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ENVIRONMENT NEWSLETTER | 10 OCTOBER 2013

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ALTERNATIVE ENERGY

China to limit construction of new solar panel factories

China, the world's biggest maker of solar panels, will limit construction of new photovoltaic manufacturing plants to curb excess capacity in a move that may encourage consolidation within the industry. New solar plants that "purely" expand capacity will be strictly banned, the Ministry of Industry and Information Technology (MIIT) said. Annual spending by companies for research and development (R&D) and upgrading equipment must total at least 3% of revenue and must exceed CNY10 million. A global oversupply of solar panels led to a 20% plunge in prices last year. The policy will slow efforts to expand production capacity in favor of mergers and acquisitions (M&As) as a growth strategy for the biggest companies, said Angelo Zino, Analyst with S&P Capital IQ in New York. "They may be able to add capacity without actually building it," Zino said. At full capacity, China's factories could produce 49 gigawatt (GW) of solar panels a year, 10 times more than in 2008 and 61% more than installed globally last year.

Tax breaks offered to solar panel makers

The Ministry of Finance (MOF) announced it will offer tax breaks to manufacturers of solar power products, as China moves to support an industry still struggling to deal with massive overcapacity and weak demand. Producers of solar power products will receive immediate refunds of 50% of value-added taxes (VAT). The National Development and Reform Commission (NDRC) also provided subsidies for solar power stations in late August. "China's bloated photovoltaic industry still faces a grim outlook, as many companies are deeply mired in debts," Xinhua news agency said. It cited data from the China Renewable Energy Society saying that the country's top 10 solar panel makers are up to CNY100 billion in debt, with an average debt to asset ratio above 70%. Beijing has said it wants to consolidate the industry, but the sector continues to enjoy protection at the central and local level; the latter is particularly strong, because solar power companies are frequently major employers. China's LDK Solar partly defaulted on a bond payment in April, then failed to meet another payment on time in August. Not long afterwards, Suntech Power said Chief Executive David King resigned from the company, weeks after three Directors left amid the solar panel maker's efforts to restructure its debt. Suntech's Chinese lenders dragged its unit Wuxi Suntech into insolvency proceedings after it defaulted on USD541 million in bonds as the business was hit by a glut in solar panels.

- Beijing plans to replace four coal-burning heating plants with natural gas fired ones by the end of next year. Together with 40 other related projects it would cost around CNY48 billion and cut sulphur dioxide emissions by 10,000 tons. The four plants burned 9.2 million tons of coal in 2012, or 40% of the 23 million tons the city consumed that year.
- Hong Kong-listed solar company Shunfeng Photovoltaic International is bidding for a stake in Wuxi Suntech Power Co, the main unit of Suntech Power Holdings Co. Wuxi Suntech filed for bankruptcy protection in a court in Wuxi, Jiangsu province, in March. Shunfeng said it has paid a CNY500 million deposit to Wuxi Suntech's Administrator.

POLLUTION

China vows air pollution cuts in major cities

The Chinese government vowed to reduce levels of atmospheric pollutants in Beijing and other major cities by as much as 25% to try to improve the air quality. In a policy document, the government said "concentrations of fine particles" in the capital's air will fall by "approximately 25%" from 2012 levels by 2017. Other major Chinese cities including Shanghai will see reductions of between 10% and 20% from 2012 levels over the same period, according to the plan posted on the central government's website. Cities across China have been hit by intense air pollution in recent years, much of it caused by emissions from coal-burning power stations, with levels of PM2.5 particles reaching as high as 40 times World Health Organization (WHO) limits this year. The pollution has been linked to hundreds of thousands of premature deaths, and has tarnished the image of Chinese cities including Beijing, which saw an almost 15% drop in tourist visits during the first half of this year. The plan said pollution levels would be cut by slowing coal consumption growth so that its share of China's energy sources would fall to 65% by 2017. It did not specify current levels, but the U.S. Energy Information Administration estimates that coal provided 70% of China's energy in 2009. China is the world's biggest coal consumer and is forecast to account for more than half of global demand next year.

