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ALTERNATIVE ENERGY

Trony Solar accused of cooking its books

Solar panel manufacturer Trony Solar massively over-reported its sales and production data at the time of its listing, two former managers at the Shenzhen-based firm claimed. Trony claimed in its listing prospectus in September 2010 to be the world's fourth-largest producer of thin-film solar panels by production volume in 2009, and told prospective investors that it had 145 megawatt (MW) of annual output capacity. It raised HKD1.73 billion from its initial public offering (IPO) to expand production capacity and repay a USD30 million loan due to Chairman Li Yi. But the firm's actual production capacity was less than 20 MW in 2009, the two former senior managers told the South China Morning Post on condition of anonymity. Even after a new 20 MW production line was added but not put into operation, its capacity was far below

the 205 MW Trony later reported that it had on June 30, 2011, they said. Based on actual shipment volumes, the company's sales were less than 10% of the CNY610 million reported for the six months to December 31, 2011 and CNY1.35 billion reported for the 12 months to June 30, 2010. One of the former employees said an investigation under way into the matter was "going nowhere" since most records for proper auditing and control had been destroyed. Trony would not comment on the allegations. A person familiar with the situation said a whistleblower had lodged a formal complaint about the allegations to Hong Kong Exchanges and Clearing (HKEx) and the Securities and Futures Commission (SFC). Both regulators said they would not comment on individual cases. Trading in Trony shares was suspended last June after the company told investors the board had identified "possible discrepancies" in its financial records. An independent investigation committee comprising its three independent directors was formed. In the past 13 months, however, company filings show the three Directors have resigned, along with a Chief Financial Officer, a Co-president, an Executive Director, a Non-executive Director, a Finance Director, a Sales Director, and a Vice President of Production. The former employees claimed that Li had been "hiding" in the United States since late 2011 and controlling affairs from abroad. The Trony Spokesman said the firm had cut its workforce by about a third to less than 700 amid difficult conditions in the solar equipment market. He also said Li was in the U.S. seeking business opportunities, but would not say how long he had been absent from China. Substantial shareholders ICBCI Fund Management, Hong Kong Sincere Investment, and China Huadian Capital, have sent Trony's management a joint letter demanding disclosure of the latest developments in the investigation.

China regains top spot in clean energy investment

China regained the global top spot in clean energy investment in 2012, with a robust 20% increase, while investment in the United States and Europe dropped, according to a report by The Pew Charitable Trusts. China attracted USD65.1 billion in renewable energy investment, the third time the country has headed the investment rankings since 2009. Investment levels worldwide declined 11% during the year. The United States, world leader in 2011, ranked second with investment in the sector dropping 37% to USD35.6 billion in 2012. Germany ranked third with USD22.8 billion, down 27% compared with the previous year. "When we look around the world, we see policy really matters when it comes to where investment will be going," said Phyllis Cuttino, Director of Pew's Clean Energy Program. She added that renewable energy investment policies in the U.S. have been very uncertain, meaning investors have looked elsewhere, in areas where returns can be more guaranteed. The center of gravity for investment has shifted to emerging markets in the East. Investment in the Asia and Oceania region grew by 16% to USD101 billion in 2012, making it the leading regional destination for investment for the first time. Apart from rapid growth in China, clean energy investment in Japan soared 75% in 2012, thanks to national efforts to develop alternatives to nuclear energy after the Fukushima Daiichi nuclear disaster in 2011. South Africa, meanwhile, emerged as the fastest-growing destination for clean energy investment among the G20 nations after attracting USD5.5 billion, from less than USD100 million in previous years. China accounted for 30% of total clean energy investment in the G20 nations during the year, adding 23 GW of capacity. Investment in renewable and energy-efficiency technologies in the U.S. fell 54% to USD4.5 billion, while investment in China declined 15% to USD8.8 billion in the first quarter of 2013. "Each year the first quarter is generally down, although is not down this much. This was the worst first quarter since 2009. As the economy improves, I think the market is pretty resilient," added Cuttino, as reported by the China Daily.

