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General Energy Issues

Climbing investment adds energy to west

Aug 16 (chinadaily) -- The central government is continuing to invest in China's western region with 12 new key projects for 2006, according to an official source from the Office of the Leading Group for Western Region Development under the State Council.

Total investment for the new projects is estimated to reach 165.4 billion yuan (US$20.4 billion), the source said.

The projects range from construction of railways, roads, airports, coal mines, power stations and reservoirs to the development of forestry and agriculture, chemical industries, high-tech industries, and education and health facilities.

From 2000 to the end of 2005, the central government invested nearly 1,000 billion yuan (US$123.3 billion) in 70 key projects in China's western region to improve weak infrastructure and promote local economic development.

The Western Development Programme designed by the central government covers 12 provinces, autonomous regions and municipalities including Chongqing, Sichuan, Guizhou, Yunnan, Tibet, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang, Inner Mongolia and Guangxi.

In all, 6.85 million square kilometres of land, or 71.4 per cent of China's total land area, is covered by the programme. The region's population reached 367 million by the end of 2003, accounting for 28.8 per cent of the country's entire population.

The western region's gross domestic product (GDP) in 2003, however, was just 2,266 billion yuan (US$279.4 billion), or 16.8 per cent of China's total, the official source said.

The central government designed the Western Development Programme in January 2000 to promote local economic development and established an office of the leading group on January 16 of that year.

Through the programme, the western region has witnessed rapid economic development and promoted co-operation both with China's fast-developing eastern areas and with foreign countries.

In the past five years, the power, coal, oil and natural gas, non-ferrous metals, cotton, livestock and tourism industries, as well as some high-technology sectors, have made great progress.

More than US$9 billion has been invested there directly by foreign companies, while approximately 10,000 enterprises from China's eastern regions have made investments and entered into co-operative agreements worth more than 300 billion yuan (US$37 billion) in the west since the programme's implementation.

Investment in the west is steadily strengthening as its economic development increases. More investors, both Chinese and international, are becoming interested in the vast region and its natural resources.

Several large-scale investment and co-operative projects were signed during the annual economic and trade fair held in Xi'an, capital of Northwest China's Shaanxi Province, in early April.

According to the fair's organizing committee, more than 3,000 businesspeople and investors from 45 foreign countries and regions took part in the event. A total of 142 projects worth US$2.43 billion in foreign investment were signed during the 10-day fair. The value represents a 30.4 per cent increase over the figure for the 2005 meeting.

Meanwhile, 1,155 co-operative projects were also signed between China's eastern and western enterprises and governments, with total investment valued at 125.7 billion yuan (US$15.5 billion), 65 per cent more than the previous fair, the organizing committee said.

Huaneng invests to double capacity

Aug 31 (chinadaily) -- China Huaneng Group, the nation's biggest electricity producer, plans to spend as much as 250 billion yuan (US$31.25 billion) by 2010 to more than double its generation capacity.

While the bulk of the investment will go to coal power stations, new hydro and wind plants will also be built.

The investment, budgeted between this year and 2010, aims to add new facilities with a combined capacity of 50 GW (gigawatts), according to Li Xiaopeng, president of the Beijing-based power conglomerate whose total capacity stood at 43.2 GW at the end of last year.

"The new facilities to be installed will be large-scale coal-fired units and renewable energy-fuelled plants, which highlight cost-efficiency and environmental protection," Li told China Daily in Beijing on the sidelines of a company conference on Tuesday.

China, the world's fastest growing major economy and the second-biggest energy consumer, has prompted domestic power majors to shell out large investments to scale up their capacity portfolios.

Newly commissioned generators have greatly eased electricity shortfalls that have plagued most of the country over the past four years, and a supply-demand balance is expected within a couple of years, industry analysts said.

Beijing-based Huaneng Group is aiming for a total installed capacity of more than 80 GW, with a sales revenue of 140 billion yuan (US$17.5 billion) by 2010.

The group's flagship Hong Kong-listed arm Huaneng Power International Inc posted revenue of 19.8 billion yuan (US$2.5 billion) in the first half of this year and its profit increased 29 per cent year-on-year to 2.17 billion yuan (US$271 million).

Although most of the newly constructed facilities will rely on coal as the primary fuel within the next four years, Huaneng has set an ambitious target to increase the proportion of renewable energy sources such as wind and hydro in its overall portfolio.

The company aims to use hydro and wind sources to produce 10-15 per cent of its energy by 2010, Hu Shihai, a senior Huaneng official, told China Daily.

"Most of the renewable sources will come from water, with a smaller percentage generated by wind farms," Hu said.

Its parent firm Huaneng Group, rather than its listed company, will be responsible for building the non-coal power plants, a company official said.

The renewable energy scheme is in line with government efforts to push the use of clean sources to meet its surging energy needs and aims to cut the firm's heavy reliance on coal, company officials said.

According to data from the State-owned company, Huaneng plans to build as many as eight hydro-power stations along the Lancang River in Southwest China's Yunnan Province.

Their total planned capacity will be 15.85 GW, some of which will come online by 2010, Hu told China Daily.

Shenzhen warms to solar power

Aug 11 (chinadaily) -- More construction projects in the southern city will use solar power to supply hot water and generate electricity by 2010, according to the local construction authority.

A new law on energy-efficient construction issued on Wednesday, the first of its kind in China, will go into effect on November 1. The law sets out that all new residential buildings under 12 storeys must install solar water heating for residents.

Current technological limitations mean that only 12 storeys can be guaranteed 24-hour hot water, according to an expert with Shenzhen Construction Bureau (SCB).

Projects that are unable to collect solar power will require special permission from the government, otherwise they cannot be put on the market. Offenders will be fined 50,000 yuan (US$6,250) to 500,000 yuan (US$62,500).

"It's an important law that will ensure the wider application of solar power in the city, a sign the municipal government is putting more emphasis on renewable resources," said Gao Erjian, an

official with SCB, in an interview with China Daily yesterday.
The city has submitted to the Ministry of Construction 19 construction and reconstruction projects that will make full use of solar power.

"They will pave the way for the city to become the national leader in the utilization of solar power in construction," Gao said,

One of the projects is a government-funded software building, which will provide nearly 59,000 square metres of floor space to small and medium-sized software companies.

Builders will place 900 single silicon solar cells on the roof and another 3,654 non-silicon solar cells on the southern and western walls of the building.

The solar cells will increase costs by about 13 million yuan (US$1.6 million), but they will generate roughly 320,000 kilowatt-hours (kWh) each year, meaning annual savings of 285,000 yuan (US$35,625) at the current rate, according to a feasibility study by SCB.

"The government should subsidize developers who use solar power to generate electricity since the cost is two or three times that of regular generation," said an SCB official surnamed Xu.
In Germany, the government encourages people to use solar power by purchasing unused solar electricity at three times the normal price, Xu said.

The central government is considering a similar subsidy method but no details have been released yet, said Gao.

With nearly 2,000 hours of sunshine each year, solar power has significant potential in the city, but by 2004 only 110,000 square metres of buildings used solar power, according to official figures.

The city consumed about 44 kWh of electricity last year, compared with 19 billion kWh in 2000. It still needs a further 800,000 to 1 million kWh each year to meet demand.

SCB in July worked out a blueprint for the city's energy-efficient construction between 2010 and 2020 in July.

By 2010 half of the new buildings in the city will install solar water heating systems, and 20 per cent of the new buildings will use solar power to generate electricity.

Energy use per unit of GDP rises

Aug 2 (xinhua) -- China's energy consumption for every unit of GDP rose 0.8 percent in the first half year, the National Bureau of Statistics said yesterday.

"The situation is not promising for regions and major industries to cut energy consumption," a bureau official said. "It will be a very challenging task for them to attain this year's goal."

China planned to cut its per unit GDP energy consumption four percent this year as part of an ambitious plan to improve energy efficiency by 20 percent by the end of 2010.

The increase is mainly a result of poor performances in energy-intensive industries, according to the statistics bureau.

Energy consumption for unit of value added increased 5.5 percent year on year in the coal mining industry in the first six months, and 8.7 percent for oil and petrochemicals.

The non-ferrous metals and electricity industries saw energy consumption per unit of GDP increase 0.4 percent and 0.8 percent respectively.

The same figure dropped 5 percent year on year for the chemical industry and 5.5 percent for the textile industry.

Construction and steel, both energy-intensive industries, recorded a drop of 1.2 percent and 4.5 percent year on year.

