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General Energy Issues

Consensus reached on energy, green tech

August 28 (chinadaily) -- Energy and the environment were among the key issues discussed between China and Germany as the two countries' leaders reaffirmed their commitment to push forward their strategic partnership.

President Hu Jintao and Premier Wen Jiabao met visiting German Chancellor Angela Merkel on Monday as she started a three-day visit.

Wen and Merkel signed an agreement on establishing two working groups on environmental technology and energy.

This is Merkel's second visit to the country during her less than two years in office, and the trip comes four months before environment ministers from around the world meet in Indonesia to try and launch talks to extend the Kyoto Protocol beyond 2012.

"Environment, energy efficiency and green technology are the focus of our cooperation," Wen told reporters at a press briefing.

He said the government is paying close attention to climate change and making efforts to address the issue.

Wen said China will continue to pursue the strategy of sustainable development and take part in global discussions on a climate change accord on the principle of "common but differentiated responsibilities".

Wen admitted that it will be difficult to reach environmental targets as China lacks the capabilities of rich nations to reduce emissions.

"We have a much tougher task than Germany does," he said, adding developed countries should continue to take the lead in making emission reduction commitments.

However, he said, China has shown its determination by shutting up hundreds of small-scale mines and power plants.

"We will do our best to tackle global warming and cut pollution," he vowed.

In response to reports that Chinese hackers were responsible for infecting German government computers, Wen said: "We are willing to work with Germany and take firm and effective action to prevent all hacking acts," Wen said.

The two sides also agreed to list the protection of intellectual property rights (IPR) as an important topic in the bilateral strategic dialogue.

"IPR protection is not just an issue between nations but also a requirement for China's own development," Wen said, adding that the government will intensify legal enforcement to punish violators.

Merkel said she believes China has set up a sound legal base for IPR protection.

Wen yesterday also emphasized the country's peaceful development, saying China will never be a threat to others.

He also briefed Merkel on policies and measures to enhance products quality and food safety.

"We never shun away from problems and always deal with them in a responsible manner. But we strongly oppose trade protectionism and prejudice against Chinese products," Wen said.

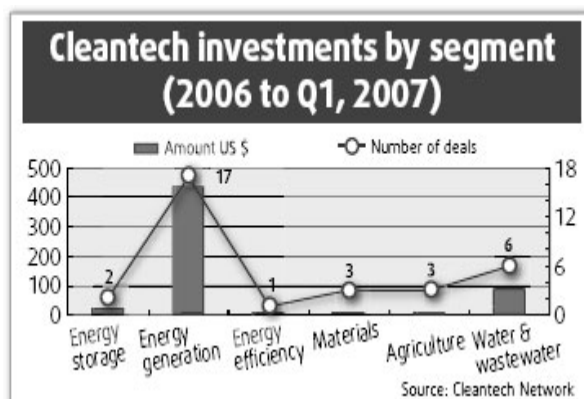
A delegation of 25 German business leaders and industry representatives are traveling with Merkel for a Sino-German industry forum. A commercial deal on an engine components project between ThyssenKrupp Technologies AG and an economic and technology zone in Nanjing, capital of Jiangsu Province, was also signed yesterday.

Merkel will address the Chinese Academy of Social Sciences this morning before flying to Nanjing for the opening of a three-year program "Germany and China - Moving Ahead Together".

The program will showcase German artistic and cultural creations in six major provincial hubs including Guangzhou and Chengdu.

Venture capital for green start-ups on the rise

August 10 (chinadaily) -- Venture capital funding for environmentally friendly start-ups is soaring in China, nearly hitting the level for the whole of 2005 in just the first quarter of this year, says a report released by Cleantech Group.



Venture capital investment in clean technology (cleantech) reached \$154 million in the first three months of this year, compared with \$170 million and \$420 million for the whole of 2005 and 2006 respectively, found the global research and investment institution committed to promoting alternative energy and environmentally friendly technology.

The report anticipates the momentum will continue as Chinese cleantech investment is expected to rise dramatically to reach \$580 million this year and surpass \$720 million the next.

China's cleantech venture capital market in 2006 and the first quarter of 2007 covered four segments: energy generation, water and wastewater, agriculture, and materials.

Solar energy made up over 70 percent of overall investment in energy generation, a pattern similar to Europe and North America. Thirteen of the 17 deals in energy generation were in solar, for a total of \$403 million.

Wind power accounted for two deals totaling \$22 million while there were two deals in biomass amounting to \$13.2 million.

After energy generation, water and wastewater saw the most activity, with six deals totaling \$90

million in 2006 and the first three months of 2007.

Agriculture and materials each had three deals totaling \$9.9 million and \$2.9 million respectively. Each segment accounted for 9 percent of the number of deals.

The water and wastewater sector, consisting of water resource management, wastewater treatment and recycling, is predicted to show potential as the next booming segment in China.

Cleantech said climate change will inevitably aggravate the scarcity of water resources and China is already facing challenges in water quality, especially in the north.

The Yangtze River Delta area in East China topped the list of regions in the number of deals and amount of investments.

The top eight cleantech investments totaled \$330 million in 2006 and in the first quarter of 2007. The biggest recent deal was an \$82 million investment by Goldman Sachs in solar panel maker Jiangsu Shunda.

Cleantech was ranked the third-largest category for venture capital investment in China, behind IT and media and communications. It captured 19 percent of total Chinese venture capital investment in 2006, increasing from 8 percent in 2005.

The report held that veteran investors see opportunities similar to IT in cleantech. And more and more venture capital funds that used to focus on segments like IT, telecom and media technology, are switching to cleantech.

In 2006, investors put \$420 million on 26 cleantech deals. But the investment is relatively small compared with \$2.9 billion in North America and \$700 million in Europe.

The percentage of China's cleantech venture capital to its GDP is 0.016. The same for North America is 0.022 and Europe is 0.005.

The market for cleantech products is new and investors see good growth potential as conventional energy supplies dry up.

Policy is regarded as a crucial factor driving investor interest in China's cleantech industries. The enforcement of the Renewable Energy Law

attracted a flood of venture capital investment in energy-related fields in 2006. The 11th Five-Year Plan (2006-10) will continue to be a stimulus for cleantech investment, the report said.

New rules to boost electricity from renewable energies

August 2 (Chinadaily) -- The State Electricity Regulatory Commission yesterday announced new rules on supervision of power grid enterprises' purchase of electricity generated by renewable sources. The rules will become effective on September 1, 2007.

According to the regulations, the commission and its local agencies are responsible to supervise such purchases.

Power distributors must include into their power grids all electricity from renewable energies, including hydraulic, wind, biomass and geothermal power, and solar energy, said the rules.

Power grid enterprises and electricity distributors are held responsible for misconduct that causes losses to producers of renewable energies, according to the rules.

Misconduct includes: failure to construct necessary facilities to connect the electricity to the power grids or failure to do so in time; refusal to sign electricity purchases and distribution agreements with the producers or purposefully setting obstacles to the agreements; failure to provide services related to the connection of electricity or failure to do so in time; or failure to give priority to electricity from renewable energies in electricity distribution.

If power grids fail to eliminate misconduct, they will be subject to fines less than the equivalent of electricity producers losses that result from the misconduct, according to the regulations.

The regulations also require provincial power grid enterprises and electricity generators to regularly report to the local electricity regulators on issues about volume, price, and payment of electricity from renewable energies.