LDK Solar sells stake to raise cash

LDK Solar Co sold 25 million newly issued shares to Fulai Investments, a company owned by Cheng Kin Ming, a Chinese businessman based in Hong Kong, for USD25.8 million. Cheng already had closed a deal in late March to purchase 17 million of LDK's shares. The latest deal brings his total shares to 42 million, representing 21.6% of LDK, according to calculations by the Wall Street Journal. In April, LDK defaulted on a USD23.8 million debt payment to investors because of a "temporary cash-flow shortage". LDK said it reached a settlement with two bondholders to delay USD16.6 million in payments but that it remained in discussions about the rest. The company, based in Xinyu, Jiangxi province, was once the world's largest manufacturer by capacity of solar wafers used to make solar panels. LDK shares have fallen 32% since the start of the year after recording losses for the past seven quarters. LDK also had USD2.1 billion in debt and USD98.3 million in cash at the end of last year. The company faced a possible delisting from the New York Stock Exchange in January, after it temporarily

fell below USD1 a share. LDK's debt swelled as it fueled an expansion of manufacturing capacity through heavy borrowing. LDK, however, has received assistance from creditors such as China Development Bank (CDB) and has now sold 34.6% of the company to other entities to stay afloat.

Coal-producing Erdos to switch to clean energy

The traditional coal-producing city of Erdos, in the Inner Mongolia autonomous region, is determined to become a base of clean-energy output by the end of 2017. "Supported by the clean-energy sector, industrial fixed-asset investment in 2013 is likely to increase to CNY160 billion, up 13.2% from last year, and industrial output may rise to CNY220 billion, 13% higher," Mayor Lian Su said. Erdos produced 4.8 billion metric tons of raw coal and 84.94 billion cubic meters of natural gas from 2008 to 2012. About 60% of the city's industrial output value comes from coal mining. The coal output in Erdos last year was 630 million tons, accounting for 17.2% of the nation's total. Proven coal reserves in Erdos are almost 160 billion tons, 16.7% of China's total. Erdos saw its annual per capita GDP last year reach USD29,500, nearly five times the national average, and good enough to make it the fifth-richest city in China. Mayor Lian expects to raise the proportion of industrial output of non-coal business to more than 50%, focusing on the development of automobile manufacturing, electronic information and cloud computing as well as cashmere textile industries, the China Daily reports.

EU imposes punitive duties on solar panels from China

The European Commission agreed to impose punitive import duties on solar panels from China in a move to guard against what it sees as Chinese dumping. The European Union Commission backed Trade Commissioner Karel De Gucht's proposal to levy the provisional duties by June 6 and make Chinese solar exports less attractive in Europe. The investigation into accusations of dumping is the biggest the Commission has ever launched. China's Ambassador to the World Trade Organization (WTO), Yi Xiaozhun, called the decision a mistake although he declined to comment on any possible retaliation. "It will send the wrong message to the world that protectionism is coming," Yi said in Geneva. As European countries are seeking to increase exports to China, De Gucht will try for a negotiated solution with new Chinese Minister of Commerce Gao Hucheng before an EU deadline in December to cement the levies for up to five years. That could mean agreeing a minimum price at which all solar panels makers selling in Europe adhere to, diplomats said. The EU duties, which will come into effect once the Commission publishes the decision in its Official Journal, will be set at an average of 47%, ranging from 37.3% to 67.9%. "The proposed tariffs are much higher than the forecasts by Chinese industrial insiders," said Gao Hongling, Deputy Secretary General of the China Photovoltaic Industry Alliance. Chinese companies said they hope that the government can help to solve the dispute through dialogue. "Many PV solar panel producers couldn't pay back their loans to banks and went bankrupt because of the investigations from the U.S. and EU," said a General Manager at a solar company in Shandong province, who declined to be named.