In an effort to create sustainable development, the central government is now attaching unprecedented importance to energy saving.

To make sure its policies are implemented, the country's top planning body, the National Development and Reform Commission, recently signed pacts with all provincial governments. It defined their responsibilities on energy saving.

The NBS official urged local authorities to push for further restructuring of economies and focus efforts on energy-saving in key industries and enterprises to ensure that they will achieve the set goals.

NDRC: Energy-efficiency could save 300m tons coal annually

Aug 4 (xinhua) -- China could cut its coal consumption by 300 million tons annually, or 13.5 percent of the total last year, with energy efficiency measures, a report from a government economic agency said on Thursday.

However, the National Development and Reform Commission (NDRC) said in the report that the prospects of introducing basic energy efficiency moves to make the savings were "not promising".

The country urgently needed to upgrade aging industrial facilities, the report said. China had 500,000 small and medium-sized boilers, 90 percent of them coal-fired, consuming 400 million tons annually.

Up to 70 million tons of coal could be saved by upgrading the technology and management of these boilers.

China was the world's biggest producer of energy-saving light bulbs, but only 30 percent of them were sold on the domestic market. More than 60 billion kilowatts of electricity could be cut if energy-saving bulbs were applied nationwide.

However, the NDRC acknowledged the country was experiencing intensive energy demand, and it took time for energy-saving measures to show effect.

Energy consumption growth exceeded the 10.9 percent economic growth rate in the first half year, said the report.

Energy consumption per unit of domestic gross product (GDP) was set to drop by 20 percent by 2010 from the current 1.39 tons of coal per 10,000 yuan of GDP.

The report suggested measures to meet the goal, including deeper industrial restructuring, more effort on energy saving projects, and the promotion of recycling.

Law revised to reduce energy costs

Aug 7 (xinhua) -- China is revising a law to make it possible to impose harsher punishment on energy lavishment, the government said Sunday, at a time when fast economic growth is unabatedly costing excessive energy resources.

The Financial and Economic Committee of the National People's Congress, or China's top legislature, and the National Development and Reform Commission (NDRC) are jointly making a proposed revision for the Law on Saving Energy resources, which is expected to be completed later this year, an NDRC source told Xinhua.

The law was put into effect eight years ago, but has since banned no projects failing to meet energy-saving requirement. The government is worrying that it is difficult to reach this year's target of reducing energy costs for per unit gross domestic product.

The revised law will feature strengthened enforcement and supervision and include both incentives for saving energies and punitive measures against energy-lavishing behavior, the NDRC said, without giving details.

It will typically target the construction sector, which now accounts for one-third of all energy costs in China. Construction projects that do not meet energy-use demands will be off-limits, the source said.

Programme targets energy efficiency

Aug 18 (chinadaily) -- Beijing plans to select 30 star hotels this year to pilot a city-wide programme aiming to reduce energy consumption by 10 per cent, an official with the Beijing Development and Reform Commission (BDRC) said yesterday.

Five hotels Xiyuan Hotel, Qianmen Hotel, Beijing Railway Hotel, Hepingli Hotel, and Winterless Hotel became the first batch of hotels to adopt the programme, known as Energy Performance Contracting (EPC).

The practice is part of the measures taken by the local government to achieve a Green Olympics in 2008.

EPC is a financing technique that uses cost savings from reduced energy consumption to repay the cost of installing energy saving equipment.

An example of possible energy saving measures is hotels changing to a more efficient lighting system.

BDRC's Director of Environment and Resources Huang Qian disclosed the programme at a meeting held by the Beijing Tourism Association and the Energy Management Association, which aimed to promote the new EPC system among hotels and the tourism industry in Beijing.

"Saving energy and reducing consumption have become major tasks for the whole of society, and the hotel sector is one of the major energy consumption industries in China," said Du Jiang, director of Beijing Tourism Administration.

There are more than 660 star hotels in Beijing and 112 of them have signed agreements with the Beijing Organizing Committee for the Games of XXIX Olympiad (BOCOG) to provide services.

The hotels in Beijing are the windows for the 2008 Beijing Olympics, and they have a direct impact on whether or not the concept of Green Olympics can be achieved, according to Du.

Zhang Jun, director of BOCOG Service Department's accommodation section, said that utilizing energy friendly equipment and facilities is crucial for Beijing 2008.

From the end of this year, BOCOG will carry out an investigation of energy consumption among hotels that will host guests during the Olympics.

China has put energy saving as a basic national policy and prominent strategy, said Huang.

For example, the State Council stipulated that the indoor temperature in summer in all public places should not be lower than 26 C. In winter, the temperature should not be higher than 20 C.

Energy-saving target may fail

Aug 26 (chinadaily) -- The central government's goal of reducing energy consumption per unit of gross domestic product (GDP) by 4 per cent annually may fail this year after the index rose 0.8 per cent in the first half of the year.

Meanwhile, sulphur dioxide discharge in 17 provinces, autonomous regions and municipalities increased by 6 per cent in the first six months, according to a report delivered to top legislators by Director of the National Development and Reform Commission Ma Kai on Friday.

Urban fixed-assets investment, mainly in energy-intensive industries, jumped 31 per cent during the first seven months of the year, according to the report.

To help save energy, some high energy-consuming industries, such as steel, non-ferrous metals, chemicals and construction materials, will have to pay more for electricity, according to the top economic planner.

A thousand such enterprises will be required to upgrade their technology to save energy.

Ma also called for stricter enforcement of environmental impact assessment in economic development, which has been neglected by some grass-roots governments.

The market entry threshold for high energy-consuming and polluting industries would also be raised.

"Environmental protection will be a major issue in approving new projects this year," he said.

China's energy consumption per 10,000 yuan (US$1,200) of GDP in 2005 was 1.43 tons of standard coal, times more than some developed countries such as the United States and Japan.

The country's 11th Five-Year Plan (2006-10) calls for a 20 per cent reduction in the amount of energy use for one unit of GDP by 2010.

The plan was adopted by the annual plenary session of the National People's Congress (NPC) in March. This is the first time that China has fixed an energy-saving goal in a legal document, according to Li Tieying, vice-chairman of the NPC Standing Committee.

Li reported on the implementation of the Energy-Saving Law on Friday to the ongoing session of the NPC Standing Committee.

"If we could achieve our goal for energy consumption in 2010, at least 620 million tons of standard coal would be saved," Li said.

He urged governments to take the lead in energy saving.

Li recommended the adoption of a system of consumption tax collection on resource products like coal.

China is seriously short of energy and resources. Per capita reserves of oil and natural gas are only 8 per cent and 7 per cent of the world's average.

Automobile and Transportation

Green Sense: Raise temp in A/C buses to fight pollution

Aug 18 (HK edition) -- Air-conditioned buses are one of the major causes of air pollution and hot weather in Hong Kong, according to a study by a green group.

To deal with the problem, the Green Sense calls for legislation to restrict the air-conditioned public transport's temperature to 25.5 degrees Celsius as advocated by the government.

In a survey between June and August this year, the Green Sense measured the temperature of 70 air-conditioned buses operated by the three public bus companies.

The findings revealed that the average temperature of air-conditioned bus was 22.8 degrees C and the temperature of 89 per cent of the sampled buses was below 25.5 degrees C.

The green group also measured the temperature of hot air emitted from the buses and found it as high between 32.1 and 36.1 degrees C that made the streets as hot as a big oven.

Given that there are at least 5,400 air-conditioned buses running on the streets, (Kowloon Motor Bus 3,600, Citybus 1,100 and New World First Bus 700), they contribute an enormous amount of emissions and such pollutants as respirable suspended particulates and nitrogen oxides.

"Too strong cold air inside the buses will cause higher fuel consumption," said Green Sense chairman Roy Tam. "The hot air emitted by the air-conditioned buses is a result of cool air inside the buses. The cooler it is inside the buses, the hotter the air generated by them."

According to the survey, the temperature inside the air-conditioned buses is as low as 15.1 degrees C as compared to the outside temperature of 31.2 degrees C. Among other things, the older models of Kowloon Motor Bus with white bodies are usually colder even though the company is a signatory of the Energy Conservation Charter of the Blue Sky Campaign. If the bus temperature is too low compared to the outside temperature, it will affect people's health. "We strongly urge the bus companies to keep the inside temperature close to 25.5 degrees C," Tam added.

Double-track railway completed

Aug 25 (xinhua) -- Construction of a double-track line in China's longest railway tunnel has been completed, breaking a major transport bottleneck on the Eurasia Continental Railway Bridge.