Energy-saving products top priority in gov't purchases

August 7 (Chinadaily) -- The State Council has issued a circular requiring governments at all levels to prioritize energy-saving products in their purchases, to encourage environmental protection and reduce government agencies' expenditures on energy.

According to the circular, the aim is to establish a management system for the list of government purchasing items. The Ministry of Finance and the National Development and Reform Commission (NDRC) are responsible for making the new list and will release it soon.

The list includes two categories. The first category includes products the government will give high priority, and the other is items that government organs must purchase.

Products in the first category must meet a series of requirements. First, they must be certified by government designed institutions as energy-efficient products. Second, they need to utilize mature technology, of reliable quality and available for mass production. Third, the suppliers have to meet the relevant requirements in government purchasing law and provide sound supply system and after-sales services.

Products need to meet more demanding standards in addition to the requirements for the first category to qualify the second category. First, the products must be suitable for various government departments. Second, the products must be highly energy efficient. Third, each product should have at least five suppliers in order to avoid monopoly.

Experts said listed companies in the five industries of home appliances, information technology and lighting, power, and sanitary equipment are expected to benefit from the new purchasing system.

China has been committed to reducing energy consumption by government bodies in order to support the national goal of saving on energy and protecting the environment.

The Ministry of Finance and NDRC released rules on energy-efficient products and a list of

the products in 2004, noting the products have priority in government departments' purchases.

In 2005 and 2006, the government successively adjusted the purchasing list, expanding it to include 23 kinds of products under 18 categories from the original 10 types under eight categories. The number of enterprises on the list was increased to 266 from 88.

China speeds up energy-efficient products certification

August 2 (Xinhua) -- More than 10,000 products manufactured by 605 Chinese companies have been certified as energy-efficient products, according to the China Standard Certification Center (CSC) of the General Administration of Quality Supervision, Inspection and Quarantine.

Products in 55 categories from almost 350 companies were submitted for certification in the first half, said Cui Hua, director of the CSC integration department.

The program started with residential refrigerators in 1998, and about 20 products were certified in the first year. However, since 2004, certifications have accelerated a yearly growth rate of about 50 percent.

"The acceleration mainly resulted from the gradual establishment of the certification system and the government's promotion of energy efficiency," Cui said.

Only 20 to 30 percent of the total products would be labeled "energy efficient", she said. The standard would be constantly upgraded to catch up with new energy conservation technology.

Some products, such as consumer electronics and office equipment, were also recognized by the United States and Australia, as CSC has reached consensus with the US Environmental Protection Agency and Australian Greenhouse Office on exports of such products.

The government requires products with energy conservation certificates be clearly labeled for consumers. A CSC survey showed more than 20 percent of consumers in China's major cities recognized such labels.

Energy efficiency was the third most important factor for consumers in purchasing after quality and brand name, though such products tended to be more expensive than ordinary products, said the survey.

"I definitely consider energy efficiency, though it's not decisive," said a lady in her 30s surnamed Li, who was shopping for a new air-conditioner at a local supermarket.

The Ministry of Finance and the National Development and Reform Commission required government departments to give preference to products with such certificates in procurement.

The Corporation Income Tax Law enacted in March this year introduced preferential taxes for manufacturers of energy efficient products, but detailed regulations are still to come.

Cui Hua said more products would be added to the certification list, including industrial and architectural products.

The certification program had motivated manufacturers to produce more resource efficient products and help consumers to make informed purchase decisions, said sources with the CSC.

The certification falls into two categories -- energy and water efficiency -- covering 68 kinds of products, including home appliances, lighting, electrical machinery, construction products and office equipment.

SOE managers' careers linked to green targets

August 30 (chinadaily) -- Top managers of the country's leading State-owned enterprise (SOE) risk losing promotion opportunities or even jobs if their companies fail to meet energy-saving and pollutant-reduction targets.

An accountability system will be implemented for the managers of the 154 enterprises directly under the supervision of the central government starting September.

The State-owned Assets Supervision and Administration Commission (SASAC) urged all its enterprises to draw up detailed steps to help achieve the national green goal.

"The SOEs, which are the pillars of China's economy, should not only do well in profit-making, but also become role models in shouldering corporate responsibility," SASAC head Li Rongrong told a news briefing yesterday.

The accountability system sets green efforts as a decisive factor in determining the career prospects of managers.

The central government has already implemented a similar system to tie the careers of government and Party officials with improvements in the local environment.

Currently, SASAC assesses the performance of the SOE managements mainly on profit making.

The new system aims to make the leading SOEs toe the green line of the central government, which is committed to energy conservation and emission controls.

The government has set the goal of cutting energy consumption per unit of GDP by 20 percent and pollutant discharge by 10 percent from 2006 to 2010.

But energy consumption fell only 1.23 percent last year, well short of the annual target of 4 percent.

"It's not only our social responsibility to meet the green goal. In fact, energy saving and pollutant emission reduction can help us save costs and make more profit," Lu Youqing, vice-president of Aluminum Corporation of China, told China Daily.

Lu said his company has combined environmental requirements with production procedures to achieve "clean production" and low emissions.

The central enterprises - which control all the country's crude oil and natural gas production, generate half of the electricity and account for 15 percent of coal output - have great potential in energy saving and pollutant reduction, Li said.

He also agreed that the green model of development can help enterprises cut costs.

The bill for coal accounts for 60 percent of the overall cost of electricity generation for the country's five leading power plants. The

expenditure on fuel accounts for 40 percent of the total cost of the top three airlines.

Meanwhile, more than 8,000 Chinese enterprises were penalized for pollution offenses in the first eight months this year, Xinhua reported yesterday, quoting Ma Kai, head of the top economic planner.

Ma, who leads the National Development and Reform Commission, told lawmakers attending the 29th session of the Standing Committee of the National People's Congress yesterday that the government has strengthened supervision of enterprises on energy-efficiency and pollution.

By February, 12 projects that blatantly violated environmental protection regulations had been permanently shut down.

Ma said approval for 103 projects involving investment of 330.9 billion yuan (\$43.8 billion) that failed to meet green standards had been refused or delayed this year.

Automobile and Transportation

Most listed automakers report better-than-expected results

August 28 (chinadaily) -- Most listed automakers have reported better-than-expected first-half results, and some agencies said that the market for passenger vehicles may grow by 15 to 20 percent annually in the next decade, Guangzhou Daily reported.

Domestic automobile manufacturers, such as Shanghai Auto, Tianjin FAW Xiali, and Changan Auto, with the exception of FAW Car, have released their interim reports.

Shanghai Auto predicted on July 7 that it expects a potential triple increase in net profit. Nonetheless, the half-year report revealed the domestic auto giant's net profit amounted to 2.72 billion yuan (US\$360 million), up 359 percent from 592 million yuan a year before, topping China's auto manufacturers.

Following the acquisition of 20 billion yuan worth assets from other parts of its parent Shanghai Automotive Industry Corp through private

placement, Shanghai Auto's focus has shifted to producing complete vehicles. Currently, its overall assets have reached 85.59 billion yuan.

Meanwhile, Haima Investment Group forecast a year-on-year 627 percent growth of first-half net profit, beating expectations by four to five times. Of the total revenue, Haima Automobile alone contributed 94 percent.

At the end of last year, Haima Investment Group purchased a 50 percent stake in FAW Haima Automobile and the whole of Shanghai Haima Automotive Research and Development Co Ltd through private placement, which formed a complete industry chain from research to manufacture and sale for the company.