Chinese solar panel production quadrupled between 2009 and 2011 to more than the entire global demand. EU producers say Chinese companies have captured more than 80% of the European market from almost zero a few years ago, exporting €21 billion to the EU in 2011. As a result, Chinese-made solar panels are as much as 45% cheaper than those made in Europe, industry executives say. Europe accounted for half of the global market in 2012, which was worth US\$77 billion, according to research firm IHS. The Alliance for Affordable Solar Energy has warned of severe job losses as a result of the tariffs, and industry insiders have suggested any penalty tariff higher than 30% will cause considerable damage to the European and Chinese solar industries. Jodie Roussell, Vice President of the European Solar Industry Association, warned officials in Brussels that the solar industry is very global and competitive, and that the EC's decisions to increase tariffs may have a direct effect on European jobs. "The notion that China will do nothing and quietly accept the duties is unrealistic," Xinhua said. "China will likely retaliate unless both sides can sit down and figure out a feasible way to avoid a trade war." "I think we still have a chance" before a final decision on the levies is made in December, said Shi Dinghuan, Director of the China Renewable Energy Institute. "We are bringing some foreign companies to join our alliance to fight against trade barriers and we also call for more inter-government dialogues."

Transmission lines needed to deliver clean power

China should accelerate construction of an extra-high-voltage transmission line to deliver power generated by new energy, said Zhang Guobao, former Director of the National Energy Administration (NEA) under the National Development and Reform Commission (NDRC). In the past year, non-fossil power generation output reached 1.07 trillion kWh, accounting for 21.4% of the country's total. The major contributor is still hydropower, which reached 800 billion kWh. Although wind power has developed rapidly in China, with total output reaching 100.4 billion kWh in the past year, it still comprises only 2% of the country's total output. The use of wind farms is low due to sluggish construction of electricity transmission lines. China's northern areas are rich in wind resources, and wind power generation accounts for up to 20% of power consumption in some regions. However, because of the shortage of transmission lines, a huge amount of wind power cannot be delivered to other provinces, resulting in a severe waste of energy. Zhang said China wasted about 20 billion kWh of power in 2012. He suggested building of an extra-high-voltage transmission line connecting Xilinhot in the Inner Mongolia autonomous region to Nanjing in Jiangsu province, and for another line to deliver power from Jiuquan in Gansu to the rest of the country. Hydropower is facing a similar overcapacity problem, with 10 hydropower stations in southern China going to start production in June. Liu Zhenya, General Manager of the State Grid Corp of China, told an industrial conference in April the company will invest more than CNY3 trillion in the next eight years to build safe and effective national grids and accelerate building of extra-high-voltage transmission lines, the China Daily reports.

China's tallest hydro dam approved despite environmental damage

The Ministry of Environmental Protection (MEP) has given its approval for the construction of what will become the country's tallest hydro-electric dam, despite acknowledging it will damage local ecosystems. The dam, with a height of 314 meters, will serve the Shuangjiangkou hydropower project on the Dadu river in southwestern Sichuan province. It will be built over 10 years by a subsidiary of state power firm Guodian Group, and is expected to cost CNY24.7 billion. The Ministry said that an environmental impact assessment had found that the project would have a negative impact on rare fish and flora and also affect protected local nature reserves. But it said developers had pledged to take counter-measures to mitigate the effects. The project still requires formal approval from the central government. China aims to raise the share of non-fossil fuels in its energy mix to 15% by 2020, up from 9.4% in 2011. Hydropower is expected to make the biggest contribution. Guodian was one of a number of state-owned firms criticized by China's national audit office earlier this month for starting work on projects not yet approved by the central government. The office said by the end of 2011, Guodian had invested nearly CNY30 billion in 21 unapproved projects. Huadian Group, China's biggest power firm, was also criticized for starting construction of the Huangdeng hydropower plant before receiving the government's go-ahead, the South China Morning Post reports.