With the 20-km Wushaoling tunnel project, the double-track along the 220-km Lanzhou-Wuwei railway in northwestern Gansu Province was finished,replacing the five-decade-old single-track railway.

The Lanzhou-Wuwei railway was part of the Eurasia Continental Railway Bridge, which runs from Lianyun Port on China's eastern coast to Rotterdam, in the Netherlands, and facilitates trade between Europe and China.

Passenger trains can travel up to 160 km per hour along the Lanzhou-Wuwei railway section, compared with 60 km per hour in the past. The pulling power of trains is up from around 2,000 tons to 4,000 tons.

The 3,651-km railway from Lianyun Port to Urumqi, capital of northwest China's Xinjiang Uygur Autonomous Region, had a double-track all the way, significantly shortening travel times.

South Africa's huge invest on transport

Aug 29 (CRIENGLISH.com) -- South Africa is to be handed 11m dollars to fund an environmentally-friendly expansion of its public transport system for the 2010 World Cup, a world environmental agency said on Monday.

The money should be used to put in place a sustainable transport system to serve the country long after the tournament had passed, Global Environment Facility (GEF) chief executive officer Monique Barbut told reporters.

"The aim is to help South Africa provide good transport that is as green as possible," said Barbut in Cape Town on the eve of the body's third annual assembly.

South African transport department deputy director-general Mathabatha Mokonyama said the government would look to encourage the use of public transport rather than private vehicles during the competition which is expected to attract hundreds of thousands of foreign visitors.

Trains would be upgraded and spectators encouraged to cycle or walk to stadiums he added.

The South African government has already put aside over three billion rand (about $42m) of its own cash to improve its public transport system in time for 2010, said Mokonyama.

The GEF, an independent body financed by donor countries and which also features World Bank representatives, was set up to help developing nations fund environmental initiatives. Its projects focus on adherence to global environmental treaties on topics such as climate change and pollution reductions

China eyes Europe and South America for auto export

Aug 2 (xinhua) -- Europe and South America are China's new eldorado for auto exports. In the first six months of the year, the value of the country's auto exports to the two regions rose by 520 percent and 117 percent year on year.

"The growth indicates that China is expanding into new auto export markets," said Fu Peizhao, a senior engineer with the Automobile Branch of the China Chamber of Commerce for Import and Export of Machinery and Electronic Products (CCCME).

Statistics from CCCME show that China's auto exports to Europe represent 21.5 percent of the country's total automobile exports. Europe now ranks second after Asia, with Africa third and South America fourth, Shanghai Securities News reported on Wednesday.

From January to June this year, the value of China's auto exports to Asia and Africa grew by 113 percent and 34.6 percent year on year, the report said.

CCCME said China exported 125,500 motor vehicles to 171 countries and regions during the period, a rise of 86.8 percent on the same period a year ago. The value of auto exports reached 1.255 billion U.S. dollars, up 115.1 percent year on year.

Automakers see profits in first half rise by 76 pct

Aug 9 (Xinhua) -- Automakers in China reported 17.14 billion yuan (2.14 billion U.S. dollars) in total profits in the first half of the year, up 76.56 percent from the same period last year, according to the China Association of Automobile Manufacturers (CAAM).

The automaking sector's profitability was the highest in the automobile industry which saw overall profits of 36.77 billion yuan (4.6 billion U.S. dollars) in the six months, an increase of 59.58 percent over the same period last year.

Specifically, the profits in vehicle refitting, motorcycle making, engine production and auto parts sector went up 65.56 percent, 60.66 percent, 59.34 percent and 41.08 percent, respectively.

The CAAM said the new consumption tax which raised duties on high-emission vehicles and cut taxes on low-emission vehicles had helped sales since it was implemented in April.

Other factors in the profit growth were steel price slump and the government's promotion of environment-friendly, low-emission cars.

All the automobile enterprises involved in the statistics are those which have an annual business volume of five million yuan.

Commerce Minister unveils 8 auto export zones

Aug 18 (chinadaily) -- Commerce Minister Bo Xilai yesterday named eight cities as China's first batch of automobile export zones.

At a ceremony in Beijing attended by Vice-Premier Wu Yi, Shanghai, Tianjin and Chongqing municipalities, as well as Changchun in Jilin Province, Wuhan in Hubei Province, Xiamen in Fujian Province, Wuhu in Anhui Province, and Taizhou in Zhejiang Province were named as the first eight zones.

The ministry and the National Development and Reform Commission also named 160 vehicle and spare parts manufacturers from these cities as the first batch of national automobile and spare parts exporting enterprises.

Among these firms, 61 are foreign-funded companies, according to the ministry.

The long-awaited move comes amid the rapid growth of China's exports of vehicles and spare parts.

However, the industry's export volume remains small and domestic companies have been engaged in bitter overseas price wars.

Bo said that industry regulators would soon issue measures to help boost the nation's vehicle and spare part exports, and put the market in order.

"Expanding the exports of vehicles and spare parts, especially our own brands and those with our own intellectual property rights, is the only way to enhance our auto industry's international competitiveness and enable China to turn from a major auto-making nation into a strong one," Bo said.

The auto sector should fully utilize markets and resources at home and abroad, and domestic manufacturers should become internationally competitive, he added.

China's vehicle and spare parts exports were worth US$10.9 billion last year, up 34 per cent from 2004.

In addition, the nation's vehicle exports more than doubled to 173,000 units in 2005, surpassing vehicle imports for the first time.

However, vehicle and spare part exports only accounted for 7.3 per cent of total output value of China's auto sector. In contrast, more than 40 per cent of vehicles made in Germany, Japan and South Korea are exported.

China is currently the world's fourth-biggest auto-making nation after the United States, Japan and Germany. It produced 5.71 million vehicles last year and output is expected to reach 7 million this year. Meanwhile, the nation has more than 5,800 vehicle and spare parts manufacturers.

Bo said China's vehicle and spare part exporters face major risks due to a host of problems, such as domestic producers' weak independent development capabilities, stricter foreign environmental and safety standards, and a lack of shipping capacity.

Domestic automakers mainly sell buses, trucks and low-end cars in overseas markets.

Also yesterday, 17 of the automakers named by the minister agreed to form 15-year strategic alliances with China Ocean Shipping Group and China Export & Credit Insurance Corp to expand their shipping capacity and avoid export credit risks.

Zhu Yanfeng, general manager of First Automotive Works Corp (FAW), a partner of Volkswagen and Toyota, said the company would step up its efforts to improve its independent development capabilities and branch out into overseas markets.

"We will extend sales networks, improve services and focus on our own-brand vehicles in the overseas market to build up a new global image for Chinese-made vehicles," Zhu said.

He stressed that Changhcun-based FAW would also respect intellectual property rights.

FAW's own-brand line-up includes trucks, buses, mini vans and cars.

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First auto finance JV launched

Aug 24 (chinadaily) -- Dongfeng Peugeot Citroen Auto Finance Co Ltd, the first auto finance company jointly established by a State-owned financial institution and auto manufacturers, was launched yesterday in Beijing.

Bank of China Group Insurance Co, a wholly-owned subsidiary of Bank of China, owns a 50 per cent stake in the joint auto financing company.

Dongfeng Peugeot Citroen Automobile and its partner PSA Peugeot Citroen, via PSA Finance Netherlands, both hold 25 per cent stakes in the company.

Rene Steffan, general manager of the joint venture, said that the new firm would support the China sales of the two joint venture auto brands Dongfeng Peugeot and Dongfeng Citroen, as well as sales of imported Peugeot cars.

The company will provide wholesale and retail businesses to its dealers and end-users.

"We will start businesses in Beijing and gradually expand across the country," Steffan said, adding that China's auto financing market has significant development potential.

About 50 per cent of Dongfeng Peugeot Citroen dealers are currently financed through banking institutions, with the total financing value since 1999 being in excess of 20 billion yuan (US$2.5 billion).

Meanwhile, only about 10 to 15 per cent of new cars are sold through loans, due to the lack of comprehensive financial services and the absence of a sound credit system.

With the Bank of China's extensive network, the professional experience of PSA Finance Netherlands and the automakers' strong brands, more end-users can purchase cars through loans, Steffan said.

The auto financing company is expected to help Dongfeng Peugeot Citroen achieve its strategic target, said Liu Weidong, the firm's general manager.