Foton, the largest commercial vehicles producer in China, also recorded a six-fold increase in profits, lifted by the sales of its major heavy truck model, the Auman.

Encouraged by explosive growth, CITIC Securities issued a research report, in which it claimed the passenger cars market will maintain rapid growth for 20 years based on a traveling conditions upgrade, and the annual growth rate could be 15 to 20 percent over the next 10 years.

As the national highway network is constructed and rural roads improve, the number of private passenger cars is estimated to surge to 120 million units from last year's 15 million, according to CITIC Securities. It also predicted China will produce and sell a total 18 million cars annually by 2015, with half of the market occupied by Chinese own brands.

In the next five to 10 years, China's leading automakers are expected to maintain an annual 30 percent growth on average, and several of them will become global mainstream automakers, CITIC Securities forecast.

However, the market for small-displacement vehicles is declining as profits were pressed. In the first two quarters, FAW Xiali reported a net profit of 116 million yuan, sharply down 40.3 percent year-on-year. Its core business revenue dropped 13.5 percent from a year ago. Geely also suffered a five percent drop in profits.

Changan Auto's net profit climbed 27.69 percent year-on-year, supported by its Changan Ford Mazda's medium- and high-end models such as the Mondeo, Focus, and Volvo S40, which

contributed 53.784 percent to the sedan sales increase. By contrast, Changan's sales of mini cars, which was previously its core business, only went up 6.74 percent.

Auto industry profit rises 65.79% despite price cuts

August 14 (chinadaily) -- China's automobile industry experienced a 65.79 percent profit rise in the first half of this year, despite heated market competition and wide-ranging price cuts, according to an industry body, the Xinhuanet reported today.

Major domestic automakers reported a total profit of 30.21 billion yuan (US\$3.99 billion) in the first six months, an increase of 11.99 billion yuan over the same period last year, statistics from the China Association of Automobile Manufacturers show.

The auto industry created 109.15 billion yuan in industrial added value during the period, up 34.13 percent over the first half of last year, far outpacing 18.50 percent for the country's industry as a whole.

Among the 16 major automakers, 14 saw this year's core business revenue larger than that of the same period last year, except Hafei Automobile Group and Changhe Automobile Co.

The top three automakers, First Automotive Works Corp (FAW), Shanghai Automotive Industry Corp (SAIC) and Dongfeng Motor Corp, all recorded revenues of more than 80 million yuan in the first half, compared to a total of 486.38 billion yuan for the 16 firms.

The three giants were followed by Guangzhou Automobile Group, Beijing Automobile Industry Corp, Changan Automobile Group, Brilliance China Automotive Holdings Ltd, China National Heavy Duty Truck Group Co (Sinotruk), Chery Automobile Co and Jianghuai Automobile Group.

Although the ferocious price war has eaten into new model profits, almost all the major automakers witnessed substantial profit rises, from both domestic and joint-venture brands, said Guo Yong, market information director of the Beijing Asian Games Village Automobile

Exchange, one of the barometers of the automobile industry.

In the first half, major automakers in China, except a few including FAW Toyota Motor Co and Guangzhou Honda Automobile Co, joined the price war to woo consumers.

Guo mainly attributed the rising profits to an economy of scale.

Chery, one of China's independent automakers, led the profit increases among the 16 automakers with a 210.63 percent rise, trailed by Guangzhou Auto with 150.27 percent and Sinotruk at 142.95.

As for revenue, Guangzhou Auto, South East (Fujian) Motor Co, Chery and Brilliance all experienced rises of more than 50 percent, while others including Geely, Jianghuai, Changan and SAIC also saw increases.

Zhu Yiping, spokeswoman for the association, pointed to booming national economy as well as improved management, decreased expenditures, and faster revenue growth compared to costs for automakers as contributors to profit and revenue increases.

In contrast to the uptrend in the industry, the profit of Geely, a private carmaker that had been growing rapidly, dropped for the first time, and that of Nanjing Automobile (Group) Corp and Hafei slumped 12.50 and 19.34 percent respectively due to sluggish sedan sales.

Beijingers split over air quality exercise

August 28 (chinadaily) -- The four-day Beijing air quality exercise held earlier in the month was met with mixed reaction.

Diverse opinions were expressed by private car owners and public transport users.

During the four days, cars bearing odd and even license plates were allowed on the roads on alternate days to see what effect this would have on the reduction of air pollution.

According to a survey by Beijing Youth Daily, 61.9 percent of car owners opposed the practice in a long run while 78.2 percent of public

transport users lauded it. The survey covered 3,000 residents.

On the positive side, the exercise between August 17 and 20, showed a reduction in haze and smoother traffic flow.

On the negative side, it has sparked further debate on the number of vehicles in the capital. About 1,000 new cars are registered every day in the city.

Car owners argued that smoother traffic comes at the expense of individuals' convenience.

"Does being a car owner mean you have limited rights? That would be cruel and inhuman," Wang Hongsheng, head of the Volkswagen Polo club in Beijing, said.

Fifty-seven percent of car owners shared his opinion.

Among non-drivers, 21.9 percent did not think the even-odd plate exercise was a reasonable, scientific way to gauge air quality.

"It is an arbitrary way of stripping car owners of their rights. They pay for the convenience," a respondent said.

Apart from the purchase price, the cost of owning a car in Beijing ranges from 10,000 yuan to 30,000 yuan (\$1,300 to \$3,900) a year, he said.

The survey also showed 36 percent of car owners were in favor of "public transport if managed well".

"People are fed up with the poor condition of buses, and the metro where people are packed like sardines," another said.

On options to improve traffic conditions, 49.9 percent said efficiency and lowering public transport fares should top the government's agenda instead of restricting car-ownership.

Twenty-six percent of respondents said more roads and bridges should be built to reduce congestion, 14.5 percent were in favor of more flexible parking fees in relation to localities, and 9.5 percent said the use of bicycles, and walking should be promoted.

Traffic trial facilitates Games plan

August 22 (Chinadaily) -- Beijing plans to control the number of vehicles on the road, suspend some earthwork projects and ask polluting enterprises to cut back on production to ensure clean air for the 2008 Olympic Games, environment and transportation officials said yesterday.

They lauded a four-day traffic control trial which concluded on Monday as a success.

Vehicles with odd and even plate numbers took turns on the road from Friday to Monday; and people were encouraged not to travel in private cars to Beijing during the period.

Traffic authorities said that about 1.3 million cars, more than a third of the city's total, were off the road during the four days. Millions of car owners took cabs, buses and subways or rode bikes again.

The Beijing municipal government sent short messages to residents to thank them for their cooperation.

Du Shaozhong, deputy director of the Beijing municipal environment bureau, told a press conference yesterday that the city registered "four blue sky days" with Grade 2 air quality, only a notch below the best.

He said the air was suitable for outdoor sports like the marathon.

The air quality improved immediately after the traffic control exercise began, with emissions of air pollutants like carbon monoxide dropping 15 to 20 percent, he said.

Air quality relapsed to Grade 3 yesterday after the traffic controls were lifted.

"The trial proved to be successful as we collected valuable data to work out a valid plan to rein in pollutant emissions during the Games," the official said.

Liu Xiaoming, deputy director of the Beijing municipal committee of communications, said that the trial strengthened their confidence in improving public transportation to ease traffic jams.

The data collected will help officials decide on how many vehicles are to be allowed on the road during the Games, Liu said.

Du said that the city will also set limits on construction sites and heavily polluting factories.

