewable energy sources by 15 percentage points by 2020 is a wind-power agreement that was signed this month between the Chinese and Danish governments.

Under the deal, Denmark will provide China with wind generating technology and expertise worth 45 million kroner (US\$7.58 million) over the next three years.

Wind power accounts for more than 20 percent of Denmark's total electricity generation.

Among its other tactics to reduce the use of coal, the Chinese government earlier this year unveiled electricity pricing rules that encourage the development of other energy sources.

As an economic incentive, power producers using renewable energy are allowed to charge grid operators more than their coal-fired counterparts.

Wind power firm in line for IPO

June 21 (China Daily) - China's second-biggest maker of wind-power generators, Zhejiang Windey Wind Generating Engineering Co Ltd, is

in talks with investors to raise 200 million yuan (US\$25 million) in an initial public offering (IPO) in the next two years.

"We are talking with several potential investors such as Citibank and Shanghai-based Lianchuang Investment Management Co for a public float in either the domestic or overseas market," a senior executive with Zhejiang Windey told China Daily yesterday.

"We expect to increase our capital from the current 100 million yuan (US\$12.5 million) to 300 million yuan (US\$37.5 million) through the listing," added the official, who declined to be identified.

The company expects to come up with a detailed plan elaborating on the proposed IPO in a couple of months, he added.

Meanwhile, the firm's competitor, China's biggest homegrown manufacturer of wind power equipment, Goldwind Science and Technology Co Ltd, is also talking with Morgan Stanley, Goldman Sachs, Deutsche Bank and Citigroup, hoping to get them on board as financial advisers ahead of a US listing, Reuters cited its Chairman Wu Gang as saying yesterday.

Goldwind expects to chalk up 1.2 billion yuan (US\$150 million) in revenue this year after more than 500 million yuan (US\$62.5 million) in 2005, the report said.

The Windey official yesterday disclosed that the Zhejiang-based company aims to sell 100 sets of 750-kilowatt wind-power generators and realize sales of 300 million yuan (US\$37.5 million) next year.

China Energy Conservation Investment Corp, the nation's flagship State-owned company for renewable energy development, yesterday took a 47.5 per cent stake in Zhejiang Windey.

The Beijing-based new energy company paid over 40 million yuan (US\$5 million) to Zhejiang Machinery and Electrical Group in East China, which completely owned Windey before the transaction.

After the acquisition, Zhejiang Machinery's shares in Windey were reduced to 47.5 per cent, with the remaining 5 per cent equally split between senior management and technical

engineers, said Wang Yi, a senior official from China Energy Conservation.

China to revise energy conservation law

June 13 (Xinhua) - China's legislature is studying how to revise the country's energy conservation law to meet the goals of both economic development and energy conservation, a senior Chinese legislator said Monday.

Li Tieying, vice-chairman of the National People's Congress (NPC) Standing Committee, said that the current energy conservation law no longer meets the country's development needs.

Li said that changing the focus of economic development from energy and resources consumption to energy saving will have a profound effect on relations between people, society and nature.

The NPC Standing Committee enacted the Energy Conservation Law of China in November 1997. It governs the administration of energy, the proper use of energy resources, promotion of energy-saving technology and protection of the environment.

Research into the effectiveness and enforcement of the law is being conducted by the NPC Standing Committee, he said.

The NPC Standing Committee also wants to revise the Energy Conservation Law to secure a strong legal framework for building an energy-saving society, he said.

Li called for the law and policies to encourage economic growth and energy conservation, noting that economic development that features high energy consumption which results in serious pollution and waste is not sustainable.

Li made the remarks at a seminar on energy conservation and legislation.

Li noted that development can not only be concerned with the growth of the GDP, it must also be in harmony with nature.

Automobile and Transportation

China to cut tariff on cars, auto parts

June 15 (Xinhua) - China, in a move to meet its WTO commitment, will further cut import taxes on some cars and auto parts as of July 1, the Ministry of Finance announced Thursday.

With the approval of the Chinese government, the Customs Tariff Commission of the State Council, has decided to lower the tariffs on cars, SUVs (sports utility vehicles or cross-country vehicles), and mini-buses from 28 percent to 25 percent, said the ministry.

Meanwhile, the import taxes on auto parts, such as auto bodies, underpans, medium and low emission gasoline engines, will be reduced to 10 percent from a range between 13.8 percent and 16.4 percent.

The move was made to comply with the country's commitments on tariff reduction upon its entry into the World Trade Organization (WTO) in 2001.

The latest tariff cuts came only six months after China slashed import tariffs on more than 100 categories of products beginning January 1, 2006, involving vegetable oil, raw chemical materials, automobiles and parts.

The import tariff rate for sedans, mini-buses and cross-country vehicles was lowered from 30 percent to 28 percent since January 1, while that for auto parts such as gear boxes, absorbers, radiators, clutches and steering gears was cut from 13.5 percent to 10 percent.

Up to now, China has fully complied with its automobile-related tariff cut commitments upon its WTO accession, said the ministry in a statement.

The European Union (EU) and the United States have filed request to China for talks with China on auto parts tariffs under the WTO trade dispute settlement mechanism.

The EU complained that some of China's rules on car import tariffs are not in accordance with WTO rules, putting their car manufacturers at a disadvantage compared to local producers.

China announced in early April it has accepted a request from both the European Union and the United States for talks with China on auto parts tariffs under the WTO trade dispute settlement mechanism.

In responses to the request, Cong Quan, spokesman for the Chinese Ministry of Commerce, expressed regret on the EU's plan to file a WTO complaint against China's rules over imports of auto parts.

China said its taxes are aimed at curbing tax evasion by some foreign auto manufactures, saying that some of them disassemble their cars before importing and then reassemble them in the country thereby avoiding customs payments on importing whole cars.

China to raise threshold for automobile exports

June 27 (Xinhua) - China will restrict the access of domestic companies to the automobile export business next year to curb the present industrial infighting, a commerce official said on Monday.

Zhang Ji, deputy director-general of the Electromechanical and Science and Technology Department of the Ministry of Commerce told the China Automotive News that to acquire export licenses, companies must have a large enough automobile export volume, which means not every company is allowed into the business.