The company aims to get a 7 to 8 per cent share of China's passenger vehicle market by 2010, which is expected to reach six million units by that time.

It sold 115,000 vehicles from January to July this year, with the sales for the entire year estimated to be over 200,000 units.

To cash in on the lucrative and potentially huge business prospects in the world's second-largest vehicle market, several global automakers have already started to offer car loans in China, such as General Motors, Ford, DaimlerChrysler, Toyota and Volkswagen.

Chery tipped to move to trucks, buses

Aug 25 (chinadaily) -- Chery Automobile, China's rising independent carmaker, is preparing for a foray into the commercial vehicles sector to speed up its expansion, according to sources familiar with the company.

The carmaker in Wuhu, a city in East China's Anhui Province, has formed a commercial vehicles unit based on a failed bus plant acquired from the nation's top vehicle producer First Automotive Works Corp (FAW) at the beginning of this year, sources said.

Chery plans to start production of its own-brand commercial vehicles in 2008, aiming for an annual output of 300,000 units by 2010, sources said.

It expects to reap 10 billion yuan (US$1.2 billion) in sales revenue from the commercial vehicles business annually in 2010, one-eighth of its overall turnover in the year.

According to Chery's website, it aims to boost overall sales to 1 million vehicles a year by the end of this decade from 189,000 units last year.

The company currently makes low-cost cars under its own badge.

It has also set up a commercial vehicles engineering institute to develop new products. Commercial vehicles include trucks and buses.

A Chery spokesman yesterday declined to confirm the commercial vehicles sector plan.

The bus plant, also located in Wuhu, was launched in 1993 by FAW and the local government with an investment of 470 million yuan (US$58.7 million). It has a manufacturing capacity of 2,000 buses and 30,000 chassis a year.

But the plant hit severe financial trouble in 2002 due to sluggish sales.

Zhao Shengli, an auto analyst with China Galaxy Securities Co Ltd, said it's a "natural move" for Chery to enter the commercial vehicles market as it needs a broader product spectrum to achieve its ambitious sales target.

"It therefore aspires to the commercial vehicles sector. China's commercial vehicles market will continue to grow in the coming years, but competition has been very fierce with lots of players," Zhao told China Daily.

He predicted demand for commercial vehicles in China would increase by 5 to 10 per cent annually in the years to 2010.

According to industry statistics, demand in the first half of this year stood at 1.02 million units, up 7.71 per cent from a year ago.

"As a major home-grown brand, Chery can gain strong backing from the government and banks," Zhao said.

The company appears to have a sound cash flow as many investment banks are persuading it to list on the stock market, he added.

Industry data showed that Chery's profits surged by three-fifths year-on-year to almost 112 million yuan (US$14 million) in the first half of this year on blistering sales growth.

The company sold 144,200 cars in the period, driving up its sales growth by 72 per cent. Brisk sales made it the No 6 Chinese vehicle group after FAW, Shanghai Automotive Industry Corp, Dongfeng Motor Corp, Chang'an Motor Corp and Beijing Automotive Industry Corp.

While Chery is an independent company, its bigger competitors all assemble foreign-brand cars.

Chery expects to sell more than 300,000 vehicles this year.

Its current line-up contains micro cars, compact and mid-sized sedans, multi-purpose vehicles and compact sport-utility vehicles, which retail between 32,400 yuan (US$4,100) and 169,800 yuan (US$21,200).

The company is leading China's car exports.

From Janaury to June, it exported 13,548 cars, accounting for two-fifths of the nation's total car shipment overseas.

China to start vehicle crash testing

Aug 27 (Agencies) -- China will begin its first independent vehicle crash tests next week as the government adopts a new system described as "consistent with the international New Car Assessment Program [NCAP]."

News of the crash-test program was reported by Xinhuanet, which said the first vehicle to be tested will be the Nissan X-Trail, assembled locally by Dongfeng Automobile.

Crash tests previously were conducted by the manufacturers, who were under no legal obligation to publish the results. Under the new system, the China Automotive Technology and Research Center in Beijing will conduct official tests.

CATARC, which participates in setting national automotive standards, said it has tested 1,200 vehicles for various manufacturers since 1999. The center said it plans to test 10-15 vehicles each year.

What this means to you: Chinese consumers soon will be able to read the same sort of independent crash-test results as their counterparts in Europe, Japan and North America.

'Green' Buses Take to the Streets

Aug 30 (Shanghai Daily) -- Ten new environmentally friendly buses were unveiled yesterday by the Shanghai government.

The buses are powered by 360 ultra-capacitors and are charged at bus stops with equipment attached to the roof of each vehicle along the No. 11 line, which has 10 stops around Laoximen in Huangpu District.

Each charge takes only 30 seconds and can power the bus for 3 to 8 kilometers.

Experts said the buses don't have any emissions since they are powered by electricity and that there is no need for unsightly wires overhead like other electric trolleys.

This represents the city's first step to upgrade buses that either cause air pollution or damage the image of Shanghai.

"The new trolley bus is a win-win solution for new transport," said Ma Xingfa, an official of the Shanghai Science and Technology Commission. Working with a municipal fund of 15 million yuan (US$1.87 million) in the last five years, the science commission has teamed with a total of eight high-tech and transport companies to develop new buses.

They were produced by Shanghai Sunwin Bus Corporation - a joint venture between Shanghai Automotive Industry Group and Volvo Investment Corporation.

Each bus costs about 800,000 yuan, according to the officials.

The 10 buses are operated by Shanghai Bashi Xinxin Automobile Service Company. The fare is 2 yuan - the same as air-conditioned buses.

Chen Youkou, a senior engineer of the project, said: "The city government plans to gradually upgrade other buses."

There are about 20,000 buses, including 424 electric, in the city. According to Chen, the older, diesel powered buses produce carbon monoxide and led particles, two major air pollutants.

According to a preliminary plan, the government has decided to upgrade the No. 13 and No. 20 routes in the next phase, Chen said.

The cost of an upgrade for each bus is about 200,000 yuan.

Chen said the next step is to increase the power of capacitors so that they can run longer distances without a charge - particularly during rush hours.

He said the government also plans to gradually remove most overhead wires and power poles downtown.

Experts said maintenance will be about 80 percent cheaper compared to a conventional bus, creating strong market potential for transport operators.

Chen said the environmentally friendly buses have one major drawback. If it runs at a slow speed for quite some time, it loses power quickly.

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Oil and Gas

China to build new bio-oil plant in eastern province

Aug 29 (Xinhua) -- China is to begin construction of a refinery and a machinery plant in Hefei, capital of eastern Anhui Province, which can turn out one ton of bio-oil from every two tons of crop stalks.

With an investment of 97.8 million yuan (12.2 million U.S. dollars), the project is expected to begin operation in a year's time and generate 360 million yuan (45 million dollars) in profit every year.

The refinery will process 2,000 tons of biomass every year to produce bio-oil as a substitute for heavy oil, diesel and coal tar. Bio-oil can be used directly to heat boilers and as fuel for motor vehicles after further refining. Ethanol can also be extracted from bio-oil.

Scientists from the University of Science and Technology of China announced in late June that they had made an important breakthrough

in reducing the cost of converting crop stalks, chaff and sawdust into bio-oil.

Bio-oil produced with this 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 Anhui Province.

The technology, which can produce more than 6 kg of bio-oil from 10 kg of sawdust and 5 kg of bio-oil from 10 kg of crop stalks, has been approved by the provincial department of science and technology.

Scientists at the laboratory have also invented a machine that can process 120 kg of biomass per hour.

Research into converting biomass into an liquid energy source began in the 1980s, but the high cost of conversion has so far prevented scientists from producing an economically viable energy source.

Gov't aims to rein in growth of coal liquefaction

Aug 10 (chinadaily) -- China has raised the capital threshold for projects converting coal to liquid fuel to prevent a possible overheating of the coal-chemical industry, as the excessive development of fossil fuels pollutes the environment and strains water supplies.

On July 7, the National Development and Reform Commission (NDRC), China's top economic policy-making body, issued a circular requiring local governments to tighten controls over new coal liquefaction projects before the completion of the national development programme for the coal liquefaction industry.

The government will not approve coal liquefaction projects with an annual production capacity under three million tons, said the NDRC circular.

One ton of coal-to-oil processing capacity needs an investment of 10,000 yuan (US$1,250). Therefore, an annual capacity of three million tons requires an investment of 30 billion yuan (US$3.75 billion), an astronomical figure for most enterprises, said Li Dadong, an academic from the Chinese Academy of Engineering.