Meanwhile, some additional targets have been released. Four northern areas – Beijing, Tianjin, Hebei and Shandong – have been asked to cut their annual coal consumption by a total of 83 million tons by 2017, according to an official document. The four areas currently use a combined 670 million tons of coal annually. In addition, Shanxi and Shandong provinces must lower levels of PM2.5 by 20% by 2017 from last year's levels. Levels of the pollutant should also drop by 10% in Inner Mongolia. In an attempt to push officials to dispel the persistent smog crisis, Vice Premier Zhang Gaoli said the country would also publish a list of the 10 worst – and best – cities for air pollution each month.

The plan however fell short of hopes held by many air quality experts and environmentalists as it only offered a series of modest, incremental goals. The plan illustrates the difficulties the world's largest carbon emitter faces in trying to put itself on a clean growth path, environmentalists said. Since taking power in March, the government under President Xi

Jinping and Premier Li Keqiang has repeatedly pledged to make environmental protection a higher priority. Xi and Li have said they want economic growth that does not cause ecological damage. But the government appeared to make severe concessions during three months of intense behind-the-scenes bargaining with local governments and powerful industrial sectors who stand to lose the most from any effort to curb pollution. Li Junfeng, Director of the National Center for Climate Strategy and International Cooperation, said some local officials still feared cutting coal consumption could hurt the economy, despite the severe and worsening pollution. Professor Chai Fahe, Vice President of the Chinese Research Academy of Environmental Sciences, argued the final plan was a realistic option, as it reconciled both economic growth and the environment.

CT Environmental launches IPO in Hong Kong

CT Environmental, a Guangdong-based water-treatment company, has launched a long-planned Hong Kong initial public offering (IPO). It hopes to raise HKD673.2 million on the back of increased government spending on environmental protection. The firm, partly owned by Li Szelim, Chairman of Guangzhou R&F Properties, is looking to expand into the sludge-treatment business, where it would benefit from both government subsidies offered to water-treatment plants and sales of fertilizer byproducts. "The sludge-treatment business, which represents a minimal contribution to our earnings this year, is expected to account for 20% of overall revenue next year," Chief Financial Officer Ray Sit told reporters. Sit also said China's environmental policy had encouraged the company to start providing sludge treatment to other water-treatment firms. CT Environmental's prospectus says it has "no operational experience" in providing sludge treatment. Chairman Tsui Cham-to said water-treatment firms received a government subsidy of CNY200 a ton for taking care of tainted sludge. The firm's sludge-treatment license only allows it to conduct business in Guangdong province and it intends to begin operating and maintenance services for other wastewater-treatment firms later this year. Sit said planned capital expenditure for next year could be similar to this year's HKD387 million. The company's shares started trading on September 25. The Chinese government said in August that it wanted the environmental protection industry to grow by 15% a year and generate turnover of CNY4.5 trillion by 2015.

Quarter of Beijing's air pollution originates from elsewhere

Nearly a quarter of the smog that blankets Beijing originates from neighboring provinces and cities, the Beijing Municipal Environmental Bureau said, highlighting a key challenge the capital faces in reducing its air pollution. Under a national plan released by the State Council earlier this month, Beijing must cut one of the main causes of smog – fine particles – to around 60 micrograms per cubic meter by 2017. The municipal government was confident it could achieve the target, so long as other areas met their goals, Bureau Spokesman Fang Li said at a press conference announcing the city's clean air strategy. "The central government has also given objectives to nearby provinces and cities – including Hebei, Inner Mongolia, Shandong, Shanxi and Tianjin – so if they can take care of their own problems, Beijing will be fine with the 2017 target," Li said. The Bureau said air pollution arising from nearby regions contributed 25% of the capital's smog. The other significant sources are local vehicle emissions, at 22%, and coal burning, at 17%. But neighboring areas fear any bold measures to cut pollution will stifle their economic growth. Fang said the municipal government would invest an estimated CNY200 billion to CNY300 billion in its five-year effort to meet the government's goal. The city would reduce coal consumption from the current 23 million tons a year to 10 million tons, limit the total number of vehicles it permits on the roads to 6 million, and close down 1,200 polluting factories. In the first six months of the year, the capital recorded an average PM2.5 level of 102 micrograms per cubic meter, well above the national standard of 35, and the safe limit of 10 recommended by the World Health Organization (WHO). Hebei and Tianjin must lower their PM2.5 levels by 25% by 2017, while Shanxi and Shandong must reduce it to 20%, and Inner Mongolia to 10%. An analysis by Greenpeace found that existing coal reduction plans in the Beijing-Tianjin-Hebei area were insufficient for the capital city to meet its target reduction, the South China Morning Post reports.