A detailed plan to ensure air quality during the Games will be released by the end of this year, he said.

The Beijing environment protection bureau earlier announced that the city experienced 133 "blue sky days" - when air quality reaches Grade 2 - in the first seven months of this year, compared to the goal of 245 days for the whole year.

The city is home to more than 3 million vehicles, and the number is still increasing at about 1,000 a day.

Talk back: Most people ready for small-engine cars

August 3 (chinadaily) -- Sky-high gasoline prices are fostering demand for gas-saving **small-engine cars**.

Cars with an engine capacity of less than 1.6 liters are gaining a greater market share in China. More than 3.8 million sedans were sold in China last year. Roughly 63 percent had engine capacity under 1.6 liters. In 2004 and 2005, small-engine cars took a market share of more than 50 percent.

The oil-thirsty country has levied a car sales tax and raised the rate for large-engine cars. China has become the world's second largest oil consumer after the United States, with the automobile sector accounting for one-third of the country's oil use.

Despite the need for conservation, some large cities banned small cars from downtown areas or main streets.

The rationale was that small cars are slower and clog traffic and some local leaders think the sight of tiny cars on their streets would damage the city's image. Now the central government has ordered local governments to scrap their bans on small cars.

Shanghai lifted its ban last year. The city's quality and technology supervision bureau is drafting a local regulation with detailed technical standards for small-engine cars.

Some fear the new standards featuring good performance, high energy efficiency and low emissions will set technical barriers for small cars and be the death knell for some 60 percent of small-engine cars on the market. Others say the new standards will stimulate the healthy development of small-engine cars.

"We welcome the new regulation which will, for the first time, reflect positively on the Shanghai government's decision to develop small-engine cars. The city admires big cars and neglects the development of small ones. We hope the new regulation with detailed standards will show a new trend in the development of the city's auto business and provide a better marketing environment for small cars."

Tang Xiao , auto sales manager in Shanghai

"We must face the challenges of improving the efficiency of small-engine cars. New and hi-tech measures on energy-saving, low-emissions and new fuel should be introduced into small-engine innovation. Our goal is to make engines meet Euro IV emission standards by the end of this year. Although the capacity is low, the quality of small cars should not be low."

Tan Jie , auto engineer in Chongqing

"Sedans with 2-liter engines or above are profitable but risky because of high oil prices and government policies aiming to save energy. However, the meager profits from producing small-engine cars, especially those under 1.3 liters, are unappealing to some carmakers except in terms of maintaining market share. Many companies have made their choices between the 1.3 and 2.0-liter options, and the 1.6-liter engine is also believed to be a very popular model in China, as has already been proved by the strong sales of Hyundai's Elantra."

Zhang Xin , researcher with a market consulting firm in Shanghai

More transportation projects planned in Northeast China

August 21 (Chinadaily) -- More transportation projects are planned in Northeast China, including airports, railways, ports and freeways, according to the Northeast China revival plan published yesterday, the Beijing Business Today reported.

For example, new airports will be built in cities and areas in Northeast China, including Changbai Mountain, Mohe, Daqing, Jixi, Yichun, Aershan and Eelian Hot, according to the plan.

Airports in Dalian, Shenyang, Changchun and Harbin will be expanded and improved.

As for railways, the planned lines include the Harbin-Dalian railway networks, Changchun-Jilin City rail transit, Yimin-Yiershi Railway, Chifeng-Daban-Baiyinhua Railway, Wulanhot-Huolinhe City-Xilin Hot, Fuxin-Xuwuzhumuqin County and railway networks throughout eastern parts of Northeast China.

More than ten freeways will be built in Northeast China, including the Suifenhe-Manzhouli Freeway, Hegang-Dalian Freeway, Daqing-Tongliao-Chifeng Freeway, Changchun-Shuangliao-Fuxin-Chaoyang-Chengde Freeway, Dandong-Xilin Hot Freeway, Tongliao-Shenyang Freeway, and Jilin-Shenyang Freeway.

Also according to the plan, major port projects involve the third and fourth phase construction of Dayao Bay container terminal in Dalian Port, reconstruction of the old port area of the Dalian Port and expansion projects of the Yingkou Port, Dandong Port and Jinzhou Port.

The revival plan says that Northeast China, the country's old industrial center, will be the focus of a new development program making it the home of four industrial bases. Those industries include equipment manufacturing, new materials and energy, commodity grains and animal husbandry production, and research and development of key technologies.

Areas involved in the plan are Liaoning, Jilin, and Heilongjiang provinces, Inner Mongolia Autonomous Region's Hulunbeier, Tongliao, and Chifeng cities, and Xing'an and Xilinguole leagues.

The area has a total population of 122 million and a land area of 1.45 million square kilometers.

China to suspend applications for new airlines

August 16 (Xinhua) -- China's aviation authorities are suspending applications for new airlines until 2010 and imposing stricter monitoring on the new air companies in order to prevent overheating of the nation's airline industry.

A statement on the General Administration of Civil Aviation of China (CAAC) website said the move would check the the overheated development of air transport, and ensure safety standards would be maintained.

The rapid development was threatening safety because of a shortage of pilots and the limited capacity of both airspace and domestic airports, said the administration.

However, CAAC will still welcome applications for establishing cargo airlines that employ mostly foreign pilots and operate at night, as well as airlines that use China-made aircraft and operate in western and northeastern China, according to the announcement.

The CAAC has decided to cut 336 domestic flights to/from the Beijing Capital International Airport (BCIA) from August 15, bringing the peak hourly flights from more than 60 at present to 58 per hour in the period.

China's air transportation industry has seen an average annual growth of more than 16 percent in recent years. Since the beginning of 2007, the total air traffic mileage has surged 20 percent over the same period last year.

Oil and Gas

China's oil imports set new record

August 10 (chinadaily) -- China's oil imports to fuel its booming economy jumped to a new monthly high in July, rising 39 percent over the same month a year ago, according to data released Friday.

China imported 103.8 million barrels of oil in July, or an average of about 3.4 million barrels a day, according to the General Administration of Customs.

China is the world's second-biggest oil consumer after the United States. Growing imports have led to strains abroad as state-owned oil companies try to secure supplies by signing deals with Sudan and other isolated governments.

The previous monthly record for oil imports was 103.7 million barrels in April.

China supplied its own energy needs for decades from domestic fields but became a net importer in the 1990s. Demand has soared amid a boom that saw the economy expand by 11.9 percent last quarter.

China's oil imports rose by 20 percent last year to 1.1 billion barrels. Imports accounted for 47 percent of oil consumption in 2006, and could pass the symbolic 50 percent mark this year.

Beijing is trying to promote use of nuclear, solar and other energy sources to curb environmental damage from burning oil and coal and to reduce reliance on imported energy.

The government also is in the midst of a five-year effort to improve China's poor fuel efficiency by cutting energy consumption per unit of economic output by 20 percent.

Oil drilling in Shaanxi turns green

August 28 (Xinhua) -- Taking a rest in the shade of trees, one could hardly imagine what the flower-strewn grassland in Northwest China's Shaanxi Province was like only five years ago.

"The barren mountainous land was pock-faced with thousands of small oil wells, and stinky sewage was flowing everywhere, threatening our drinking water," said Guo Zitian, a villager from the Zhouhe Village of ecologically vulnerable Jingbian County.

Since oil was discovered in the region in the 1980s, private oil wells mushroomed with many skirting the State-owned large oil wells, stealing some oil away and leaving more spilt.