- China Eastern Airlines has completed its first test flight using a new aviation biofuel developed by Sinopec. An Airbus 320 took 85 minutes to complete the test flight at Shanghai Hongqiao International Airport. As the test flight was successful, the airline said it would start using the biofuel on commercial flights. The biofuel, made with palm oil, can cut the carbon emissions of the aircraft, Sinopec said. China is now the fourth country in the world to have developed aviation biofuel, after the United States, France and Finland. Another kind of biofuel is made from recycled gutter oil.
- Renewable energy companies from the mainland and Hong Kong need to repay USD3.5 billion of debt this year, prompting global investors to fret that another issuer will follow Suntech Power into default. Bryan Collins, Fixed-income Portfolio Manager at Fidelity Worldwide Investment, said: "For the solar companies, it's a function of too much debt and poor market dynamics leading to an inability to refinance."
- U.S.-based world leading solar module manufacturer and PV solution provider First Solar said it is "on track for final approval" in the second quarter for its 2 GW project in Erdos in the Inner Mongolia autonomous region, and plans to start construction in the third quarter. First Solar has a large manufacturing unit in Malaysia, but it is possible that it may commence manufacturing in China if there is sufficient demand. California-based low-cost solar module manufacturer Solaria Corp is also planning to open a high-volume manufacturing facility in China. It is working on several megawatt-size projects in Qinghai province and Inner Mongolia.

POLLUTION

Air pollution detailed

From January to March, only 44.4% of the days in 74 surveyed cities met the nation's air quality limit, while 55.6% of the days were polluted. About 13% of those days was heavily polluted and 5.8% was found with severe pollution – the worst two levels in a six-tier scale in China. Tangshan city ranked top for the worst-affected city. Among the 10 cities with the poorest air quality, six, including Tangshan, were in Hebei province, which neighbors Beijing. The capital, which hit the headlines for serious haze problems in January, ranked No 17 in the list of most polluted cities. Its ranking improved from 9th in January to 17th in March. Beijing is surrounded by seven of the 10 most polluted cities – including Shijiazhuang, Xingtai and Baoding – in neighboring Hebei province. Rounding out the top 10 were Jinan in Shandong, Xian in Shaanxi and Urumqi in Xinjiang. Haikou in Hainan province had the best air quality, followed by Lhasa in Tibet and Zhoushan in Zhejiang. Shanghai was No 52 in the ranking of most polluted cities. The average density of PM2.5 of the 74 cities in the first quarter was 96 micrograms per cubic meter, and the highest daily record was 772 micrograms per cubic meter – 9.3 times the nation's limit of 75 micrograms per cubic meter. The air quality of 47 major cities were measured by using the air quality index (AQI), a composite index of PM10, sulfur dioxide, carbon dioxide, PM2.5, ozone and carbon monoxide levels.

Suez and Beijing Enterprise Environment sign JV agreement

SITA Waste Asia, a unit of Suez Environnement, and Beijing Enterprise Environmental Group, a subsidiary of the Hong Kong-listed Beijing Enterprises Holdings, signed a joint venture agreement to work together on the operation and management of waste facilities. The joint venture will offer services to the existing waste treatment facilities of Beijing Enterprise as well as new projects. "We believe that in the long term, our international experience and expertise in the entire waste management cycle, combined with the local knowledge of Beijing Enterprises, will help to enhance the capabilities of waste facilities and overcome critical environmental challenges in China," said Jean-Louis Chaussade, CEO of Suez Environnement. The initial contract is only to provide operation and maintenance services but could later be extended to the building of new waste treatment facilities. Experts say there has been very little progress made in recycling and sorting China's garbage, coupled with the fact that there is less available space for landfills. A report from China International Engineering Consulting Corp, said that about a third of China's 700 landfills will reach capacity by the end of 2015. China aims to treat 35% of its garbage through waste-to-energy technology by the end of 2015, up from 20% at present.