Villagers in Sichuan fear scrapped copper plant project will be resumed

Villagers living near the site of a controversial copper plant fear the project may be resumed, a year after it was suspended following massive protests. Residents of Shifang, Sichuan province, said local officials were again lobbying for the project after the city's economic growth forecast fell short of the target. Authorities scrapped the plant in July last year after

thousands of demonstrators, including students supported by their parents and teachers, marched against the construction of the CNY10.4 billion copper plant, which they said would cause severe pollution. A Spokesman for the local government said they had not yet made a decision on whether or not to relaunch the plant, but he added that they had been talking to villagers about the city's economic development. "Some residents are demanding that we reopen the project to boost economic development," he said.

China recycling clean-up jolts global industry

China for years has welcomed the world's trash, creating a roaring business in recycling and livelihoods for tens of thousands. Now authorities are clamping down on an industry that has helped the rich West dispose of its waste but also added to the degradation of China's environment. The Chinese campaign is aimed at enforcing standards for waste imports after Beijing decided too many were unusable or even dangerous and would end up in its landfills. Under the crackdown dubbed "Green Fence", China has rejected hundreds of containers of waste it said were contaminated or that improperly mixed different types of scrap. It is abruptly changing a multibillion-dollar global industry in which China is a major processing center for the world's discarded soft drink bottles, scrap metal, electronics and other materials. Whole villages in China's southeast are devoted to processing single products, such as electronics. Household workshops break down discarded computers or appliances to recover copper and other metals. Some use crude smelters or burn leftover plastic and other materials, releasing lead and other toxins into the air.

Brian Conners, who works for a Philadelphia company that recycles discarded refrigerators, says buyers used to visit every week looking for scrap plastic to ship to China for reprocessing. Then Beijing launched its crackdown in February aimed at cleaning up the thriving but dirty recycling industry. "Now they're all gone," said Conners, President of ARCA Advanced Processing. American and European recyclers say they support higher quality standards, but stricter scrutiny has slowed imports and raised their costs. The decline in the number of traders buying scrap to ship to China has also depressed prices American and European recycling companies can get for their plastic and metals. "While we support Green Fence, it has increased our cost of doing business," said Mike Biddle, Founder of MBA Polymers, a plastics recycler with facilities in California, Europe and southern China. "It takes longer and there are more inspections." At the same time, people in the industry say recyclers that invest in cleaner technology might be rewarded with more business as dirtier competitors are forced out of the market. The crackdown also might create new opportunities to process material in the United States and Europe instead of shipping it to China, the South China Morning Post reports. Chinese imports of waste plastic fell 11.3% in the first half of this year compared with a year earlier to 3.5 million tons.

China's air pollution causes high mercury levels on Mount Fuji

A Japanese study is claiming that toxic air pollution from China is to blame for high mercury levels on Mount Fuji. "Whenever readings were high, winds were blowing from China," Osamu Nagafuchi, Environmental Science Professor at the University of Shiga Prefecture and the lead scientist on the study, said. Mount Fuji was chosen "because it's a place unaffected by urban pollution", he added. Mercury levels around the top of the peak were up to double the levels found in other places free of heavy pollution. The levels were as high as 2.8 nanogram of mercury in one cubic meter of air. That is above levels around 1.0 to 1.5 nanogram normally detected in clean places, but still below the 40 nanogram government threshold for posing risks to human health. The higher-than-expected readings are likely due to Chinese factories burning coal, which releases mercury and other toxic elements – such as arsenic – which were also elevated, Nagafuchi said.