Constantly rising international oil prices have prompted the coal chemical industry to try to find alternatives to petroleum in China. Oil's recent rally towards US$80 a barrel has spurred a further wave of coal liquefaction projects.

Coal liquefaction is a process that converts coal from a solid state into liquid fuels, usually to provide substitutes for petroleum products. Coal liquefaction processes were first developed in the early 20th century, but its later application was hindered by the relatively low price and wide availability of crude oil and natural gas.

Large-scale applications have existed in only a few countries, such as Germany during World War II and South Africa since the 1960s. The oil crisis of the 1970s and the threatened depletion of conventional oil supplies sparked a renewed interest in the production of oil substitutes from coal in the 1980s. However, the wide availability of inexpensive oil and natural gas supplies in the 1990s effectively ended the short-term commercial prospects of these technologies.

Coal-to-liquid fuel technology remains in its infancy in China, according to the NDRC.

China is the world's second-largest energy producer and fifth-largest producer of crude oil. Driven by high oil prices and fast economic growth rates, China reached a record high in domestic oil production and consumption in the first half of 2006.

In the first six months of 2006, China's domestic production of crude oil totalled 92 million tons, up 2.1 per cent year-on-year. Domestic production of processed oil reached 85 million tons, up 5.6 per cent, according to statistics from the China Petroleum and Chemical Industry Association.

Over the same period, China's net crude oil imports reached 70 million tons, up 17.6 per cent, and China's net import of processed oil reached 12 million tons, up 48 per cent, according to customs figures.
China imported 47 per cent of its total oil consumption in the first half of this year, sources from the Minister of Commerce said.

"China will continue to rely mainly on domestic energy supplies and its annual oil production will stay anywhere between 180 and 200 million

tons for a relatively long period of time," said NDRC Vice-Minister Zhang Guobao

"The coal liquefaction project will offer an efficient way to quench China's thirst for energy. It is conducive to reducing China's external dependence on crude oil," said Professor Lin Boqiang from Xiamen University in East China's Fujian Province.

China began developing coal-to-liquid fuel technologies in the 1980s. The coal liquefaction project was given strategic significance in the mid-1990s, after China became a net oil importer in 1993, said Zhang Yuzhuo, deputy general manager of Shenhua Group, China's biggest coal producer.

In 1999, China launched its first coal-to-liquid project in Pingdingshan, Central China's Henan Province. However, the project, with an annual capacity of 500,000 tons, came to an untimely end, because the type of coal proved unfit for liquefaction.

In 2001, a high-tech research project, the 863 Programme, picked up the pace on coal-to-liquid fuel projects.

Shenhua Group took the lead in the process. In August 2004, it embarked on an ambitious direct coal liquefaction project, the first of its kind in the world, in Ordos, northern China's Inner Mongolia Autonomous Region.

The project is designed to have an annual capacity of five million tons. Estimated to cost 24.5 billion yuan (US$3 billion), it will be undertaken in two phases. The first, designed to produce 3.2 million tons of oil products, is scheduled for production by 2007. The second phase is scheduled for production by 2010, with a designed annual production capacity of 2.8 million tons.

Other major coal producers have followed suit. In February 2006, a coal liquefaction project with a designed initial annual capacity of 160,000 tons was launched by Lu'an Group in Tunliu, Shanxi Province.

Two months later, Yankuang Group initiated a huge two-phase coal liquefaction project in Yulin, Northwest China's Shaanxi Province, which will involve a total investment of 100 billion yuan (US$12.5 million). The project is expected to reach an annual output of 10 million tons of oil products by 2020.

However, in addition to the three projects that have won the NDRC's approval, many other provinces and regions have blindly planned and built coal liquefaction projects in recent years. The businesses look forward to significant economic returns counting on the high oil price and the current low cost of coal, despite the impact on local resources and the ecosystem. The result a headlong rush to launch coal-to-oil projects across the country.

It is reported that a total of 30 coal liquefaction projects across the country are either at the stage of detailed planning or feasibility studies. According to conservative estimates, the total capacity would exceed 16 million tons, and the total investment would exceed 120 billion yuan (US$15 billion). Insiders predict that China's annual oil output liquefied from coal will reach 50 million tons by 2020.

In addition to domestic coal giants, foreign businesses with coal-to-oil know-how are also attracted by the promising business opportunities.

On July 11, Shell Gas and Power Developments BV and the Shenhua Ningxia Coal Industry Co (Shenhua-Ningmei) signed an agreement on joint study of coal liquefaction technology in Yinchuan, the capital of Northwest China's Ningxia Hui Autonomous Region.

Under the deal, the Anglo-Dutch company will work with Shenhua-Ningmei on the technological and commercial feasibility of launching an indirect coal liquefaction facility with a daily production capacity of 70,000 barrels of oil products and chemicals at the Ningdong coal mining centre.

"Ningxia is not only rich in coal but in water and power supply, which are all important for the successful development of an indirect coal liquefaction project," said Zhang Wenjiang, chairman of Shenhua-Ningmei.

Apart from Shell, many other foreign businesses have come to China seeking opportunities from coal-to-liquid fuel projects.

In June 2006, South Africa-based Sasol, the world leader in producing fuel from coal, joined

forces with Shenhua Group to establish two coal liquefaction plants in Northwest China.

Chinese industry officials have appealed to authorities and business to keep cool about coal liquefaction.

"Although coal liquefaction promises to help ease China's oil shortage, huge potential risks are involved in its mass production," said Professor Lin Boqiang from Xiamen University.

In addition, the unchecked growth of the sector would damage China's already deteriorating environment, analysts said.

Coal liquefaction consumes large amounts of water, and China especially its northern and northwestern regions is short of this resource. Developing coal liquefaction would greatly exacerbate such shortages. Apart from Yunnan and Guizhou provinces in Southwest China, most coal-rich provinces are short of water.

In addition to its need for massive quantities of water, coal liquefaction discharges waste gas, waste water and industrial effluent, creating significant environmental risks.

The profit margins of coal liquefaction projects are closely linked to the fluctuating international price of oil, which changes from year to year. A coal liquefaction project takes three to five years to build and operate.

"Coal-for-oil technology will be economic if the crude oil price is higher than US$25 per barrel. In this sense, it will not face any risk in the near term," said Zhou Fengqi, a researcher with the Energy Institute of the NDRC's Macroeconomic Research Institute.

"But it is hard to tell whether coal liquefaction projects will certainly profit. If the international oil price plummets in the future, the nation will suffer a lot," said Zhou.
Other industry experts worry that China's coal resources are not so rich. Verified exploitable coal reserves were 188.6 billion tons at the end of 2002, but the average resource recovery rate was only 30 per cent. Calculated at an annual coal output of 1.9 billion tons, the reserves would last only 30 years.

"In fact, investment in coal liquefaction incurs a high risk when the industry remains in its infancy. Coal liquefaction should spread only after the success of trial efforts," said Professor Lin Boqiang.

The NDRC concluded that during the period of the 11th Five-Year Plan (2006-10), the coal liquefaction industry should be developed smoothly and steadily.

China to build largest dimethyl ether project

Aug 18 – (Xinhua) -- China is to start construction of its largest dimethyl ether (DME) project with an annual output of three million tons to reduce rising oil consumption.

Coal-based DME is a clean-burning alternative to liquefied petroleum gas, liquid natural gas, diesel and gasoline.

Located in Ordos city of north China's energy-rich Inner Mongolia Autonomous Region, the project will cost 21 billion yuan (2.6 billion U.S. dollars), the Shanghai Securities News reports.

Compared with the current annual output of 120,000 tons of DME each year, the project will make a huge difference to China's alternative energy sector, said a statement from the National Development and Reform Commission (NDRC).

A pipeline will be built to transfer the DME from Ordos to the port city of Tangshan in north China's Hebei Province.

This would then enable it to be shipped to provinces in east and south China which are crying out for energy sources.

The participants in the project include power giants China National Coal Group Corporation, China Petroleum and Chemical Corporation and the Shanghai-based Shenergy Group.

Facing oil shortages, China is speeding up efforts to develop an oil substitution program to reduce its reliance on oil imports and offset the effects of rising oil prices.

But as a sustained coal supply has remained a challenge for China, NDRC has banned any

coal-based DME project with a design capacity lower than one million tons.

Official: No plan to raise price of diesel

Aug 22 (chinadaily) -- Despite the fact that diesel has been in short supply in this southern city over the past few months, the local authorities have not yet decided to further raise prices.