Stealing was so rampant that some people built houses there as blindage, dug wells in their houses and siphoned oil from pipelines of large

oil wells, while many others drove to the spot with their cars, stole the oil and run away.

The result is heavy pollution.

Dali River, a local river providing drinking water for local villagers, was heavily polluted, forcing some 6,000 villagers in the county to transport water from miles away.

Referring to those private operators disgustedly as "oil ghost", Guo recalled the past days with conflicts.

"Villagers always appealed to local courts saying that their land was ruined by private operators," said an official in charge of the environment protection bureau of the Jingbian county who declined to be named.

"Private oil wells with less capital and poor facilities and techniques neglected environmental protection," said the official.

The worsening situation attracted attention from the government, who ordered a shutdown of private oil wells in 2003.

The shutdown of small oil wells meant a large number of local families were losing their sources of income. Thus local government agreed to pay compensation to cover 70 percent of their losses.

After three years, 70 percent of the private oil wells closed voluntarily while the rest were shut down by local governments.

The move also propelled other oil fields to invest more on environmental protection.

In the State-owned Changqing Oil Field, one of the largest in the region with an annual processing capacity of 10 million tons, more than 500 million yuan has been invested annually for improvement of facilities and ecological environment in the oil field.

"As we build an oil well, we plant trees around it to minimize the damage to environment," said Hao Shengliang, an official with the State-owned Changqing Oil Field.

"We urge our staff to attach importance to environmental protection and conduct regular and irregular inspections," said the unnamed official with the environment protection bureau of

the Jingbian County, "besides, environmental issue is also key to the evaluation of leaders of the fields."

The exhaust gas in oil exploration used to be discharged into the air or burned, but now it is transported to nearby residences for heating or electricity generation.

"Local villagers no longer have to lumber for firewoods," said Fan Xiquan, an official with the oil field, "a virtuous circle of economic development and environment protection has taken shape."

China's western regions constitute a critical component in the country's energy structure. The region has 65 percent of the nation's mineral deposits and 76 percent of its water resources. The area bordering Shaanxi, Shanxi and Inner Mongolia has about 60 percent of China's verified coal reserves.

However, western regions are prone to natural disasters such as drought and sand storms.

China has invested 110 billion yuan (US\$14.2 billion) on protecting the environment in the western regions since 2000 and has set a target of reducing energy consumption per unit of GDP by 20 percent between 2006 and 2010 nationwide.

Sinopec's net profits up 65.3% in first half

August 27 (xinhua) -- China Petroleum and Chemical Corporation (Sinopec) announced Sunday that its net profits in the first half of 2007 rose by 65.3 percent from the same period of last year to 34.9 billion yuan (US\$4.6 billion).

According to the Chinese accounting standard, Sinopec's operating income in the first half of this year was 566.8 billion yuan, representing an increase of 15.4 percent over the first half of 2006. The company's basic earnings per share is 0.403 yuan, up 65.3 percent from a year ago.

Sinopec attributed the rise to lower prices of crude oil and higher prices of chemical products in the domestic market.

The average Brent crude oil price was US\$63.26 per barrel in the first half, down 3.7 percent from a year ago. The average realized crude oil price of Sinopec during the period was nearly US\$52 per barrel.

In the first half of 2007, Sinopec achieved a new record in both oil and gas production, with 144 million barrels of crude oil and 140 billion cubic feet of natural gas produced, representing a year-on-year increase of 2.12 percent and 10.58 percent respectively.

Sinopec processed 76.25 million tons of crude oil in the first six months, a year-on-year increase of 6.38 percent.

Its output of gasoline rose by 8.28 percent, diesel, up 2.12 percent, kerosene, up 28.93 percent and light chemical feedstock, up 5.41 percent.

The company's output of ethylene rose by 7.98 percent from a year ago to 3.3 million tons and its total domestic sales volume of refined oil products increased by 6.63 percent year on year to 57.92 million tons.

The construction of Sinopec's Sichuan to East China Gas Project transmitting natural gas from the Puguang gas field in southwestern Sichuan Province to energy-thirsty Shanghai in the east will be launched at the end of this month.

Including the exploration, development and gas processing of the gas field and the long-distance pipeline, the project is estimated to claim a total investment of 63.2 billion yuan. Gas supply is expected to commence by the end of 2008, announced the company.

The company plans to produce 147 million barrels of crude oil and 143 billion cubic feet of natural gas, refine 78.25 million tons of crude oil and raise the output of ethylene to 3.27 million tons in the second half of the year. Its planned domestic sales volume of refined oil products is 59 million tons.

Listed in Hong Kong, New York, London and Shanghai, Sinopec is the largest oil refiner of China

NDRC orders oil giants to keep prices stable

August 22 (chinadaily) -- The National Development and Reform Commission (NDRC) has required China National Petroleum Corporation (PetroChina) and China Petroleum and Chemical Corporation (Sinopec) to implement national price policies to maintain stable oil prices, the Shanghai Securities News

reported today, citing Cao Changqing, director of the NDRC's price department.

The international crude oil price recorded the year's new high of US\$78.4 per barrel last month. PetroChina and Sinopec, the two State-owned oil giants, therefore reduced production in their own oil refineries, causing some local private oil stations to sit idly.

However, the central government has demanded the oil giants operate at full capacity and control exports, in order to feed the domestic market.

"They are capable of guaranteeing the oil supply," Cao said.

Last week, the NDRC promised five million tons of oil annually to fill private pumps, and it also asked PetroChina and Sinopec to treat their own subsidiaries and private oil refineries equally and have no discrimination in supplying oil products.

As a result, the manufacturers' prices of 90-octane and 93-octane gasoline, as well as 0-octane diesel, declined by 20 to 40 yuan per ton in a number of Shandong Province's oil refineries, according to www.oilboss.cn, one of the most authoritative websites on gas station and oil products distribution business in China.

PetroChina proven oil reserves revised up

August 15 (chinadaily) -- PetroChina's largest oil discovery in a decade boasts more reserves than estimated, it was confirmed yesterday - a shot in the arm for both the company and the country's energy security.

Jidong Nanpu Oilfield in the Bohai Bay has combined proven, probable and possible reserves of as much as 1.18 billion tons of oil equivalent, the Ministry of Land and Resources of China certified yesterday.

The proven reserves are certified at 445 million tons oil equivalent.

PetroChina originally estimated Nanpu's three-level reserves to be around 1 billion tons of oil equivalent, with proven reserves in place reaching 405 million tons.

"The confirmation proves the effectiveness of advanced technology in exploration and production," Han Xiaoping, an analyst with energy portal China5e.com, told China Daily. "It is a big incentive for more exploration."

Han contended that like in the case of Northeast China's Daqing Oilfield, it is possible for even more reserves to be discovered at Nanpu Oilfield and around Bohai Bay at large, with increased exploration.

The reserves at Daqing, the country's top oilfield, were initially thought to be 2.2 billion tons, but eventually turned out to be 5 billion tons following intense exploration efforts.

A source with China National Petroleum Corporation (CNPC) Consulting Center agreed with Han.

"It is likely that more reserves are discovered at Nanpu Oilfield. In fact, the offshore areas in Bohai Bay are bound to have a larger potential, given the geological features," the source told China Daily.

CNPC is the parent company of Hong Kong-listed PetroChina, the country's top oil and gas producer.