Heavy smog leaves travelers in disarray across north China

Fog and pollution descended on North China, leading to flight cancellations and road closures at a time when millions of people were heading home at the end of the week-long national holiday (October 1 to 8). In Beijing, visibility was under one kilometer. Traffic police closed down six interprovincial expressways, including roads linking the capital with Harbin in Heilongjiang province, Shanghai, as well as Tianjin and Hebei province. Authorities in Tianjin said they had closed down all 14 expressways amid heavy fog. In neighboring Hebei, 13 expressways were closed until visibility improved. Foggy weather also affected most parts of Liaoning province, where 15 expressways were closed down. In the industrial city of Anshan,

visibility was under 50 meters in some areas and many travelers were forced to postpone their trips. Several flights in Beijing were delayed or canceled. The Beijing Municipal Environmental Monitoring Center said pollution levels in the city's six core districts was at 225-245, corresponding to Level 5 on the pollution scale. The United States Embassy posted much higher readings, averaging over 300 in the 24-hour period beginning at 8 p.m. on October 4. The Embassy said based on recommendations by the U.S. Environmental Protection Agency, index levels surpassing 301 "are considered hazardous" and "everyone should avoid all physical activities outdoors".

Beijing hopes smog won't cloud APEC summit next year

Beijing authorities are planning to showcase their green efforts in an eco-friendly complex in suburban Huairou district for the Asia-Pacific Economic Cooperation Council (APEC) summit next year, but questions are still being raised whether participants will be swamped in smog. Still under construction, the waterside complex near Yanqi Lake, a scenic spot about 50 kilometers from downtown, will include a convention center, a hotel and 12 VIP villas. It will be run with clean energy and have all waste water and garbage treated, according to Zhao Huimin, Director General of Beijing's Foreign Affairs Office. "Hosting next year's APEC summit will quicken Beijing's pace to become a world-class city," he said. Dismissing concerns about choking smog during the APEC summit, Zhao said the capital had already launched long-term plans to fight air pollution, including limiting population growth and the number of vehicles, phasing out polluting companies and strengthening vehicle-emission standards. But some experts said the capital city would have to adopt temporary pollution-control measures similar to those in the lead-up to and during the Beijing Olympic Games in 2008, such as pausing factory production and reducing vehicle use by half. "But whether the city will see beautiful blue skies during the summit also depends much on weather conditions, as it still relied on wind and rain to remove pollutants in the air", said Ma Jun, Director of the Institute of Environmental and Public Affairs.

- Nearly half (47%) of respondents to a survey conducted by the Washington-based Pew Research Center between March 4 and April 6, rated air pollution as a "very big problem", up from 36% in 2012, and 38% now consider the safety of food a "very big problem", a 26 percentage point increase on 2008.
- Beijing was cloaked in smog for more than three days ahead of the National Day holiday. The air was "severely polluted", the worst on a six-level scale. The amount of PM2.5 particles was higher than 200 micrograms per cubic meter. The upper daily limit set by the World Health Organization (WHO) is 20. The smog came earlier than expected. Such pollution usually starts in mid-November when the city's central heating is turned on. High pollution levels were also recorded at the end of the holiday week.
- Six men found guilty of causing a toxic chemical leak of 52 tons of C9 into Jueshigang Creek in Shanghai which led to 46 people being admitted to hospital were jailed. Wang Jinlong, legal representative of Nanjing Dragon and Phoenix Chemical Co was jailed for five years for causing an accident involving dangerous goods. The court said Wang had asked to unload the toxic chemical at a dock that was not qualified for loading dangerous goods. The leak led to tap water supplies being cut in parts of Shanghai.