Concern as ban on sales of plastic containers ends

The end of a 14-year ban on the sale and use of disposable food containers made of plastic foam has sparked concerns over pollution and potential health risks. The time was right for the ban to end, the National Development and Reform Commission (NDRC) said, as plastic foam could now be recycled to become raw materials in construction, paints and stationery. A decision to ban plastic foam dinnerware was imposed in 1999 over environmental pollution concerns. However, the lifting of the ban has not met with universal approval. Dong Jinshi, Deputy General Secretary of the Beijing Society for Environmental Sciences, said a recycling system had not yet been established and it was more dangerous to use such products today as many companies were using waste plastic to make dinnerware. "There are no authorities supervising the issue, and there is a legal vacuum," Dong said. Despite the ban, dinnerware made of plastic foam was still widely used in restaurants, particularly by street vendors and at small eateries, because it was so cheap to produce. Li Peisheng, Director of China's Plastic Dinnerware Office, said the cost of disposable dinnerware made of plastic foam was half that of the cheapest disposable dinnerware previously allowed, and it performed better in resisting water and oil and in keeping food warm.

Protests in Kunming against planned PX plant

More than 1,000 people gathered in the center of Kunming, Yunnan province, early this month to oppose plans to build a petrochemical plant in the satellite city of Anning. China National Petroleum Corp (CNPC), the nation's largest oil producer, plans to build the refinery to process more than 10 million tons of crude oil a year. Authorities said the project was still at the planning stage. The project owner, the Yunnan-based Yuntianhua Group, said the project, with

an estimated budget of CNY7.6 billion, is designed with an annual production capacity of 650,000 tons of PX and 1 million tons of purified terephthalic acid, which is used to make clothing and plastic bottles. The Group has already drafted a relocation plan for residents living near the industrial zone in Anning. Though some experts argued that the chemical is not as dangerous as many people believe, PX has been an extremely sensitive term since 2007, when residents in Xiamen, Fujian, successfully stalled a related project in the city. Since then, plans involving PX have led to large-scale public protests in several cities, including Dalian in Liaoning and Ningbo, Zhejiang. Another protest is planned in Kunming on May 16. The refinery will emit 2,500 tons of poisonous sulfur dioxide and 1,270 tons of nitrogen oxides each year, said Zhou Dongfeng, Senior Engineer at the Yunnan Institute of Environmental Sciences. He also said the factory will discharge 147 cubic meters of wastewater per hour, or 1.29 million tons a year. Ma Xiaojia, Director of the Yunnan Provincial Energy Bureau, said the 9.5 million tons of refined oil Yunnan consumed in 2012 was all imported from other regions and the price was higher than in other regions due to long-distance transportation. The project is expected to be completed in 2015 to produce 3.3 million tons of gasoline, 5.9 million tons of diesel, and 1 million tons of aviation kerosene annually. The refinery is expected to supply 53% of oil consumption in Yunnan, which will be 14 million tons in 2015.

A similar protest in Chengdu against another PX plant was thwarted by police holding an earthquake drill.

Shanghai to clean up land at industrial and chemical sites

Shanghai is launching a long and ambitious campaign to clean up land around former industrial and chemical sites this year to clean up any toxic materials that might remain in the soil. Wu Qizhou, Deputy Director of the Shanghai Environmental Protection Bureau, said the city government will enforce a new regulation by the end of the year to launch the evaluation and cleanup process. "The work is essential and urgent because soil pollution can endanger public health and the environment, especially near water sources and farmlands," Wu said. All the former locations of chemical plants and factories that made toxic products and waste storage and processing sites may still be contaminated by heavy metals like chromium, cadmium, lead, mercury and arsenic, as well as dangerous organic substances like benzene. With economic restructuring, many factories and industrial zones were relocated, but the soil remained polluted. Companies which were once located in the area would have to pay for the evaluation and cleanup along with the future developers of the land. The bureau will also set up a database for areas where the soil may be polluted but new buildings had been erected. Tests on the soils will be held after the buildings are demolished again and the lands are put into other uses. The dumping of batteries and used cell phones, and extensive use of herbicide and insecticide as well as fertilizers also pollute farmland.