Yin Xiaodong, an oil analyst at CITIC Securities Co, commented that although the increase in reserves may not necessarily add weight to PetroChina's earnings per share in the short term, it is positive for PetroChina in the long run.

PetroChina's proven developed and undeveloped reserves at the end of 2006 reached more than 20.5 billion barrels (2.8 billion tons) of oil equivalent, according to the firm's annual report. The newly certified reserves at Nanpu Oilfield will increase the firm's reserves by more than a third.

The reserve certification was done by independent oil experts from Sinopec, China National Offshore Oil Corporation and the Ministry of Land and Resources. It is international practice for reserve certification to be done by third party members to ensure authenticity, Han explained.

More reserves discovered at home will reduce the country's dependence on imports, Han pointed out.

In tandem with fast economic growth, the demand for oil is picking up rapidly.

The country's oil dependency, or the proportion of imports in total oil consumption, went up 4.1 percentage points year on year to 47 percent in 2006, according to the Ministry of Commerce.

CNPC kicks off joint gas project with Turkmenistan

August 14 (Agencies) -- China National Petroleum Corp (CNPC), the country's largest oil company and parent of Hong Kong-listed PetroChina Co, is preparing for two joint ventures to explore for natural gas and build pipelines in Turkmenistan, the oil producer said yesterday.

CNPC has established teams for Amu Darya River Natural Gas Corp and Sino-Turkmenistan Gas Pipe Corp last Friday, the Beijing-based State-owned oil company said.

It added that it had signed two contracts to purchase natural gas from the Central Asian country to help satisfy China's surging energy demand from the fast-growing economy. China aims to increase the use of the clean fuel to five percent of its total energy consumption by 2010 from the current three percent to lessen dependence on coal and oil.

This marks the official launch of the Sino-Turkmenistan gas projects, the Chinese company said.

Turkmenistan will export 30 billion cubic meters of natural gas annually to China over 30 years, to be transported through a pipeline that the Central Asian country and CNPC will jointly build, said Bloomberg News.

China and Turkmenistan will carry out joint exploration and development of gas fields along the Amu Darya River in Turkmenistan near the Turkmen-Uzbek border, Interfax news agency said in April last year.

Turkmenistan has an estimated 23.1 trillion cubic meters of gas reserves, and plans to

produce up to 240 billion cubic meters a year, according to the local media.

Deep-sea gear lined up by CNOOC

August 30 (chinadaily) -- China's top offshore oil and gas producer is to invest 10 to 15 billion yuan to enhance deep-sea drilling capability by building relevant equipment, a senior executive confirmed yesterday.

Relevant high-end gears will make up a "complete" deep-sea exploration and production fleet, which consists of drilling rigs, exploration and pipe-installing vessels, according to Zhou Shouwei, vice-president of China National Offshore Oil Corporation, or CNOOC.

The executive added that the planned deep-sea equipment would be capable of operating at 3,000 meters under water and drilling up to 10,000 meters under the seabed.

"Deep-sea areas boast larger potential both in China and elsewhere. That's why we should spare no effort tapping the segment," Zhou said.

Zhou also said a manufacturing site for deep-sea gears is under construction in Qingdao, which is supposed to build most of CNOOC's own deep-sea drilling facilities.

He also said a deep-sea exploration experimental project is under preparation, and is expected to be carried out at the end of October or early November.

In another development yesterday, Hong Kong-listed CNOOC Ltd announced it has made a major discovery in Bohai Bay.

Fu Chengyu, chairman of CNOOC Ltd, said that based on the current geological features of the Jinzhou 251 Oilfield, it is very likely for the field to have more reserves of light oil. "Our Bohai assets used to feature heavy oil reserves. The discovery this time is light oil, which is a breakthrough."

Another positive news for CNOOC Ltd is that Lihua 11-1 Oilfield, which suspended its production after typhoon Chan Chu struck, has resumed production since June 27. All its 25 wells are on stream, rolling out 23,000 barrels of crude oil per day.

The resumption in production will boost CNOOC's output this year, analysts say. In its interim report released yesterday, CNOOC said it produced 85.4 million barrels of oil equivalent, up 4.5 percent year-on-year.

Because of the low oil price during the first five months of this year, the company witnessed its sales and net profit drop by 6.4 and 10.6 percent respectively year-on-year in the first half of the year.

But a rebound in oil prices after May will help boost CNOOC's financial performance during the second half of this year, some analysts have predicted.

Climate Change and Air Pollution

Global climate change: Challenges and responsibilities

August 27 (chinadaily) --

The global economy has changed significantly in the past 15 years as a result of technological innovations and the rise of new powerful players.

The high growth rate of the global economy benefits not only the industrialized, but also the emerging and developing countries.

Economic globalization has given rise to a series of problems. The relentless pursuit of economic progress has led to environmental abuse, with the result that climate change is now a grave global threat.

Countries around the world have recognized the seriousness of the situation, and are making efforts to protect the climate and prevent further damage.

The Intergovernmental Panel on Climate Change has this spring presented its new study on global climate development until 2100.

Europe has been pressing ahead on this issue. The EU Summit held in March this year set a new climate protection goal for 2020. By then, its 27 member countries are to jointly cut their carbon dioxide emissions by 20 percent compared with 1990 levels.

Germany, as the largest country in the EU, is seeking to play a pioneering role in this field.

The EU objective for 2012 that was agreed in 1997 - an 8-percent carbon dioxide reduction - can only be achieved if Germany fulfils its national target. Germany alone is responsible for three quarters of the total EU projected reduction .

At the G8's Heiligendamm Summit in June, president country Germany sent out a clear signal for a liberal and open global economic system.

Under the motto of Growth and Responsibility, Germany is setting a clear focus on the global economy and wishes to take account of its changed framework in focal areas like climate protection and energy efficiency.

According to the regulations of the Kyoto Protocol, which came into force in 2005, Germany is expected to reduce its output of six important greenhouse gases (substances such as and nitrous oxide, in addition to carbon dioxide) by 21 percent by 2012.

By 2006, a reduction of 18 percent had already been achieved. Further, the German government plans to increase efforts in climate protection.

Aside from the proportion of carbon dioxide reduction, the application of renewable energies in Germany will be another crucial factor.

"We already have many technologies that would enable us to work at far higher levels of efficiency and with a fraction of current carbon dioxide emissions," said Professor Stefan Rahmstorf, a climate researcher with the Potsdam Institute for Climate Impact Research.

Twelve percent of the electricity consumed in Germany is already being generated from wind, solar and water power.

The German federal government is also planning to tap into potentials in the thermal energy sector to save energy.

Germany is currently also supporting sustainable energy endeavors in other countries. It taps wind power for Egypt, geothermal power for Kenya, biogas for Nepal and water power for Indonesia.

In China, small-scale power plants using solar, wind and water power will be set to supply electricity with the assistance of Germany. All these actions will bring a new era of global cooperation.

Climate change also engenders huge business opportunities.

For German industry, sales of solar, wind and water technologies have emerged as export strengths and the environment industry is a boom sector.

The Renewable Energy Federation of Germany registered exports worth 6 billion euros (US8 billion) in 2006.

"The eco-industry is becoming a key sector in Germany. It is already a job creation engine," says Torsten Henzelmann, partner of Roland Berger, a leading international consulting firm.

"By the year 2020, the sector will employ more people than mechanical engineering or the automotive industry," he says.