He said that a strategic alliance would probably be established by August between the China Ocean Shipping Corporation, the China Export and Credit Insurance Corporation and the country's major automobile exporters.

The move was said to facilitate the communication among domestic exporters and to curb vicious competition through price cuts.

Director Zhang Xiaoyu of the Society of Automotive Engineers of China said that "the bottom-line" of automobile exports was not to lose money.

"We have learnt lessons from past price wars on the export of automobile parts and motorcycles.

We need to do a better job in exporting passenger cars and business sedans," Zhang said.

Although China's automobile output takes up 10 percent of the world's total, its export volume represents less than one percent as official statistics have revealed.

China embraces small, efficient cars

June 9 (Reuters) - Small cars were banned from Beijing's main roads less than a decade ago, as authorities worried that cheap, spluttering vehicles would clog lanes they hoped to fill with sleek modern autos.

Today, pollution, traffic jams and a growing dependence on imported oil have forced a radical rethink that has made China a pioneer of some of the world's tightest fuel efficiency standards and stricter emissions limits.

Forward-thinking policy-makers are steering the country onto a very different road than top guzzler America, where low taxes and static standards coddle a motoring populace addicted to long trips and inefficient SUVs.

Beijing's measures may not help it cope with oil demand expected to expand at 5 percent or more over the next five years, twice the US rate, but could prevent a big-car culture from fuelling even faster growth in the decades to follow.

China burns about as much gasoline as Japan but has 10 times more people, and transportation is expected to account for over 60 percent of oil use by 2020 versus around 30 percent now.

"The government recognises that energy resources going forward are a problem... This is part of a far broader and more pervasive policy of addressing fuel and energy efficiency," said Clive Saunderson, automotive partner at Ernst & Young in Beijing.

"Beijing is keen to improve fuel efficiency, but it's also trying to work out how it actually does this without causing harm to what is a very important nascent industry in China," he added, referring to its rapid rise as a car manufacturer.

China's growing middle class now demands cleaner air and roads that work in addition to job prospects, while authorities are working hard to balance growth with pollution and a growing appetite for imported crude, much of it from politically unstable areas and at near record costs.

With that in mind, Beijing is encouraging the manufacture of small-engine cars, has imposed taxes on gas-guzzling autos and is experimenting with biofuels, hydrogen-powered and hybrid cars.

But with car sales up over 50 percent this year -- aiding manufacturers such as Hong Kong-listed Dongfeng Motor Group Co. Ltd. and Shanghai Auto, a major partner of both Volkswagen AG and General Motors Corp. -- smaller engines are more likely to trim growth in fuel consumption than halt it.

Already the world's third-largest vehicle market, China had some 24 million cars on the road by the end of 2005, but if car use approaches US levels, by 2031 this could rise to over 1 billion vehicles nationwide, said environmentalist Lester Brown.

India, where only eight in 1,000 people own a car, have undertaken similar measures, cutting excise taxes on small cars by 8 percentage points in its budget for this year.

What Price Efficiency?

Authorities worried at public discontent seem to have balked at taking the final step in curtailing a culture of ostentatious consumption -- raising state-set price caps that keep fuel costs below most Western levels and drivers behind their wheels.

"As people get better off they are worrying more about quality of life. They do get used to cheap energy though, as you see in Russia and the United States," said Rob Watson of the US-based Natural Resource Defence Council.

Diesel and gasoline prices are currently set by the government, which has held them below global rates.

Those concerns remain despite more aggressive but successful moves by others in Asia such as Indonesia, which cut consumption

by 20 percent after nearly doubling fuel prices last October, but only faced muted popular protest.

Gasoline in the Chinese capital costs about US\$2.40 a gallon, around 50 cents less than the average retail price in the United States last week but half the price in much of Europe.

The handful of increases from the start of 2005 -- totalling around 33 percent, while crude oil climbed around 60 percent over the same period -- have yet to make a dent.

China's implied demand for gasoline rose 10.2 percent in the first four months of this year to 1.2 million bpd, while diesel consumption climbed 7.0 percent to 2.3 million bpd, data showed.

And officials have shied away from fuel consumption tax, which has encouraged economy in much of Europe.

Tighter Standards

But a new round of taxes on the most polluting cars, which rise to 20 percent for engines above 4.0 litres and cover sports utility vehicles (SUVs), is shaping consumers' choices.

Low-emission cars accounted for half of the 10 best-selling models in the first five months of the year, the Xinhua news agency reported earlier this month.

And as part of an ambitious drive to bring car and housing efficiency standards to leading international levels by 2010, another round of fuel economy standards will come into force in two years, after a first phase was introduced last year.

"Almost all vehicles being made and built in China could meet the phase 1 standards... but almost no vehicles being made could meet the phase 2 standards. These are pretty severe, among the toughest in the world," said Tim Dunne, managing director at Beijing-based Automotive Resources Asia Ltd.

In comparison, the US has not raised car efficiency standards for 16 years, although in March it announced plans for a modest rise in SUV fuel economy, to come into force by 2011.

China is stricter than the United States and

Japan on economy standards for heavier vehicles and SUVs, but softer on lighter end vehicles, research by Wu Wei and Jin Yuefu of the China Automobile Technology and Research Centre shows.

Hydrogen-powered buses debut in China

June 21 (xinhua) Three hydrogen-powered buses appeared in streets of Beijing on Tuesday, bringing emission-free public transport to China for the first time.

"This marks the first public operation of fuel-cell buses in Beijing, it is the first ever in China, and one of the first in a developing country," said Renaud Meyer, Deputy Resident Representative of the United Nations Development Program in China. "The hydrogen refueling station will be fully operational this summer."

The buses will run 18.2 kilometers from the North Gate of the Summer Palace to the university district at Wudaokou.

Thirty-three fuel-cell buses have been released onto the streets in eight European countries including Britain, Germany and Spain.

"It is our hope that through this project, we can build the foundation towards full-scale commercialization of hydrogen fuel-cell buses to promote sustainable transport, the use of renewable energy, and cleaner air," Meyer said.