Lan Lan, an official with the municipal pricing bureau in Guangzhou, said the issue was not yet on the agenda, although he admitted that the city was suffering from a shortage of supplies.

The latest price rise for diesel was in May, when the price rose by 11 per cent to 4.64 yuan (57 US cents) from 4.18 yuan (51 US cents) per litre. The latter price was itself set in March.

The official said that the bad weather in South China was a main reason for the shortage of supplies.

The month-long heavy rain in May and three following typhoons made the transportation of oil difficult.

At the same time, demand for diesel has increased as many enterprises are using more to generate their own power owing to power outages.

Also, big vehicles, including buses and trucks, need more diesel to run their cooling systems in the burning summer months.

The official said the price of diesel could rise again this year.

Lan's viewpoint was backed by Yao Daming, a department director of the Guangdong Provincial Chamber of Commerce for Oil and Gas.

"A small rise in the price of diesel is very likely before the end of this year," he said.

The State authorities are determined to adjust oil prices to integrate them with international prices, he said.

He added local market demand was obviously outstripping supply.

Nation plans large-scale investment in new energy

Aug 23 (chinadaily) --China, the world's second-biggest energy consumer, plans to spend 800 million yuan (US$100 million) over the next 10 years to study next-generation fuel, called natural gas hydrates, that could possibly ease the nation's increasing reliance on oil imports in the long run.

The country expects technology to be viable between 2010 and 2015 for the trial exploration of the new energy source, a crystalline compound of water and natural gas with methane as its major ingredient, said an industry report posted on the National Development and Reform Commission (NDRC) website.

"But further technical breakthroughs need to be made before the fuel can be commercially developed," said a report published on Monday.
When lit, every cubic metre of gas hydrates, commonly known as "fire in ice," is capable of releasing as much energy as 160 to 180 cubic metres of natural gas.

Optimists say gas hydrates could reliably replace the conventional oil and coal, thanks to its abundant deposits under the sea.

They believe that the world's gas hydrates reserves are equivalent to as much as twice the combined amount of coal, oil and natural gas, sufficient to meet global energy demands for a thousand years.

China began preliminary research into gas hydrates in 1999, and plans to work with its German counterparts to sample the fuel in the northern part of the South China Sea within the year.

"China so far has discovered enormous reserves of gas hydrates in the offshore areas only those spotted in the northern part of the South China Sea are expected to amount to half the oil resources on the land," the NDRC report said.
China had recoverable oil reserves of as much as 21.2 billion tons last September, according to figures from the Ministry of Land and Resources.
Impressive as it may sound, some experts are not so enthusiastic, saying the new energy source would not be available for everyday use until far into the future.

"Like hydrogen technology, the gas hydrates development is still at a very nascent stage, and we need to do a lot more work to get it onto the ground," said Ni Weidou, chairman of the Tsinghua-BP Clean Energy Research and Education Centre. "Meanwhile, we cannot rule out the possibility of finding another source which is competitive with gas hydrates in the future."

Ni said coal-to-fuel technologies would be the most feasible to address concerns over the price of oil and dirty coal, citing China's rich coal resources.

"As oil prices are not expected to fall below US$50 per barrel, coal-converted fuels such as methanol and other oil products will be major alternatives to ease China's heavy reliance on oil," Ni said.

A growing number of energy firms have shown strong enthusiasm for coal-to-fuel projects in China to cash in on the government's willingness to boost the development of oil alternatives.

The nation's biggest coal company China Shenhua Group has teamed up with global technology leaders such as Royal Dutch Shell and South Africa-based Sasol on the joint study of coal-to-liquids projects in China, which aims to convert coal into 30 million tons of oil by 2020.

Its smaller rival China National Coal Group Corp has also announced a partnership with four other energy firms including Sinopec to build a 21-billion-yuan (US$2.6-billion) project in North China to turn coal into methanol, a blending component for petrol, and dimethyl ether, a clean fuel that can replace liquefied petroleum gas and diesel.

To avoid excessive investment boosted by the industry boom, Ni said the government should come up with more regulations and standards on the construction of coal-to-fuel projects in China.

The NDRC earlier last month issued an industry notice to tighten controls on such project building, and its Vice-Minister Zhang Guobao said companies should remain rational in developing more plants.

"The coal-to-fuel technology is a good way (for China) to handle the high oil prices, but we should develop it with good awareness of environmental protection and economic returns," Zhang said last week in Beijing.

China, Viet Nam to accelerate oil exploration in Beibu Gulf

Aug 25 (chinadaily) --China and Viet Nam will accelerate oil and gas exploration and extraction in the border waters of the Beibu Gulf, according to a joint statement released yesterday evening.

The communique states that during Vietnamese leader Nong Duc Manh's four-day visit to China that began on Tuesday, the two countries reached a series of agreements on borders, trade, investment, loans and free trade.

China and Viet Nam also agreed to take further steps to settle disputed borders.

Both sides were upbeat about joint naval patrols and the implementation of border and fishing treaties in the Beibu Gulf, which separates northern Viet Nam from South China's Guangxi Zhuang Autonomous Region and Guangdong and Hainan provinces.

The two countries agreed to advance negotiations on settling borders in the waters outside the mouth of the Beibu Gulf and actively discuss joint development of the area.

They also agreed to abide by the consensus reached by their leaders and continue consultations on issues concerning the South China Sea; and study and discuss joint development and co-operation.

Both countries agreed to accelerate land border surveys and pledged to sign a new border control document by 2008.

The two countries decided to boost bilateral trade to US$10 billion by 2010, with China promising to firmly support Viet Nam's bid to join the World Trade Organization (WTO).

Bilateral trade reached US$8.2 billion in 2005. In the first half of this year, the figure jumped 19.3 per cent year on year to US$4.57 billion.

The two countries also vowed to encourage and support enterprises develop long-term

collaboration in infrastructure, human resources, energy and mineral processing.

They also signed agreements on economic and technological co-operation, as well as Chinese loans for the construction of a coal-fired power plant in northern Viet Nam.

The two countries pledged to step up efforts to set up sub-regional economic areas, including a China-ASEAN free trade zone and economic corridors along the Mekong River.

Technological breakthrough may reduce oil use

Aug 25 (chinadaily) -- A groundbreaking experiment is expected to help China cut down on energy consumption and reduce its reliance on oil.

The nation now has plans to industrialize its homegrown coal-to-petrochemicals technology after the success of a project using the world's first 10,000-ton DMTO (dimethyl ether/methanol-to-olefin) industrialization equipment.

DMTO is a technology that uses coal or natural gas as a substitute for crude oil to produce olefin produces, such as ethylene and propylene.

Sources said there is already a lot of interest in the technology from firms both in China and abroad.

The experiment took place in Northwest China's Shannxi Province. The Shannxi provincial government and the Chinese Academy of Sciences (CAS) announced the outcome yesterday.

Yuan Chunqing, acting governor of Shannxi, told a press conference at the Great Hall of the People in Beijing that the technology's industrialization would further rationalize China's energy structure. The country is rich in coal but short of oil and natural gas.

"The success of the DMTO industrialization experiment means we can explore a new way of developing the olefin industry and reduce oil imports, which is significant to our energy safety," Yuan said.

The experiment began in February and received an investment of 86.1 million yuan (US$10.6 million) from the Shannxi Xinxing Coal Chemical Industrial Co Ltd, a government-backed enterprise.

"The success of the experiment lays a solid foundation on which to increase the equipment's annual production ability to the million-ton level," said Li Chunlin, an official with the Shannxi Provincial Commission of Reform and Development.

Li said an industrialization programme processing 3 million tons of methanol per year would be carried out in Yulin in the northern part of the province. Preliminary work was already under way.

"Our DMTO technology has a promising market and dozens of enterprises from home and abroad have contacted its owners to seek technology transfer," Li said.

S. Korea, China in energy cooperation pact

August 30 (AP) -- South Korea and China agreed Tuesday to pursue joint projects in the energy sector to cope with rising global oil prices.

"The two sides agreed to strengthen cooperation in their policies related with high oil prices and the issue of global energy supply," South Korea's Ministry of Commerce, Industry and Energy said in a statement after a meeting between South Korea's Commerce Minister Chung Sye-kyun and his Chinese counterpart, Ma Kai.

Under the agreement, South Korea and China agreed to pursue joint projects in the fields of renewable energy, oil reserves, electricity and gas, the ministry said, without mentioning exactly how the two countries will cooperate.