Youths help fight against climate change

August 28 (chinadaily) -- Leverkusen, Germany: Five Chinese youths with outstanding records in environmental protection are attending a four-day meeting in this city to exchange views and experiences with their counterparts from 85 countries.

The TUNZA International Youth Conference organized by UNEP and Germany-based Bayer AG has attracted 180 participants aged between

15 and 24. The youths will exchange ideas on "Technology in Service of the Environment".

TUNZA means "to treat with care or affection" in Kiswahili, a sub-regional language of Eastern Africa.

During their stay in Germany, the youths will get the chance to know more about renewable energy facilities, grassroots actions to fight climate change, rapeseed oil mills and local urban refuse treatment plants.

Wang Fengzhu, one of five Chinese youths and a sophomore from Huazhong Agricultural University, said: "Through the meetings, I hope I can establish my activity network for environmental protection with youths of other countries, who can provide me with varied ideas from their backgrounds."

"It is also a good chance for Chinese youths to get to know German advanced technologies in environmental protection. That will broaden our horizon," she said.

Wang is a member of her university's green group and a wetlands envoy with World Wide Fund for Nature (WWF) in China.

At the conference's opening ceremony on Monday, German Environmental Minister Sigma Gabriel said: "The world's environmental issues cannot be addressed without China's cooperation."

Gabriel expects to enhance the cooperation with China to improve the environment across the world.

UN Environment Programme (UNEP) Executive Director Achim Steiner said: "I hope the 180 young people will return to their communities and nations becoming beacons of activities and motivators for many others to play a part in meeting environmental challenges."

He expects the Chinese students to be especially solution-oriented in tackling environmental problems during interaction with delegates from other countries.

A new three-year cooperation contract between UNEP and Bayer AG to continue strengthening environmental awareness among the youth was signed at the opening ceremony. As part of the

agreement, Bayer will support UNEP with its programs and a yearly fund of 1.2 million euros.

UN green body praises fight against climate change

August 3 (xinhua) -- China has been contributing actively to international efforts to fight climate change, UN Environment Programme (UNEP) chief Achim Steiner has said.

"What is interesting and also encouraging is that in the last few years China has become much more active in international discussions and the search for solutions (to climate change) as a proactive player, as a contributor of ideas and in putting forward proposals," Steiner said recently.

"In the past three to five years, China has become very active in looking at the whole issue of greenhouse gas emissions, the impact of climate change, and the contribution that China will make to global warming," he said. "This is something the international community and the UN welcome very much."

The National Climate Change Program (NCCP), released by China in June, sends out a "tremendous signal" that it is both willing and interested in playing an active global role to fight climate change. Steiner hoped that the targets set in the program would be achieved.

China has pledged to sincerely carry out all the tasks laid out in NCCP, strive to build a resource conservative and environmentally friendly society, increase national capacity to mitigate and adapt to climate change, to make contribute further to the protection of the environment.

Among the targets set in the program are an estimated 20 percent cut in energy consumption per unit GDP by 2010 and raising the proportion of renewable energy, including large-scale hydropower, in primary energy supply up to 10 percent by 2010.

China's Deputy Permanent Representative to the UN Liu Zhenmin reiterated that "subsistence

and "development emissions" of developing countries should be accommodated into the plan, and the "luxury emissions" of the rich countries should be restricted.

Emphasizing the principles of equity and "common but differentiated responsibilities", Liu urged developed countries to "shoulder in good faith their historical and present responsibilities".

"For developing countries, economic development and poverty eradication are overriding priorities," Liu said at an informal debate of the UN General Assembly on climate change.

"In fulfilling these tasks, controlling greenhouse gas emissions and adapting to the negative impact of climate change to the greatest extent will also contribute to achieving sustainable development," he said.

Beyond Kyoto

August 6 (chinadaily) -- The clean development mechanism (CDM) projects of today as outlined in the Kyoto Protocol, such as those to eliminate industrial gases, will likely be replaced by a new generation of environmental projects, according to a senior CDM professional.

"I think industrial gas projects, and even projects like wind power, will no longer be approved for carbon financing in the post-Kyoto period," says Mark Woodall, CEO of London-based Climate Change Capital (CCC), in a recent interview with China Business Weekly.

Instead, he says bio-fuels and methane-based solutions, along with those that raise energy efficiency, will become the focus as they are projects "that will always need carbon financing".

Developers of such projects are likely to receive more international attention and financial help, he says, and investors will have to make strategic adjustments accordingly.

There is likely to be a new international treaty for mitigating climate change after 2012, when some technologies supported by the current CDM program will no longer be the most favored.

Industrial gases like HFCs may be dropped from the carbon list because of widespread application of emission control solutions, so the need for so-called carbon financing will no longer be highlighted.

Wind power will also no longer need special financial support, Woodall says, because it will grow into a mature industry and new investment will be justified by future energy prices.

Woodall says he believes such changes in environmental efforts will be part of a post-Kyoto treaty, based on analysis by the CCC think tank in association with various global policy-making bodies.

"We believe there will be a new international agreement that will include the United States, China and many other countries," he says.

"That international agreement will be different from the one of today. But it will share the same objective (on climate change mitigation), which will use market mechanisms to reduce carbon emissions."

He says the CCC is confident by that time it will be able to shift to long-term equity investment in projects and technologies, instead of trading in environmental commodities as it does under the current CDM.

The Kyoto Protocol, which will expire in 2012, allows industrialized nations to meet limits on the output of greenhouse gases such as carbon dioxide by funding emission cuts in developing countries with the CDM commodity, also known as carbon credits.

Under the Kyoto arrangement, greenhouse gases - including CO₂s, CH₄s, N₂O_s, HFCs (including HFC23), PFCs and SF₆s - all became tangible items for international trade.

CCC claims to be one of the world's leading investment banking groups specializing in the commercial opportunities created by a low-carbon economy, and the fourth-largest buyer of carbon credits from China. The World Bank tops the list.

CCC's largest project for greenhouse gas reduction in China is to eliminate HFCs from Juhua Group Corp in East China's Zhejiang Province. As a project registered with the United

Nations, the effort will begin to cut an estimated 30 million tons of CO2 equivalent in 2012.

But industrial gas elimination is just one piece of the puzzle in CCC's China portfolio, Woodall says.

The company also has projects in renewable energy, energy efficiency and methane reduction.

"China is likely to account for nearly 50 percent of our global investment activity, which runs into hundreds of millions of US dollars," he says.

Right now, CCC is keen on developing projects that can either be built very quickly or be leaded to its next-stage strategy.

"We will start to adjust our investment focus into areas in which we have long-term CDM capabilities," Woodall says.

China urges accommodation to "emissions of subsistence"

August 2 (xinhua) -- UNITED NATIONS- "Emissions of subsistence" and "development emissions" of poor countries should be accommodated while the "luxury emissions" of rich countries should be restricted, a Chinese diplomat said here Wednesday.

"Adapting to climate change is as important as mitigating climate change," Liu Zhenmin, China's deputy Permanent Representative of China to the United Nations, told an informal debate of the UN General Assembly on climate change.

Stressing the principles of equity and "common but differentiated responsibilities," Liu urged developed countries to "shoulder in good faith their historical and present responsibilities."

"The UN Framework Convention on Climate Change and its Kyoto Protocol remain the international cooperation framework and effective mechanism for addressing climate change," he said.

Liu said efforts to address climate change should be conducive to sustainable development.

"For developing countries, economic development and poverty eradication are overriding priorities," Liu said. "In fulfilling these tasks, controlling greenhouse gas emissions and adapting to the negative impact of climate change to the greatest extent will also contribute to achieving sustainable development."