In Beijing and Shanghai, public buses are among one of the major contributors to air pollution. Later this year, three more fuel-cell buses will be launched in Shanghai and a hydrogen refueling station will be built.

Beijing will expand the hydrogen refueling station, and use data from the operation of the three buses to support efforts to commercialize fuel-cell technology.

Despite considerable efforts and significant achievements in China to combat air pollution and greenhouse gas emissions, China continues to rank second among the world's largest oil consuming countries.

The transport sector, which relies almost entirely on oil, is projected to account for most of China's

new demand for oil over the next 20 years. It is predicted that by 2010, the amount of emissions from big cities will represent 64 percent of total emissions from all cities in China.

China to remain "kingdom of bicycles": vice minister

June 15 (xinhua) China's Vice Minister of Construction, Qiu Baoxing, has lashed at city authorities for making it harder for cyclists to get around, saying the country should retain its title as the "kingdom of bicycles".

He made the remarks here Wednesday at the first International Conference on China's City Planning and Development, which his ministry, the Chinese Society of Urban Studies, organized.

Qiu noted that the number of motor vehicles on China's roads rose 20 times between 1978 and 2004 and their numbers could increase five fold again by 2020. In 2004 there were 27 million motor vehicles in the country and that number could reach 130 million in 15 years, he said.

The explosion growth of motor vehicles has caused severe traffic jams in major Chinese cities and is posing a grave challenge to the country's energy security and urban development, he said.

Qiu said while some Chinese cities are cutting back on bicycle lanes in order to make more room for cars, some Western cities are beginning to build more of cycling paths.

The Ministry of Construction is firmly opposed to the elimination of bicycle lanes and has ordered cities to restore them, he said.

The large army of bicycles on the streets of Chinese cities amazed the West when China first opened to the outside world in early 1980s. It's estimated that there were 500 million cyclists back then.

The number of cyclists has dropped as rapidly as private car ownership has expanded.

Qiu said worsening traffic jams and air pollution won't lead the government to restrict car ownership but it may discourage driving by charging fees to drive downtown.

Other options include giving priority to the development of public transportation systems and creating more bus lanes, he said.

Uganda to partner with China to develop motor vehicle sector

June 16 (xinhua) Ugandan government has been working with Chinese firms on setting up assembling plants of motor vehicles and motorbikes in a bid to replace second hand ones widely used in the east African country.

President Yoweri Museveni revealed the plan Thursday as the country released its budget for the next fiscal year beginning on July 1, which focused on solving the on-going biting power crisis.

Uganda currently has an estimated number of 600,000 used motor vehicles running across the country. The used cars, most of them of Japanese make, have posed a threat to the environment with poorly-controlled exhaust emission.

"We are working with the Chinese to assemble brand new boda bodas (motorbikes) instead of using old ones that are even environmentally hazardous," Museveni said.

He also added that his government is discussing with its Chinese counterpart to look at possibilities of setting up motor vehicle assembling plants in the country.

"The Chinese Prime Minister will be here soon and we shall be looking at assembling brand new pick-ups, mini-buses and buses. We are a big market for used cars and this must stop," said the president.

"We are tired of second hand products in Uganda. Our children do not take part in the jobs of manufacturing them, assembling them, this must stop, we must stop depending on second hand goods," Museveni said.

According to the 2006/07 budget, the government has imposed a 10 percent duty on all environmentally hazardous products including second hand motor vehicles.

World Bank calls on Chinese government to address urban transport problems

June 14 (xinhua) The Chinese central government should play a greater role in tackling traffic jams, air pollution and other problems related to urban transport, according to a World Bank report.

The report called on the government to strengthen its role in urban transport by devising new policies and rewarding good practices.

With more and more cars on the streets, large cities in China are increasingly suffering from traffic jams and poor air quality, said the bank.

Therefore, the incentives offered to the municipal governments should be improved to ensure due attention is paid to the environment and the quality of urban life, the bank said.

The local People's Congress - the local legislative body - should strengthen its role in monitoring the performance of the municipal government. It should represent the long-term interests of the urban residents, it continued.

The bank said the urban planning process should be reformed to ensure careful attention is given to land use in the long run and transport planning. A clear link between urban transport planning and financing should be established through the adoption of capital improvement plans.

Sustainable and transparent financing mechanisms should also be developed to enhance risk management, the report said.

It said healthy and efficient public transport systems should be developed through industry-level reform, which is central to improving urban transport.

China to introduce compulsory motor insurance from July

June 20 (xinhua) Owners of China's 130 million motor vehicles, including cars, motorcycles and tractors, will have to buy compulsory motor insurance from July 1, under a new policy published on Monday by China's top insurance regulator.

Owners of family cars will have to pay up to 1,100 yuan (137 US dollars) worth for insurance per vehicle each year if the cars are for family use only, under the rules unveiled by the China Insurance Regulatory Commission.

China's first compulsory insurance rules allow for the policy holder and those named on the policy a maximum of 60,000 yuan in cover for property damage, injury and death, according to the commission.

Different insurance rates were imposed on 42 categories of vehicles, including family cars, corporate non-commercial vehicles, public transport vehicles, motorcycles and farm tractors. At present, only about 35 percent of business vehicles are covered for damage and injury, according to the commission.

A total of 98,738 people were killed and 470,000 injured in 450,000 traffic accidents last year, causing 1.88 billion yuan in direct economic losses, official statistics show

China's automobile output exceeds 3 million in first five months

June 27 (people's daily online) China Association of Automobile Manufactures released statistics showing that in the first five months China's automobile output and sales hit a record high to 3.53 million units and 2.9743 million units respectively, an increase of 31.77 % and 30.84% over the same period of last year respectively.

In the five first months, the production and sales of passenger cars amounted to 2.1677 million vehicles and 2.1127 million vehicles respectively, up by 46.15% and 44.21% respectively, and that of commercial cars grew by 6.19% and 6.61% to 885,300 and 861,600 respectively.