Public not satisfied with government information

More than 60% of respondents to a recent survey by the Public Opinion Research Center under Shanghai Jiaotong University said they are unsatisfied with, or unclear of, transparent government information regarding environmental protection. The survey polled 3,400 residents from 34 cities across the country in March and April. Only 37.4% of the respondents said they believe governments are doing a good job in revealing information about environmental protection. Over half of the respondents said they strongly oppose projects with possible harmful effects on the environment, and 78% said they will participate in protests if pollution facilities are to be built near their residences. The survey shows that about 80% of the respondents believed that environmental protection should be given priority over economic development. The survey also shows that residents are willing to be more involved in environmental protection. More than 90% of the respondents agreed to classify garbage, and 87% like to take recycled shopping bags. About 64% offered to donate to environmental protection organizations and 77% would like to participate in social work in this field, the China Daily reports.

Recycled water to be used for toilets and cooling

Shanghai is promoting the sale of recycled water among corporations as a way to save the resource, the Shanghai Water Authority said. In one trial project, Shanghai Shenmei Beverage & Food Co, the local producer of Coca-Cola, will pump reclaimed water from its factory in the Pudong New Area to Sharp China, which is in the same industrial park. Shenmei's reclaimed water was produced after purifying the water used to wash beverage bottles. It will be used to

flush toilets or as cooling water for Sharp's air-conditioners. The idea is to conserve water rather than simply discharging treated water into rivers. Shenmei produces about 2,000 cubic meters of reclaimed water every day, and with the new system, 250 cubic meters will be piped to Sharp China, which will pay Shenmei about 50% of the tap water price. The system could help the city save 30,000 cubic meters of tap water per year. If the trial goes well, the plan is to duplicate it at more industrial parks across the city. Shanghai will also change 20,000 old taps this year for residents in old neighborhoods in Hongkou and Zhabei districts for free. The new taps will use about 30% less water than the old ones.

Guangdong coastal water quality is declining

Pollution in Guangdong's coastal waters continued to worsen last year, mainly in the Pearl River Delta, which affected offshore water quality in Hong Kong, according to Guangdong's "Oceanic Environment Report 2012". The report said about 6.5% of the province's offshore water was rated "poorer than category four" – the most polluted – last year, about a percentage point more than in 2011. "Most of category four water is concentrated in the Pearl River estuary, with inorganic nitrogen and active phosphate being the main pollutants," said Li Lei, Spokesman for Guangdong's Oceanic and Fisheries Administration, in Guangzhou. The report said 910,000 tons of pollutants generated on land had been discharged into Guangdong's coastal waters last year. It added that 26,000 tons of pollutants found at 28 monitored dumping spots had exceeded permissible pollution-discharge standards by 34%. Li said 16 red tides occurred in Guangdong last year, the most in five years. The province sees about 10 a year on average. Li said the problem of pollutants being dumped into the ocean had not been contained and posed a threat to marine life. The report also named four major industrial polluters found among the province's 82 monitored discharge stations. The heaviest polluter was state-owned Guangzhou Paper Group, followed by Jialian Leather (China), Jiangmen City Hongjie Fine Chemical and Guangdong Zhanhua Corporation Group. Professor Ho Kin-chung, Dean of the School of Science and Technology at the Open University of Hong Kong, said offshore water quality in Hong Kong's western and southern waters had worsened due to the consistently high pollution found in the Pearl river every year. The deterioration had been particularly obvious in southern Hong Kong over the past decade, with total nitrogen emissions rising consistently when the Pearl river was at its dirtiest, he said.