He said the international community should take full account of the issue of adaptation to climate change and enhancing the capabilities of developing countries, small island developing countries and the least developed countries in particular, to respond to disastrous climate events.

Wednesday's debate at the UN General Assembly focused on national strategies and international commitments to address climate change. This followed two interactive panel discussions Tuesday: "Climate Change: the Science, the Impact and the Adaptation Imperative," and "Mitigation Strategies in the context of Sustainable Development." Liu also stressed the importance of technological progress in tackling climate change.

"The international community should not only strengthen cooperation in research, development and innovation of new technologies, but also promote dissemination and utilization of existing technologies and make them affordable and accessible to developing countries," he said.

Liu said the Chinese government is fully aware of the gravity and urgency of the issue of climate change and has adopted a series of policies and measures to control greenhouse gas emissions, with major progress.

From 1990 to 2005, China's energy intensity went down by 47 percent, accounting for an accumulated emission reduction of 1.8 billion tons of carbon dioxide.

In 1980-2005, by planting trees and protecting forests, another 5 billion tons of carbon dioxide was absorbed.

Thanks to the adoption of family planning policy since the 1970s, the Chinese population is now 300 million less than that of expected, which accounts for an annual reduction of carbon dioxide emissions of 1.2 billion tons, Liu said.

"All these achievements have not come easily, and their contribution to addressing climate change is something to be reckoned with," he added.

Under China's National Climate Change Program, which was formulated and released in accordance with the provisions of UNFCCC, China will reduce by 20 percent energy consumption per unit GDP by 2010 from the level of 2005, raising the proportion of renewable energy in primary energy supply to 10 percent, keeping the emissions of nitrous oxide from industrial processes stable at the 2005 level and increasing forest coverage rate to 20 percent.

Liu noted that per capita carbon dioxide emissions of China, home to 21 percent of the world population, are less than one third of the average level of developed countries.

Although the Chinese economy has maintained a momentum of steady and fast growth in recent years, over 20 million rural people and over 22 million urban residents still live in poverty and the development of rural and urban areas and among different regions is imbalanced.

"To improve the living standards of its 1.3 billion people, China's 'development emissions' may inevitably increase," Liu said. "As a major manufacturer, China's products are enjoyed by countries across the world, but China itself has to bear the mounting pressure of 'transfer emissions.'"

"We hope that all parties take full note of these two factors while focusing on China's emissions," Liu said.

Sulfur dioxide emission down in 1st half

August 26 (xinhua) -- BEIJING, August 26 -- The sulfur dioxide emission in China fell a year-on-year 0.88 percent in the first half of this year, the first decrease in several years, said China's top economic planner on Sunday.

Ma Kai, minister of the National Development and Reform Commission (NDRC), said in his report to the ongoing 29th session of the Standing Committee of the National People's Congress (NPC) that the decrease of sulfur dioxide was due to introduction of the sulfur-

removal equipment into coal-fired power plants and efforts to close down small plants with high energy consumption and pollutants emission.

He said the per unit gross domestic product (GDP) energy consumption fell 2.78 percent in the first six months than the same period of last year.

However, the chemical oxygen demand (COD) still increased 0.24 percent over last year, Ma said.

"We can find from the figures that China is still facing serious problems in energy saving and pollutants emission reduction," Ma said.

He said economic growth, especially the growth of industries with high energy consumption and pollutants emission, was still too rapid, which put more pressure on achieving the energy saving and discharge reduction goals.

"A series of environmental pollution accidents, such as the outbreak of blue-green algae in China's major lakes -- Taihu Lake, Chaohu Lake and the Dianchi Lake this year, have sounded alarms for us that it's difficult to sustain economic and social development if the energy saving and discharge reduction problems cannot be solved properly," he said.

He said some local governments still take economic growth as the sole criterion for evaluating officials' performance and didn't introduce the energy saving goal into the evaluation system, which was the main reason for the difficulties of energy conservation and pollution reduction.

China has committed itself to improving energy efficiency -- to cut energy consumption by 20 percent per unit of GDP, along with a 10 percent cut in major pollutants, between 2006 and 2010.

However, China missed both the energy conservation and discharge reduction goals last year.

Its per unit of GDP energy consumption fell 1.33 percent in 2006, well short of the projected target of 4 percent.

China also failed to achieve its pollution reduction goal, with major pollutants, including sulfur dioxide emissions and COD, both increasing last year.

US consumers can buy less to save the Earth

August 10 (chinadaily) -- China and the United States together emit 40 percent of the planet's carbon dioxide, according to the International Energy Agency. It is clear that leadership, not finger-pointing, is required from both of these nations if the global community is to deal successfully with the challenge of climate change.

China points to the fact that each American is responsible for generating six times more carbon dioxide than the average Chinese citizen - 24.5 tons compared to 3.9 tons.

Washington, for its part, refuses to take action until China agrees to binding emissions reduction targets, while Beijing claims that the culprits are the developed nations, which have no right to deny economic growth to others. Apportioning blame is of little use. What is important is to resolve this climate stalemate.

The White House likes to remind our global neighbors that the United States is the only remaining superpower. But China is catching up quickly. The market-based reforms, initiated by Deng Xiaoping and cemented into place by each successive Chinese leader, have led to 10 percent annual economic growth. Goldman Sachs projects that by 2027 the Chinese economy will be larger than that of the United States.

China's growth, however, is powered by the US demand for consumer products - and this growth is fueled by coal. These two factors lie at the heart of the political impasse. China and the US each worry that if they agree to binding greenhouse-gas reduction targets, their respective house of economic cards will collapse. This unhealthy symbiotic relationship needs to be unraveled if any post-Kyoto global warming agreement is to be reached.

The high rate of consumer spending over the past several years is credited with keeping the

US economy afloat, but it didn't come without consequences.

The products we buy have an enormous impact on the climate, and represent the hidden cost of our consumer lifestyle. TV, cell phone, kitchen appliance - in fact every consumer item we buy - creates greenhouse-gas emissions to produce and transport.

Americans have become deeply addicted to consuming. If it's cool, if it's trendy, if it's shiny and new, we buy it. As a consequence, we are running up ever-higher levels of debt in order to have a lifestyle beyond our financial means and beyond the ability of the Earth to sustain it.

Americans spent \$42 billion more than they earned last year, turning the annual US savings ratio negative for the first time since the Great Depression of the 1930s.

If the US imports less, China's gross domestic product growth will slow. This would accomplish Beijing's goal of cooling down the overheated Chinese economy, and the US Federal Reserve Bank's desire to put US savings in the black. Reducing economic reliance on China's production and our consumption, however, can only be achieved by buying less.

In America, consumer spending drives a full 70 percent of our economy. This is significantly higher than any Western European country. Norway, consistently ranked by the United Nations as the best country in which to live, spends only 43 percent of its GDP on stuff. So buying less can bring rewards by helping get us out of debt, removing the need for more self-storage units and reducing our impact on the planet.

China, for its part, needs to meet us halfway by using available technologies to manufacture products more efficiently - for example, expending less energy per dollar of product - and to move its national energy mix away from coal-fired generation.

So the next time you think about going into debt to be able to buy your third plasma TV, a new massaging recliner, or when you are about to dump your Blackberry for an iPhone, think of the

economic and environmental benefits of buying less.

The author is the director of the San Francisco Department of the Environment