Among the passenger cars, the manufacturing and sales of sedans soared by 56.65% and 55.09% to 1.5524 million and 1.5033 million respectively, Multiple Purpose Vehicle (MPV) climbed to 76,900 and 77,000 respectively and Sports Utility Vehicle increased by 96,400 and 97,500 respectively.

In the first five months, China's automobile imports (including the complete sets of

automobile spare parts) have soared to 87,000 units, up by 80% over the same period of last year, according to the statistics released by the General Administration of Customs. Analysts said the dealers increased car imports in the first quarter due to the coming increase of consumer tax from April 1st, but the imports saw a decline in April and further drops in May. Despite that, the imports in the first five months witnessed a surge of 80% because of the sharp increase in the first quarter.

Oil and Gas

China urged to open up oil market

June 14 (Xinhua) - The Chinese oil market should be opened to foreign companies to give China better access to international supplies and improve the operations of Chinese firms, according to a new report.

The time has come for the government to clarify the roles it expects private and state-owned foreign oil firms to play in the Chinese market, says the report by the Development Research Center (DRC) of the State Council.

In particular, the conditions for market entry and exit and for partnership with Chinese national oil companies and other local operators need to be clearly defined, says the report.

All policy and regulatory conditions should be transparent and applied without discrimination, stresses the report, which was presented to a seminar with the theme "An Energy-Saving Society" held by the DRC.

An open market enabling foreign companies and investors to play a greater role in oil supply and domestic resource development could be a positive signal to the international community, making it easier for Chinese oil companies to engage in similar activities abroad.

Meanwhile, Chinese firms should plan to interact profitably with and learn from foreign companies for better integration in global and regional oil markets, the report continues.

All major players seem to welcome China's

growing role in world oil and, to a lesser extent, gas markets. The investment of Chinese companies in the development and marketing of new reserves are perceived as a stabilizing factor in future markets.

However, more transparency would improve the business orientation of Chinese national oil companies and ease their entry in the global market where they could be world class players, says the report.

Energy is the world's biggest business dominated by its largest corporations. Exxon-Mobil is the world's largest private oil corporation while Saudi Aramco is the world's largest state-owned oil company with reserves 20 times greater than Exxon, the report observes.

Close relations with such companies can improve an importing country's access to international oil supplies, and many industrialized countries have relied successfully on the international oil companies to secure their import needs.

The report offers no recommendation on whether the Chinese government should emulate this strategy, but it points out that international companies have a useful importing role, which they could play along with Chinese national oil companies.

The international oil companies could also provide access to state of the art technology and management practices across the whole range of oil and gas industry activities, the report stresses.

LNG project reflects closer Canberra ties

June 29 (China Daily) - Premier Wen Jiabao and his Australian counterpart John Howard yesterday jointly inaugurated the first liquefied natural gas (LNG) project between the two countries in South China's Guangdong Province. Both hailed the 25-year contract to supply a Shenzhen terminal with gas from Australia as a symbol of blossoming trade between the countries.

The two leaders pushed the start-up button together during a ceremony at Dapeng Gas

Terminal in the bustling manufacturing hub of Shenzhen.

"Not only is this deal the biggest ever in Australia's history, it is in every sense a symbol of what can be achieved in the future between our two countries," said Howard.

The 29-billion-yuan (US\$3.6 billion) terminal was built to receive LNG shipments from Australia - part of a US\$18.3 billion 25-year gas contract finalized in late 2004.

Wen said the deal "marked a very big, very good beginning to stable, long-term supply-and-demand relations" between the two countries.

The deal is Australia's single biggest resource contract and is China's first LNG-import project. Deliveries began a month ago.

The Shenzhen facility, operated by China National Offshore Oil Corp, is the first of 16 planned terminals in coastal area for receiving LNG.

The plants convert the fuel from liquid into gas form, which is then piped to consumers, industries and power plants.

Under the contract, Australia will provide 3.7 million tons of LNG annually, which will supply cities of Shenzhen, Dongguan, Guangzhou, Foshan and Huizhou in Guangdong, and Hong Kong.

A senior Chinese official said the two nations were already in talks over supplies for Guangdong's second LNG terminal.

China-Australia exchanges and collaboration have become more active than ever before, Wen said.

"We are willing to continue high-level exchanges with Australia, enhance strategic dialogue, and actively promote free trade negotiations," he said.

Beijing and Canberra are now discussing a free trade agreement and in April, Wen announced that the two countries had agreed to strive for a deal within the next two years.

Howard told reporters in Shenzhen on Tuesday that free trade negotiations with Beijing are

"going quite well" but the two nations would remain close economic partners even if a formal deal isn't struck.

"I am on the optimistic side but... whether we sign a free trade agreement with China or not, we have a super-duper economic relationship with this country.

"The world has much to benefit from a fully and openly engaged China and we welcome without any trepidation the economic involvement of China in the globe," Howard said.

Wen said China was ready to expand partnership with Australia in the energy sector.

"China and Australia want to strengthen co-operation ranging from the energy, mining and resources sectors to upstream exploration, new energy, renewable energy, clean energy and safe production."

Howard assured his Chinese host that Australia would be a reliable supplier of the energy China needs to fuel growth.

"Australia is a stable, reliable, competitive supplier of energy. We deliver our commodities on time, we deliver them safely, we deliver them according to the agreed price," Howard said.

Trade is likely to expand to more than US\$30 billion this year from US\$27 billion last year, Wen said.

China is already Australia's No 2 trading partner. The two sides recently signed a nuclear safeguards deal that set the stage for huge uranium exports to Beijing.

Howard is on a three-day working visit that started on Tuesday.

China considers ethanol to supplant oil, coal

June 12 (FT/chinadaily) - China is considering a change in energy policy to encourage the wider use of ethanol in a bid to allievate the nation's worsening air pollution, the website of Financial Times reported on Monday.

The Chinese government policymakers may set a target by the end of this year for the share of ethanol in the nation's energy mix, Fabrizio Zichichi, head of ethanol at Noble Group, one of the world's largest commodities traders, was quoted as saying by the report.

Ethanol, a clean fuel made from agricultural products, not only could help the country wean itself off its dependence on oil and coal, but a large ethanol market in China could help spread wealth to the rural poor, as Brazil has shown, he said.