- Shanghai's People's Congress plans to produce a new, detailed environmental protection law this year aimed primarily at curbing PM2.5 pollution. The law will include exhaust discharge standards for vehicles and local factories as well as measures to control flying dust at construction sites. Under the more-stringent Air Quality Index that took effect in November, air quality is "excellent" or "good" when the index is below 100, "lightly" or "moderately" polluted between 101 and 200, and "heavily" or "severely" polluted from 201 to 500. On January 16, the index surged to 254, a record high for the new index.
- Villagers in Lanxi city, Zhejiang province, are demanding nearby Zhejiang Huadong Aluminum Co cease polluting the environment after they said 127 people had suffered fluoride poisoning and 84 had caught cancers over the past 27 years. Local environment authorities, however, say waste discharges from the factory meet national environmental standards. Villagers said the prevalence of skeletal fluorosis was evidence of the factory's culpability as workers in the factory had to use fluoride to produce aluminum ingots. The Zhejiang Huadong Aluminum Co was established in 1958 and has 1,800 employees.
- There are no official data on the numbers of expatriates leaving China because of pollution, but executive recruitment consultants say they are noticing that it is becoming harder to attract top talent to China – both expats and Chinese nationals educated abroad. The European Chamber of Commerce in China says foreign managers leave for many different reasons but pollution is almost always cited as one of the factors and is becoming a larger concern. If the polluted skies continue, companies may have to increase salaries or settle for less qualified candidates.
- Shanghai will launch a pilot program for the disposal of hazardous waste such as used light tubes and batteries by asking disposal firms to set up collection spots at big supermarkets. The program will begin soon in Changning and Baoshan districts. Companies involved in hazardous waste collection and treatment will receive subsidies. Shanghai had about 1,500 tons of used light tubes last year and only 10 tons were disposed of properly. Less than 10% of the city's hazardous waste is

recycled properly.

- Pudong New Area's environment watchdog is investigating an industrial zone in Hangtuo town after a 300-meter stretch of a river there turned blue. Though residents no longer drink from the river that was quite clear several years ago, some still use river water for cooking. Local residents believe that some factories at the nearby Dabai Bay Industrial Zone could be the culprits and complained to the township government.
- The Ministry of Environmental Protection (MEP) will not issue data related to soil pollution for the time being but will discuss the situation after an in-depth investigation, the Ministry said. In January, Beijing lawyer Dong Zhengwei sent an application to the Ministry asking it to issue soil pollution data, but the Ministry said in February that the data is a state secret and refused to issue it. China is now facing a grave soil pollution situation. Heavy metals have severely polluted some areas, mines and factories have degraded soil in industrial areas, and the amount of arable land is decreasing due to the use of pesticides and chemical fertilizers.
- The Ministry of Environmental Protection (MEP) has revealed how the government has handled 13 cases of pollution in the first three months of 2013. Such information will be released on a quarterly basis in the future. The most recent major pollution scandal to provoke a public outcry was in March, when Deng Lianjun, then head of the local Environmental Protection Department in Cangxian county, Hebei province, said that just because a river had turned red didn't mean the water was unsafe to drink, because "after boiling red beans the water has that color, too". The river was later found to contain levels of aniline 73 times higher than the national standard. "The Ministry's statement is a leap forward in official environmental information disclosure," said Ma Jun, Director of the Institute of Public and Environmental Affairs.
- Hundreds of protesters gathered in Shanghai on May 10 to oppose plans for a lithium battery factory, marching peacefully along a busy street in the Songjiang district. Residents are concerned about potential waste water and gas emissions from the plant, which would be built by Hefei Guoxuan High-Tech Power Energy. It was the third mass protest in recent weeks against the planned factory.
- The Ministry of Environmental Protection (MEP) announced it had punished local governments and state-owned companies that failed to reach their 2012 emission reduction requirements, but environmental activists said fines were not high enough to deter further violations. The Ministry said that a special inspection of groundwater pollution in six provinces of North China resulted in fines for 88 companies out of the nearly 26,000 that were examined during the 40-day campaign. But the average fine was less than CNY70,000. The upper limit for fines under current regulations was CNY500,000.