GREENHOUSE GAS EMISSIONS

Replacing poorly fitting windows to reduce energy consumption

Replacing poorly fitting windows in homes can contribute to a greener lifestyle, officials said. Energy wasted from leaks around windows and doors makes up 20% of total home energy consumption in China, according to Ni Shouqiang, Deputy Director of the China Construction Structure Association. Windows and doors are major weak spots in the thermal envelope of buildings, said Ni at the recent China International Festival of Windows and Doors in Gaobeidian, Hebei province. Inefficiency increases the burden on public heating systems in winter and means extra use of air conditioning in summer, Ni said at the event dedicated to energy-saving, high-tech windows and doors. Heating in northern China consumes a huge amount of coal, he said. In Hebei, each resident needs an average of two tons of coal each winter – a major contributor to air pollution. If the efficiency of windows and doors – totaling 11

billion square meters in China – reached the level required in Europe, it would save the equivalent of 430 million tons of coal every year. “This would reduce energy use and pollution,” Ni said. China builds 2.5 billion square meters of new structures each year, more than the total for all developed countries combined. But energy-efficient windows and doors only account for 0.4% of those fitted, which means energy consumption caused by leaks and drafts in China is two to three times more than in developed countries. China has standards of energy efficiency for windows and doors, but they are poorly implemented, said Wei Hedong, Chief Engineer of Hebei Orient Sunda, a Sino-German venture that manufactures efficient windows and doors. Substandard products exacerbate the problem. Some developers just care about price, not quality. Statistics from the Ministry of Housing and Urban-Rural Development show China has more than 30,000 window and door manufacturers, mostly small enterprises using outdated machinery and techniques. The Ministry of Housing and Urban-Rural Development is expected to unveil revised standards for green buildings this year, the Shanghai Daily reports.

Shanghai encouraging roof gardens

Shanghai is encouraging more roof gardens, which will be eligible for tax reductions and low-interest loans. Officials say rooftop green spaces contribute to energy saving and environmental protection. In a further plan, “three-dimensional gardening” – which includes rooftop gardens and green walls – is scheduled to become standard in environmentally designed residential buildings by 2020. Roof gardens can reduce energy costs by cooling and insulating buildings, said officials. They also offer environmental benefits, purifying the air, reducing dust, noise and carbon dioxide while producing oxygen. By the end of 2012, Shanghai had 1.45 million square meters of green roofs – 15 times the size of People’s Park. However, 20 million square meters of roofs in urban Shanghai are suitable to be topped with plants, said officials. This year, Shanghai aims to add another 300,000 sq m to its three-dimensional gardening area.

Global emissions deal for airlines may get green light

A United Nations-brokered deal on carbon emissions that could cost the aviation industry billions of dollars a year might get the go-ahead despite objections from China and India. The International Civil Aviation Organization (ICAO) is trying to mediate a global deal that brings all countries under an airline carbon emission scheme from 2020. The European Union started a regional carbon scheme last year in the face of opposition from the United States, China and India, but suspended it to make room for a global market-based emissions reduction framework. It aims to resume its regional emission trading scheme from next year. India and China are still opposed to the framework, demanding a standard that is different from developed nations. Airlines emit 2% of greenhouse gases worldwide. “The costs for the global deal would likely be measured in billions of dollars each year,” said Andrew Herdman, Director General of the Association of Asia-Pacific Airlines. The airline industry runs on wafer-thin margins. According to the International Air Transport Association (IATA), the industry’s total profit will amount to USD11.7 billion this year on USD708 billion of revenues, which translates into a 1.65% margin. The 38th Assembly Meeting of the ICAO is expected to come up with a framework proposal, with the details to be ironed out by working groups by 2016 and execution no later than 2020. Chinese carriers demanded longer grace periods or total exemption for their emissions.

- China published a national “water census” this year showing that as many as 28,000 rivers logged in a government database had vanished since the 1990s, leaving just under 23,000. The census gave no reason for the disappearance, but China’s weather bureau said several major rivers, including the Yellow river, had been dwindling since 1970 and the trend was likely to continue. “China’s water shortages stem more from problematic urbanization and water resource management, rather than the scapegoat of climate change,” said Zhou Lei, Fellow at Nanjing University who studies how industry affects the environment.

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This newsletter is realized with the support of the Federal Government of Belgium, the Flemish Government, the Walloon Government and the Government of the Brussels-Capital Region.

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