Zichichi also brushed off criticism that a programme to encourage farmers to sell their products to ethanol plants would cause food shortages.

"A higher profit margin could only encourage farmers to raise their yield," he said. "And the benefits in Brazil have shown that there is little to fear."

Beijing's move to look closely at ethanol could indicate crucial political support for investment in the production, import and distribution of the biofuel in China and could have an impact on world ethanol prices, according to Financial Times.

China is already the third-largest ethanol producer in the world behind the US and Brazil, using mainly corn, cassava and sweet potatoes. Currently, eight of its provinces have made E10, a 10 per cent ethanol and petroleum blend, mandatory at local petrol pumps.

China's central government has tried for years to popularise the use environment-friendly fuels, such as natural gas. However, its efforts have been curtailed by the difficulty of securing supplies and developing a substantial local market.

Analysts say it is easier to implement an ethanol policy in China by making E10 mandatory at petrol stations and by encouraging local production, Financial Times reported.

"There is talk of the National Development and Reform Commission introducing E10 in three key cities - Beijing, Shanghai and Tianjin," Christine Pu, a researcher at Deutsche Securities Asia was quoted as saying.

She added that there remained a number of barriers to the production of ethanol in China. Owing to pricing regulations, ethanol producers are dependent on government subsidies to avoid losses.

Scientists turning stalk into bio-oil

June 30 (Xinhua) - Scientists from the University of Science and Technology of China said Thursday they have made a breakthrough in reducing the cost of converting crop stalks, chaff and sawdust into bio-oil, an alternative source of energy.

Bio-oil produced with the scientists' technology is 56.8 percent cheaper than diesel oil and 39.1 percent cheaper than heavy oil, said Professor Guo Qingxiang with the Biomass Clean Energy Laboratory of the university, in east China's Anhui Province.

Guo pointed out, however, that bio-oil only produces two fifths of the heat from the same amount of diesel oil and only half that of heavy oil, Guo said.

The technology, which can produce more than 6 kg of bio-oil from 10 kg of sawdust and 5 kg from stalks, has passed appraisals by the provincial department of science and technology, Guo said.

Producing one ton of bio-oil in the Chinese lab only costs about 100 U.S. dollars.

The lab also invented a machine that can process 120 kg of biomass per hour.

Scientists in a number of countries began researching how to convert biomass into a liquid energy source in the 1980's. The process is known as pyrolysis liquefaction technologies, which decompose biomass using heat which then turns it into liquid. The high cost of conversion has so far prevented scientists from making an economically feasible energy product.

Some scientists in the Netherlands and Germany are also doing research in the field, Guo said.

"The Chinese government will subsidize the application of the lab's technologies," said Cui

Weiping, an official with the office of countryside energy of Anhui Province.

More than 700 million tons of stalk and chaff are left over from harvest every year. Traditionally they were burned, causing not only pollution but also a huge waste of energy, according to Guo.

Bio-oil can be used directly in heating boilers and as fuel for motor vehicles after further refining. Ethanol can also be extracted from bio-oil.

Sinopec to explore Iran oil block

June 22 (AFP) - China's Sinopec has signed a multi-million dollar contract with Iran for the exploration and potential development of an oil block in the Islamic republic, Iranian official media reported.

Iranian state radio said the deal to explore the onshore Garmsar block -- one of 16 oil blocks that Iran put out to tender in 2003 -- was worth between 20 million dollars and 59 million dollars and covers a four-year period.

The report said that if Garmsar is found to be viable, its development will be also awarded to Sinopec -- one of China's largest oil groups.

Another report in the Shanghai Securities News said Sinopec, China's largest refiner which is also becoming increasingly involved in exploration, has also bid on three other onshore blocks in Iran -- Khorramabad, Kuhdasht and Saveh.

The deal came after Iranian President Mahmoud Ahmadinejad's visit last week to China for a meeting of the Shanghai Cooperation Organization, a regional cooperation grouping in which it is an observer.

China and Iran have close economic ties but preliminary gas and oil deals have yet to bear fruit.

The countries are still in negotiations over a potentially huge energy deal that was tentatively inked in 2004 and involves Sinopec.

As part of the initial memorandum of understanding, Sinopec would buy 250 million

tons of liquefied natural gas over 25 years, which alone could be worth more than 100 billion dollars.

In January 2001, Sinopec was awarded exploration of Zavareh-Kashan, another onshore oil block in central Iran.

Australian oil firm buys into China fields

June 28 (China Daily) -Roc Oil Co, an Australian oil and gas explorer and producer, has agreed to pay Apache Corp US\$260 million for a 24.5 per cent stake in two producing oil fields in China's Bohai Bay to more than double its output.

Roc will make the investment in the Zhaodong permit by buying all the shares of the Houston-based company's Apache China Corporation LDC unit, Roc said yesterday in a statement to the Australian Stock Exchange.

The purchase will boost Sydney- based Roc's output to 12,000 barrels a day from 4,500, it said.

The two fields in the Zhaodong permit, which is operated by PetroChina Co, have remaining proved and probable reserves of about 61 million barrels.

The permit, in which New SXL-China LLC has a stake, includes a third field due to start production in 2008 and appraisal and exploration prospects.

"At first glance this acquisition looks a positive step forward; it looks like a good asset with some real exploration potential attached to it," said Brendan Fitzpatrick, an oil and gas analyst at Aegis Equities Research Pty in Sydney.

"It seems a little expensive just on the proven reserves, but I think it's also the potential you need to include in the assessment."

Shares in Roc rose 10 cents, or 2.6 per cent, to A\$3.90 on the exchange, outpacing a gain of 1.8 per cent in the exchange's benchmark energy index.

Roc's share of the reserves in the field will be 15 million barrels, equating to an acquisition cost of US\$17.33 a barrel, which Chief Executive

Officer John Doran described as "fair value" in a telephone interview.

The company, which has no debt, will fund the investment through a 12-month loan from Commonwealth Bank of Australia.

"The benefit will come from the upside, which we think is significant," Doran said from Beijing.