GREENHOUSE GAS EMISSIONS

China to complete draft of climate change law in two years

China plans to draw on the experience of seven regional carbon markets as it drafts new national legislation in one or two years, according to Xie Zhenhua, Vice Chairman of the National Development and Reform Commission (NDRC). Shanghai and Shenzhen are trying to set rules for carbon trading, providing expertise for the nation, he said. China plans to cut carbon emissions per unit of economic output by 40% to 45% before 2020 and learn from carbon-pricing efforts in South Korea, Australia and the European Union, Xie said. The EU price is "very low" probably because they allocated too many emission quotas when designing their market. "We are learning lessons," he said. The Shanghai carbon exchange plans to take back allowances when carbon prices are low and sell more when they are high "to maintain relatively stable levels", Xie said. China's national climate legislation will have a binding effect, Charlie Cao, a Beijing-based Analyst at Bloomberg New Energy Finance, said. "This will bring stable expectations to investors in a carbon market. Otherwise they don't have confidence." Seven cities and provinces were asked last year to set regional caps and pilot programs for trading emission rights. The country set targets to cut carbon intensity reduction and energy consumption by 2015 for each city and province, Xie said. Shenzhen is scheduled to start emissions trading on June 18 and Shanghai is likely to follow this year.

Environmentalists raise awareness at Nanling National Forest Park

When part of a virgin forest in Guangdong's Nanling National Forest Park was destroyed by developer Dongyangguang, environmentalists forced the developer to help fund an education program and adopt an eco-friendly approach. The program includes field trips to the reserve to catalogue the area's biodiversity and free public lectures. Nanling is located in the mountainous border area of Guangdong, Hunan and Jiangxi provinces and the Guangxi autonomous region. Until the 1980s, it was home to the South China tiger and leopards, but they are extinct now due to the destruction of habitats. The area is now a protected reserve but there are few large animals, although insects and small mammals are abundant. Dongyangguang is now developing ecotourism projects in the reserve, including a five-star hotel. Some residents are concerned about the impact of large-scale commercial businesses on their way of life, but also appreciate that more tourists bring more income.

Environmental awareness of Beijing residents drops

The level of environmental awareness among Beijing residents has fallen for the third consecutive year – not only general knowledge of environment issues but participation in them – according to a survey by the education center under the Beijing Municipal Environmental Protection Bureau. Local residents' environmental awareness in 2012 was 71.6 points out of a possible 100, compared to 72.2 points in 2011, 74.2 points in 2010 and 75.9 points in 2009. Conducted in December 2012, the survey covered about 2,000 residents between 16 and 60 years old who have lived in the city for at least two years. "The environmental protection issue has been heatedly debated in recent years, but people's awareness has decreased since 2009," said Liu Jingqi, the survey's Project Director. "Beijing's hosting the Olympic Games in 2008 spurred people's consciousness," Liu added. Though people are attaching more importance to air and water quality among all environmental issues recently, poor policy execution and action have contributed to decreasing environmental-protection awareness. "Many practice energy conservation by saving water or electricity consumption, but the performance is not as good when it comes to disposable tableware, overpacked products and other issues," said Liu. Only 24.2% of those interviewed said they had heard of the term PM2.5, and half of those who had heard of it did not know the term is related to air pollution. Zhou Rong, Director of the Greenpeace climate and energy project in Beijing, said that even when the PM2.5 index was "extremely hazardous" to people's health, most people outdoors were not wearing any mask or taking other protection measures.

- For the first time an entire chapter was devoted to environmental protection in the central government's white paper on human rights progress. The government has worked hard to ensure that people can enjoy a good ecological environment, according to "Progress in China's Human Rights in 2012". Zhang Yonghe, Professor of human rights research at Southwest University of Political Science and Law in Chongqing, said that highlighting environmental protection guarantees the human rights of not only the current generation but also future generations.

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