In the meeting - the seventh between the two countries - Chung suggested sharing technological know-how between South Korea and China, the ministry said.

Ma, minister of National Development and Reform Commissions, said China has put top priority on saving energy, according to the ministry.

South Korea and China also agreed to increase exchanges between small- and medium-sized businesses and increase cooperation in their industrial policies, according to the ministry.
China replaced the United States as South Korea's largest trading partner in 2004.

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CNOOC profits up 37.6% in 1st half

Aug 30 (Xinhua) -- CNOOC Ltd., China's offshore oil and gas giant, said Tuesday its financial and operating results in the first six months hit an all-time high since its listing, with its net profits jumping 37.6 percent from a year earlier to 16.28 billion yuan (about 2 billion U.S. dollars).

From January to June, the total revenue of the company surged 47.2 percent year-on-year to 48.34 billion yuan (6 billion dollars).

"The stable growth of oil and gas production, together with rise of oil prices are the main driving forces for the notable increase in revenue from oil and gas sales," said the company in a statement.

CNOOC's average price rose 42 percent during the period to 62.39 U.S. dollars a barrel.

CNOOC said its net offshore production of oil and gas rose 7.2 percent to 74.4 million barrels of oil equivalent.

"Benefiting from favorable external operating environment as well as our solid and healthy operational performance, we have achieved exciting operating results in the first half of the year," said Fu Chengyu, chairman and CEO of the company.

He said that by June 30, the company had made six new oil and gas discoveries and appraised two structures successfully, with four oil and gas projects having started production.
Fu said that Canada's Husky Energy Inc., the company's partner, made a deepwater gas discovery, China's first, in the South China Sea.

CNOOC has the rights to a 51 percent stake in the block under an agreement between China National Offshore Oil and Huskey.

"We have also made new breakthrough in our overseas business development by completing the acquisition of 45 percent interest in Nigeria's underdeveloped Akpo field. We also extended our exploration activities to Equatorial Guinea, Australia and Kenya," he said.

Besides CNOOC, China's two other oil giants have also released good interim results.

On Monday, Sinopec, China's largest refiner, said its first half net profit rose 14.6 percent year-on-year to 20.68 billion yuan (2.5 billion U.S. dollars) on strong demand for petroleum products in the booming economy.

Last Wednesday, PetroChina Company Limited (PetroChina) announced that it recorded a net profit of 80.68 billion yuan (10.12 billion U.S. dollars) in the first half of 2006, 29.4 percent up over last year's same period.

Earnings per share reached 0.45 yuan (0.06 U.S. dollar) and the net profit result sets a new half-year earnings record compared with corresponding periods since its listing, said PetroChina.

Climate Change and Air Pollution

SEPA to tighten environment criteria

Aug 18 (chinadaily) -- China's top environmental authority is preparing to step up the pressure on polluters by raising the threshold of the nation's environmental standards.

The State Environmental Protection Administration (SEPA) will draw up and update nearly 1,400 environmental protection criteria during the 11th Five-Year Plan (2006-10) period, covering areas such as pollution, high-energy consumption industries and over-capacity.

The number is four times as high as the 320 updates over the past five years.

"Environmental protection serves as technological reference for environment supervisors and law enforcers, and a ruler for enterprises to measure their pollution treatment. The amendment will have a great impact on China's environment," Wang Mingliang, an official from the department of science and technology at SEPA, told Xinhua News Agency.

SEPA will hold a national conference on science and technology over the next two days, and discussion of the new standards is on the agenda.

Among the near-1,400 criteria, seven will be related to environmental quality, 121 will concern pollution control and 1,122 will pinpoint environmental requirements of different sectors. New standards are expected governing circular economy, environmentally friendly industry, emissions monitoring, nuclear and electromagnetic radiation and measures for dealing with emergencies.

"The latest scientific and technological developments at home and abroad will support the amendment," Wang said. "Some advanced standards in developed countries will also be introduced, such as the European standard for auto exhausts."

"With the progress of China's economic and scientific development, the gap in environmental protection standards between China and foreign countries will gradually be bridged."

In the past five years, China has completed a series of important environmental standards, including standards for air pollution by coal-fire power plants and the cement industry, water pollution by medical institutions, combustion of dangerous waste and auto pollution.

Currently China has more than 880 environmental protection items, but according to Wang a lack of funds is hindering SEPA's efforts. "There aren't sufficient funds to carry on the amendment work," Wang told Xinhua.

"Although the Ministry of Finance increased its grant from the previous 4 million yuan (US$500,000) to 14 million yuan (US$1.75 million) in 2005, the same amount is still needed."

Major world cities team up to fight global warming

Aug 2 (Reuters) -- Los Angeles, London, New York, Seoul and 18 other cities joined forces on Tuesday in a global warming project aimed at reducing greenhouse gas emissions.

Launched by former President Bill Clinton's foundation, the initiative will allow cities to pool their purchasing power and lower the price of energy-saving products and provide technical assistance to help them become more energy efficient.

Urban areas are responsible for more than 75 percent of all greenhouse gas emissions, making reduced energy crucial in the effort to slow the pace of global warming.

Energy-efficient traffic lights, street lighting, the use of biofuels for city transport, and traffic congestion schemes were some of the practical steps that cities are expected to take to reduce greenhouse gases.

"The world's largest cities can have a major impact on this. Already they are at the center of developing the technologies and innovative new practices that provide hope that we can radically reduce carbon emissions," said London Mayor Ken Livingstone, who launched the initiative in Los Angeles with Clinton and British Prime Minister Tony Blair.

The Clinton Foundation said it hoped that coordination between major cities will boost efforts now being made by some areas on an individual basis.

The partnership with the foundation began with the participation of 22 cities -- Berlin, Buenos Aires, Cairo, Caracas, Chicago, Delhi, Dhaka, Istanbul, Johannesburg, London, Los Angeles, Madrid, Melbourne, Mexico City, New York, Paris, Philadelphia, Rome, Sao Paulo, Seoul, Toronto and Warsaw.

UK coast feels impact of climate change

Aug 5 (China Daily) -- The quaint seaside town of Lyme Regis with its narrow, winding streets seems a million miles from the melting polar ice caps or the flooded coral atolls of the Pacific.

But the exposed steel piling behind the promenade and the newly reinforced beach, designed to stop Lyme from crumbling into the sea, show that this, too, is a corner of the planet threatened by climate change.

Many scientists reckon the world is warming due to the "greenhouse effect" caused by emissions from fossil fuels trapping heat in the atmosphere.

The heat wave currently sweeping across large parts of Europe and North America is seen by some as a sign of climate change.

For the past year Lyme, made famous as a setting for Jane Austen's novel "Persuasion" and John Fowles' "The French Lieutenant's Woman," has been in the grip of gut-wrenching engineering works.

Vacationers lounging on the new beach may not realize it, but Lyme, on the southwest coast of England, sits in the middle of one of the most unstable stretches of coastline in the country with a long history of landslips.

Its very instability is the reason this section of England's southern coast has become known as the Jurassic Coast, in recognition of the rich seam of fossils that are uncovered when cliffs, eroded by the waves, collapse.

Now experts say the pace of landfalls is set to accelerate as global warming leads to rising sea levels and fiercer winter storms battering the fragile blue lias or sea limestone cliffs.

Locals got a taste of things to come in January this year when three-quarters of a million tons of rock and clay fell on neighbouring Charmouth beach, stranding a handful of people, in the biggest landslip for 30 years.

Rock armour

In a bid to hold back the waves, Lyme has embarked on a US$37 million programme to double the length of rock armour at the end of the ancient Cobb harbour, put more sand and shingle on the beach and stabilize the sea front.

The work has been noisy, dirty and disruptive but Mayor Ken Whetlor reckons the town has no choice.

"You have to put up with that if you want to save your town," he said.

"With the forecasts of rising sea levels, the defences we had in place would not have lasted the course. The decision was either to save this heritage coast or let it go."

Just 8 kilometres along the coast, the National Trust charity, Britain's largest owner of coastline, is beating a retreat on Golden Cap, the highest point on England's southern coast.

With the rate of land erosion expected to increase to more than 2 metres a year, the Trust has decided to move its cliff-top path up to 25 metres inland.

Over the next century, the organization expects more than half the 1,120 kilometres of coastline in its care will face similar serious erosion damage.