"What we've acquired here is not so much a block but a wonderful working petroleum system, which has delivered in spades for Apache and its partners over the last few years and we believe will continue to deliver over and above the proven and probable reserves," he added.

Apache produced 457,000 barrels a day of oil equivalent in the three months that ended on March 31, and in April agreed to buy 18 oil and gas fields in the Gulf of Mexico's shallow waters from BP Plc for US\$1.3 billion.

The acquisition of the Zhaodong stake will double Roc's proven and probable oil reserves to 30 million barrels.

"For Apache, with its US\$20 billion market capitalization and 2 billion barrels of proved reserves, the asset may have become less material," Doran said in the statement.

"For Roc, a much smaller company, the transaction will provide a substantial boost to its reserve and production trajectory."

Roc has been exploring for oil in China since 2002 and in May said it made a discovery in the Beibu Gulf off China's southwest coast.

The acquisition will help Roc in its appraisal and potential development of that discovery, Doran said.

PetroChina, the nation's biggest oil company, owns 51 per cent of the Zhaodong permit, while New XCL-China LLC, a unit of Lafayette, Louisiana-based XCL Ltd, owns 24.5 per cent. Roc will take over as operator of the permit from Apache.

Strategic oil reserve due for completion

June 17 (China Daily) - China will complete construction of its first strategic oil reserve facility in Zhenhai, East China's Zhejiang Province, in August, a top energy official said in Beijing on Friday.

"Three other sites in Dalian (Liaoning), Huangdao (Shandong) and Daishan (Zhejiang) are also under development," said Xu Dingming, director of the Energy Bureau under the National Development and Reform Commission (NDRC).

But he refused to comment on when the pumping of crude oil into the Zhenhai reserve would begin.

"Anyway, we would not let them (the oil storage facilities) remain unused," he said, adding he would not disclose whether the country would use imported or domestically produced oil.

The Zhenhai facility will be able to hold 5.2 million cubic metres of oil.

"A lot of people ask what China should do (with these tanks) as global crude prices are soaring. We have our own solutions, but I won't disclose them," Xu told an energy forum.

Minister Ma Kai of the NDRC said in March that China expected to start filling the Zhenhai storage facility by the end of this year.

The three others would be filled "in due course" once their construction is completed in 2007 and 2008, Ma was quoted as saying in an AP report.

Building strategic oil reserves is part of China's efforts to ensure energy safety while cushioning China against possible interruptions of foreign supplies, but some experts are concerned that the move might trigger a spike in an already volatile oil market if China imports oil to fill its reserves.

Crude oil reached a record US\$75.35 a barrel on the New York Mercantile Exchange in April, the highest since trading began in 1983.

Chinese Government officials have said the country will not use imported oil to fill its reserves at the current high prices.

"As world oil prices remain high, China will not import oil to fill the strategic reserves since that would involve great risks," Zhang Guobao, vice-minister of the NDRC was quoted as saying in a Chinese-language newspaper based in Beijing.

An oil expert who declined to be named said that China would use two sources to fill the reserve tanks to avoid paying high prices: the country's domestic oil fields and overseas oil assets in which Chinese firms own stakes.

Zhou Fengqi, former director-general of the NDRC's Energy Research Institute, earlier told China Daily that China's planned strategic oil reserves ultimately aimed at 90 days of imports in the previous year, or a fourth of the total oil import for one year.

China last year imported 127 million tons of crude oil, more than 40 per cent of its total oil consumption.

The country has begun looking for new sites to build a second batch of strategic oil reserves in addition to the four under way in Zhejiang, Shandong and Liaoning provinces, the State Council Energy Leading Group said earlier, without elaborating.

Media sources said the new locations might include Tangshan, in northern Hebei Province and Guangdong's Maoming and Zhanjiang in the south.

Large natural gasfield discovered

June 16 (AFP) - Canada's Husky Energy Inc has discovered a significant deepwater gas reserve with its Chinese partner, China National Offshore Oil Corp (CNOOC), in the South China Sea near Hong Kong.

Based on preliminary analysis of drilling results, the discovery could contain a potential recoverable resource of four to six trillion cubic feet (120 billion to 180 billion cubic meters) of natural gas, the energy company said in a statement seen Friday.

"We are very pleased with our exploration results and this discovery confirms our confidence in the significant undiscovered

hydrocarbon potential in the South China Sea," John Lau, Husky CEO and president said.

"We look forward to evaluating this discovery and continuing our exploration efforts in China."

State-owned CNOOC has the right to participate in the development of any discovery for up to 51 percent working interest, Husky said.

The Hong Kong-listed unit of CNOOC, CNOOC Ltd, confirmed the discovery, with an official saying that if the estimated recoverable reserves were confirmed, the block could be the "largest gas find in offshore China."

The discovery was made in the mouth of the Pearl River about 250 kilometers south of Hong Kong, it added.

The well will be sidetracked for further evaluation of the pay zone, Husky said, adding there were plans for a three-dimensional seismic survey to assess a number of similar structures which have been identified from other seismic data.

Earlier this month, CNOOC signed two production sharing contracts with Britain's BG Group PLC covering two deep water blocks in the South China Sea.

To date, CNOOC has signed four deep water production contracts with foreign partners.

Climate Change and Air Pollution

Efforts urged for reduction of EU greenhouse gas emissions

June 23 (xinhua) - More efforts are needed if the European Union (EU) is to meet the greenhouse gas emission target set out by the Kyoto Protocol, said the European Commission, the EU's executive body, on Thursday.

Greenhouse gas emissions from the old 15 EU member states rose by 0.3 percent between 2003 and 2004, said the commission. The emissions stood 0.9 percent lower than in the base year (mostly 1990) even though the 15

countries recorded economic growth of 32 percent over the same period.

Nevertheless greater efforts are needed to reduce emissions to 8 percent below base-year levels for the Kyoto Protocol's first commitment period (2008-2012).

"To meet our emissions reduction target, member states need to intensify their efforts to implement the many EU measures to combat climate change that have been agreed over the past few years. With their new national allocation plans, due by the end of this month, member states now have a major opportunity to reverse unsustainable emission trends and ensure they will achieve their Kyoto targets," said Environment Commissioner Stavros Dimas.