Britons, none of whom live more than 120 kilometres from the sea, will have to learn to live with the growing impact of climate change, according to the National Trust's assistant director of policy Ellie Robinson.

"We need to explain to people that it is happening here and now in the UK," she said.

"It's not just about ice caps and Bangladesh and hurricanes in the US and drought in Africa. It is happening here at home and we can't kid ourselves that it's just the rest of the world that will be affected."

Managed retreat

On England's east coast, other towns are also under threat and farmland is being lost to the sea. Climate change here adds to the gradual sinking of the southeast corner of Britain as the Earth's crust continues to adjust to the end of the last ice age 10,000 years ago.

Some larger East Coast towns will be protected, as Lyme has been, but smaller communities such as the Norfolk village of Happisburgh are not lucky enough to be given extra sea defences and may go under. It is a policy known as managed retreat.

The government may be investing to defend notable coastal towns like Lyme, Brighton, Blackpool, Bournemouth and Scarborough but Environment Minister Ian Pearson argues it is unrealistic to try to maintain the status quo everywhere.

Such a selective approach angers home owners in Happisburgh and other small places, who fear

they will be left without compensation if their houses tumble into the waves.

Carbon emission deal between chemical plant, WB approved

Aug 10 (Xinhua) -- The United Nations has approved a Chinese chemical plant's sale of greenhouse gas emission credits to the World Bank in the largest-ever emission reductions deal.

The Changshu 3F Zhonghao New Chemicals Material Co. Ltd, in Jiangsu Province, will receive 438 million euros for cutting HFC-23 (trifluoromethane) emissions by the equivalent of 10.43 million tons of carbon dioxide annually for the next seven years.

The World Bank will buy the company's emission reductions on behalf of a partnership of overseas public and private sector buyers, the Xinhua-run Shanghai Securities News reported on Thursday.

HFC-23 has a global warming potential 11,700 times greater than carbon dioxide. It is generated in the manufacture of HCFC-22, a gas used as a refrigerant and feedstock, and a raw material for other products.

HFCs, or hydrofluorocarbons, are among the six heat-trapping gases covered in the Kyoto Protocol.

The deal will ensure the factory's HFC-23 is captured and safely disposed of.

The Umbrella Carbon Facility of the World Bank will buy the emission reductions for six euros per equivalent ton of carbon dioxide.

The Kyoto Protocol, which took effect in February last year, sets targets for industrialized countries on the reduction of greenhouse gas emissions that would lower the risk of global climate change.

The United Nations pact obligates industrialized signatory nations to cut their collective emissions of six key gases by an average 5.2 percent from 1990 levels during the 2008 to 2012 period.

Purchase deals on gas emission reduction can be negotiated under the Clean Development Mechanism (CDM) of the Kyoto Protocol.

The CDM is a market-based mechanism that allows industrialized countries to invest in developing country projects and acquire emission reduction credits, or carbon credits, that they can then use to fulfill their commitments under the protocol.

Under Chinese regulations on CDM cooperation, the chemical firm will take 35 percent of the project's profit, while the government takes the other 65 percent to support future sustainable development programs.

Greenland melts at faster rate

Aug 11 (chinadaily) -- The Greenland Ice Sheet the second largest ice cap on Earth is now melting twice as fast than in the preceding five years, according to a US-based research team led by Chinese scientist Chen Jianli.

It has been shrinking by about 240 cubic kilometres per year since 2004, researchers estimated after studying ice mass changes over Greenland between 2002 and 2005. Previous research showed that the annual loss of the Greenland ice sheet was about 90 cubic kilometres between 1997 and 2003.

The latest discovery, published in this week's issue of Science, adds another important piece to the global warming puzzle, indicating that melting polar ice sheets are contributing to the rise of global sea levels.

"Our result confirms that the island's ice is melting at an accelerated pace," Chen, now a geophysicist at the Centre for Space Research at the University of Texas, told China Daily on Tuesday.

Chen worked at the Shanghai Observatory for five years before pursuing a PhD in geophysics in the US. He recently received a US Presidential Early Career Award for Scientists and Engineers.

In March this year, US scientists used satellite radar interferometry data to estimate that the Greenland Ice Sheet is melting by about 224 cubic kilometres annually.

However, "Some doubts remained over the result as the satellite remote sensing technique generally allows large errors," said Chen.

Chen and his research team drew their conclusions from a more accurate methodgravity field variation datacollected through the Gravity Recovery and Climate Experiment (GRACE) satellite mission.

The GRACE mission was jointly launched by the National Aeronautics and Space Administration (NASA) in the United States and Germany's Aerospace Research Centre and Space Agency (DLR) in 2002. The GRACE satellite maps the Earth's gravity fields by measuring the distance between two identical satellites.

"We also invented a novel technique to more effectively recover and filter

important signals from spatial background noise," Chen said.

Chen and his team also detected that a glacier in southeast Greenland has had

its highest melting rate since 2004, with annual ice loss of 90 cubic

kilometres. "With the new recovering technique, we can define each glacier's

individual ice change, which was not possible using previous techniques," he noted.

"GRACE is a real technological advance, which provides a novel method to study long-term climate change."

Scientists estimate that the complete melting of the Greenland cap would raise the global mean sea level by about 6.5 metres, a change which would cause the disappearance of some island countries.

Global warming behind killer typhoon season in China

Aug 14 (AFP) -- Global warming is contributing to an unusually harsh typhoon season in China that started around a month early and has left thousands dead or missing, government officials and experts say.

"The natural disasters caused by typhoons in our country have been many this year," the head of the China Meteorological Administration, Qin Dahe, said in recent comments on his organization's website.

"Against the backdrop of global warming, more and more strong and unusual climatic and atmospheric events are taking place.

"The strength of typhoons are increasing, the destructiveness of typhoons that have made landfall is greater and the scope in which they are travelling is farther than normal."

The vice minister of the Ministry of Water Resources, E Jingping, also spoke last week about the unusual ferocity, frequency and early arrival of typhoons in China this year.

E said the typhoon season in China normally starts around July 27, but this year the first typhoon hit the southern province of Guangdong on May 18.

"This is the earliest typhoon to hit Guangdong since 1949," he said in a speech.

"The typhoons have come earlier this year, they are strong, the area that they hit is wide and the length of time they last is long."

Natural disasters in China this year have killed 1,699 people and left another 415 missing, the nation's Red Cross Society said last week.

More than 1,300 of those died in weather-related incidents from May to the end of July, the government reported earlier.

Those reports came before the arrival on Thursday last week of Saomai, the eighth typhoon of the season and the strongest to hit China in 50 years.

Saomai has killed at least 214 people, mostly in the two eastern coastal provinces of Zhejiang and Fujian, according to figures released on Tuesday.

The president of the Washington-based Earth Policy Institute, Lester Brown, told AFP that the weather in China over the past few months was reflective of the worldwide extent of the problem of global warming.

"The emerging consensus in the scientific community is that higher temperatures bring more frequent and more destructive storms," Brown said.

"Our seasons seem to be beginning earlier and ending later."

According to NASAs Goddard Institute for Space Studies, the earths average temperature has risen by 0.8 degrees Celsius (1.4 degrees Fahrenheit) since 1970, he said.

But this is only the beginning of what the UN's International Panel on Climate Change believes will be a rise in temperature for this century of 1.4 degrees to 5.8 degrees Celsius.

"Just imagine what typhoons and hurricanes might be like in the future," Brown said.

Simply put, the storms are caused when warmer oceanic and atmospheric currents interact with cooler currents in tropic and sub-tropical regions, experts say.

Many of the cooler oceanic currents stem from the melting of the polar ice caps that is occurring due to rising global temperatures, said Edwin Lau, who monitors global warming at Friends of the Earth in Hong Kong.

"The hurricanes and typhoons are due to hot air rising... and the hotter the air, the spinning of the hurricanes is faster, picking up more water," Lau told AFP.

Meanwhile, as some areas of China are hit by more typhoons and the resulting floods, other parts of the country are suffering from intense drought, which experts say is another by-product of global warming.

In a landmark report in the mid-1990s, the UN panel on climate change predicted that global warming would leave southern China drenched with more rains, while the north and west of the country would suffer worsening droughts.

In Sichuan province, directly to the west of where much of the devastation from the typhoons has occurred, nearly seven million people are currently in urgent need of drinking water due to a severe drought, state press said Friday.

In the southwestern municipality of Chongqing next to Sichuan, the drought is threatening the water supply for 7 million people, according to another state press report.