"It is very encouraging that we have broken the link between economic growth and greenhouse gas emissions, but this decoupling needs to be accelerated."

In 2004, emissions rose in 10 of the 15 EU member states and fell in the five others.

The increase was mainly due to higher carbon dioxide emissions from road transport, iron and steel production and oil refining, as well as increased emissions of hydrofluorocarbons from refrigeration and air conditioning.

Global carbon emission market to become prominent business: ADB

June 26 (xinhua) - The global carbon emission market is expected to become a business of 100 billion U.S. dollars in the coming years, a report by the Asian Development Bank (ADB) said Monday.

This prospect will be supported by recent scientific findings on climate change, the entry into force of the Kyoto Protocol and the EU Emissions Trading Scheme, the ADB said in its feature report.

Industrial groups in the European Union and Japan among others continue to require "carbon credits" in order to avoid penalties resulting from their greenhouse gas emission levels, according to the report.

In the EU alone, these penalties will amount to 100 euros per ton of carbon dioxide-equivalent during 2008-2012, the report predicted.

The industrial groups can often buy carbon offsets from "developing countries, who reduce emissions by more than the necessary amount," it added. This trading system ensures emissions reductions achieved at the lowest economic cost.

However, this potential market is a long way from reaching its potential because of financing and technical gaps between the sellers and buyers, the report said.

"The financing gaps in the carbon market can be met through the establishment and management of a dedicated carbon cofinancing fund," Bindu Lohani, Director General of ADB's Regional and Sustainable Development Department, was quoted by the report as saying.

The ADB is proposing to set up a Carbon Market Initiative (CMI) to meet such needs. Consultations are ongoing with potential partners with the aim of launching CMI next year, the report said.

Air pollution serious in Chinese cities

June 1 (people's daily online) Chinese government will take firm measures to realize the goal in controlling the total quantity of sulphur dioxide during the period of the 11th Five-Year plan, said Zhou Shengxian, chief of State Environmental Protection Administration.

Air pollution in Chinese cities is still serious, which is shown by the result that 39.7% of 522 cities monitored in 2005 are in moderate or the specific level pollution.

The total quantity of national sulphur dioxide's discharge will reduce by 10%, comparing to that at the end of the 10th Five-Year period, said Zhou on the national air pollution preventing and controlling conference held on May 30 in Tianjin, according to State Environmental Protection Administration.

Chinese atmospheric environment situation is still extremely stern, and the problem of city air pollution is still prominent. Only 4.2% Chinese cities achieved grade one of the National

Ambient Air Quality, and 56.1% cities got grade two, according to Zhou.

UN scheme to save 1 b tons of greenhouse gas

June 10 (China Daily) - A UN scheme to promote renewable energy use in poor nations is growing sharply and will cut emissions of greenhouse gases by more than a billion tons by 2012, the UN Climate Change Secretariat said on Friday.

It said that the programme, part of the UN's Kyoto Protocol meant to combat global warming by curbing fossil fuel use, has more than 800 projects such as wind farms in India or power plants burning sugar cane waste in Brazil. The first project under the scheme was approved only in late 2004.

By giving rich nations incentives to invest in green energy ranging from hydro to solar power, the programme aims to brake a build-up of heat-trapping carbon dioxide in the atmosphere from burning fuels such as coal or oil.

"The known project potential ... is presently estimated to generate around a billion tons of emission reductions by the end of 2012," the Bonn-based secretariat said in a statement. That is the estimated reduction between now and end-2012.

Annual world greenhouse gas emissions from human activities mainly from fossil fuels burnt in power plants, vehicles and factories exceed 25 billion tons. About a quarter is from the United States.

"The one billion ton mark in emission reductions corresponds to the present (annual) emissions of Spain and the United Kingdom combined," the secretariat said. Britain emits about 650 million tons of carbon dioxide, Spain 350 million.

The secretariat said more than 200 green energy projects had now been approved under the programme, known as the Clean Development Mechanism (CDM), with about 600 others in the pipeline.

Under the CDM, rich nations can invest in renewable energy projects in developing nations such as hydroelectric power plants in Guatemala or a methane capture scheme in China and then claim credits back home for the emissions they save.

Those credits can in theory then be sold giving the rich nations the incentive to invest. Some experts say that the CDM could eventually channel more than US\$100 billion to renewable energy schemes from Africa to Latin America.

The Kyoto Protocol obliges 35 industrial nations to cut emissions of greenhouse gases by 5.2 per cent below 1990 levels by 2008-12. The United States pulled out in 2001, saying Kyoto would cost US jobs and wrongly excluded developing nations from targets under the first round.

Kyoto is meant as a first step to slow a rise in world temperatures that many scientists say could wreak havoc by causing more heatwaves, floods and droughts and drive up world sea levels by up to a metre by 2100.

But the Climate Secretariat said that the growth in the CDM had been lopsided.

"Whilst the mechanism is seeing exponential growth, the growth is still too unevenly distributed," said Richard Kinley, officer in charge of the secretariat.

Many of the projects have been in Brazil, China, India and South Korea with relatively few, for instance, in Africa. The Netherlands, Britain and Japan have been the leading investors in CDM schemes.

China reduces huge lead emission

June 5 (Xinhua) - The lead emission has been reduced by 1,500 tons each year since China prohibited the use of leaded gasoline in July 2000, says a white paper titled "Environmental Protection in China (1996-2005)".

"In recent years, the vehicle emission standards have proceeded from Phase I to Phase II, and Phase III standards have been drawn up," says the white paper, which is released by the Information Office of the State Council.

Some cities have started a clean vehicle

campaign, actively promoting the use of low-pollution vehicles fueled by natural gas and liquefied petroleum gas.

According to the white paper, the quantitative examination system for comprehensive urban environmental control has been introduced in over 500 Chinese cities.

The system gives quantitative standards for the quality of the urban environment, pollution control and construction of urban environmental infrastructure, and thus will help to comprehensively assess the environmental protection work of city governments, the paper says.

At present, more than 100 cities (districts) are building themselves into environment-protection model cities, among which 56 cities and five districts in municipalities directly under the central government have succeeded in meeting the required standards.

"These model cities enjoy 80 percent of the total number of days a year with air quality reaching or above Grade II," it says.

China's environmental protection industry generates remarkable profits

June 5 (xinhua) - China's environmental protection industry generated 457.21 billion yuan (57 billion U.S. dollars) in revenue and 39.39 billion yuan (4.9 billion U.S. dollars) in profits in 2004, according to a government white paper issued Monday.

The white paper titled "Environmental Protection in China (1996-2005)" says China actively promotes the industrialization of environmental protection.

By the end of 2004, China had 11,623 enterprises, each with an annual sales income of more than 2 million yuan (250,000 U.S. dollars), engaged in environmental protection, employing a total of 1.595 million workers, says the white paper issued by the Information Office of the State Council.

During China's Tenth Five-Year Plan period (2001-2005), the State organized and conducted the national key "water pollution control

technology and treatment project," and carried out the research and development of such pilot programs as motor vehicle emission purification, desulphurization of gas discharged by coal-fueled boilers, disposal of solid wastes, clean production of key sectors and other key technologies.

A green GDP accounting framework has roughly taken shape.

The government has carried out research on comprehensive ecological system assessment, ecological functional zoning, and the recovery and reconstruction of the frail ecological zones in the western part of the country, thus shaping up a variety of technological patterns for treatment and a mechanism for large-scale demonstration and popularization in those zones.

The country has also completed its survey of alien invasive species, and set up a biodiversity database.

China has formulated the State Environment and Health Action Plan, and conducted surveys on environment and health in key areas, the paper says.

The country has actively conducted research on global environmental changes, and worked out the State Assessment Report on Climate Changes, which provides a scientific basis for the State to formulate policies to cope with global environmental changes and participate in the negotiation on relevant international conventions.

The white paper points out that after years of practice, China has formed an industrial system of environmental protection with a basically complete category and certain economic scale.

Chinese gov't receives 1.148 mln complaints on environmental pollution since 2003

June 5 (xinhua) - Chinese environmental authorities at various levels have received 1.148 million complaints on environmental pollution through the hotlines since 2003, a government white paper said on Monday.

This shows the Chinese government stresses protection of the environmental rights of the public, according to the white paper, titled "Environmental Protection in China (1996-2005)" and issued by the Information Office of the State Council.

By the end of 2005, hotlines for environmental pollution reports covered 69.4 percent of the administrative divisions above the county level. Of the 1.148 million complaints, 97 percent have been dealt with, and 80 percent of the people making such complaints in major cities said they are satisfied with the results.

Along with the public's increasing awareness of the importance of environmental protection and demand for a better environment, the number of complaints lodged by letter or interview about infringements on the people's environment-related rights keeps increasing, says the white paper.

From 2001 to 2005, the environmental authorities across the country received more than 2.53 million letters and 430,000 visits by 597,000 petitioners, accepted and handled 673 proposals from deputies to the National People's Congress and 521 motions from members of the National Committee of the Chinese People's Political Consultative Conference.

The government also made public information on the environment, it says.

By the end of 2005, all cities at the prefecture level or above had realized automatic monitoring and daily report of air quality.

The quality of water is monitored in key river valleys, and monthly reports of the water quality in ten major river valleys and weekly reports of automatic monitoring results are released. Monitoring of the water quality of the eastern section of the South-North Water Diversion Project is conducted regularly.

Regular and irregular press conferences are held for timely informing the public of environmental situation, major environmental protection policies, and emergencies and misconducts in this regard.

Greenhouse gases make Earth the hottest for 2,000 years

June 24 (China Daily) - The Earth is running a slight fever from greenhouse gases after enjoying relatively stable temperatures for 2,000 years.

The US National Academy of Sciences, after reconstructing global average surface temperatures for the past two millennia, said on Thursday the data is "additional supporting evidence ... that human activities are responsible for much of the recent warming."

Other new research showed that global warming produced about half of the extra hurricane-fueled warmth in the North Atlantic in 2005, and natural cycles were a minor factor, according to Kevin Trenberth and Dennis Shea of the National Center for Atmospheric Research, a research lab sponsored by the National Science Foundation and universities.

The academy had been asked to report to Congress on how researchers drew conclusions about the Earth's climate going back thousands of years, before data was available from modern scientific instruments. The academy convened a panel of 12 climate experts, chaired by Gerald North, a geosciences professor at Texas A&M University, to look at the "proxy" evidence before then, such as tree rings, corals, marine and lake sediments, ice cores, boreholes and glaciers.

Combining that information gave the panel "a high level of confidence that the last few decades of the 20th century were warmer than any comparable period in the last 400 years," the panel wrote.

It said the "recent warmth is unprecedented for at least the last 400 years and potentially the last several millennia," though it was relatively warm around the year 1000 followed by a "Little Ice Age" from about 1500 to 1850.

Their conclusions were meant to address, and they lent credibility to, a well-known graphic among climate researchers a "hockey-stick" chart that climate scientists Michael Mann, Raymond Bradley and Malcolm Hughes created in the late 1990s to show the Northern Hemisphere was the warmest it has been in 2,000 years.

It compared the sharp curve of the hockey blade to the recent up-tick in temperatures a 1-degree rise in global average surface temperatures in the Northern Hemisphere during the 20th century and the stick's long shaft to centuries of previous climate stability.

That research is "likely" true and is supported by more recent data, said John "Mike" Wallace, an atmospheric sciences professor at the University of Washington and a panel member.

The academy panel said it had less confidence in the evidence of temperatures before 1600.

But it considered the evidence reliable enough to conclude there were sharp spikes in carbon dioxide and methane, the two major "greenhouse" gases blamed for trapping heat in the atmosphere, beginning in the 20th century, after remaining fairly level for 12,000 years.

Between 1 AD and 1850, volcanic eruptions and solar fluctuations had the biggest effects on climate. But those temperature changes "were much less pronounced than the warming due to greenhouse gas" levels by pollution since the mid-19th century, the panel said.