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Alternative energy	Shanghai Electric and Siemens in wind power JV
	New pricing system for off-shore wind projects considered
	U.S. solar industry coalition urges withdrawal of petition
	Shanghai plans investment in clean energy
	Building of Yangtze river dam to go ahead
	Solar subsidy scheme favors inland regions
	Foreign energy firms face hurdles
	LDK Solar to take over Germany's Sunways
	Chinese and French companies invest in U.S. shale projects
	Chinese solar firms raise money at home
	WTTC files anti-dumping petition
Pollution	Beijing set to release figures on pollution
	PM2.5 pollutants mostly coming from industrial sector
	Fishermen suing ConocoPhillips over oil spill
	Revival of Yongding river criticized
	PM2.5 exceeding national standards in Shanghai
	Anger over reopening of Dalian petrochemical plant
	PM2.5 in Beijing's air declining, still too high
Greenhouse gas emissions	New climate change agreement reached
	China mulls industry carbon tax for 2015
	Vice Premier calls for more efforts on environment
	China opposes EU carbon tax
	Shanghai to introduce tougher car exhaust standards
	Chinese steelmakers refuse to join WSA emissions scheme

ALTERNATIVE ENERGY

Shanghai Electric and Siemens in wind power JV

Shanghai Electric Group and Siemens announced a long-awaited wind power joint venture, which will include a wind turbine manufacturing company that targets the Chinese and global markets. The venture is 51% owned by Shanghai Electric and 49% by Siemens. “Siemens will bring in advanced turbine technology and experience in international project operation and the offshore wind power sector,” Shanghai Electric said, noting the partnership will enhance their strengths, particularly in the offshore field. Siemens has been producing wind turbines and blades in Shanghai and moved the Asia-Pacific headquarters of its wind unit to the city in October. Siemens won its first offshore deal in China this year to supply a project in Rudong, Jiangsu province. Separately, leading Chinese turbine maker Xinjiang Goldwind Science and Technology Co said that it has agreed with Mainstream Renewable Power to supply 23 turbines to a windmill farm in Chile. The deal is its second contract in South America following one in Ecuador. Goldwind didn’t reveal the contract value.

New pricing system for off-shore wind projects considered

China is looking at abandoning the use of public auctions to set the price for off-shore wind power projects, said an official from the National Energy Administration (NEA). Instead, the government is considering allowing several big state-owned companies to plan such projects through negotiations with local governments and authorities such as the State Oceanic Administration. Those initial plans would then have to receive the approval of the National Energy Administration before the work could begin. “We hope this will become a more effective way to find a benchmark price for off-shore wind power projects,” said Shi Lishan, Deputy Director of the Administration’s renewable energy unit. The practice of using auctions to set standard prices for off-shore wind-power projects has evident shortcomings and was adopted merely as a provisional method at a time when few projects involving marine wind power were in operation, Shi said. Last October, China completed its first public auction of four off-shore wind-power concessions — deals in which a power-grid company agrees to buy a certain amount of power from a wind project for a certain price, thus protecting the investors in the project. The NEA said China aims to have the capacity to generate 5 gigawatt (GW) from off-shore wind power by 2015, up from 142.5 megawatt (MW) in 2010.

U.S. solar industry coalition urges withdrawal of petition

A coalition that says it represents 97% of the United States solar industry has urged solar panel maker SolarWorld to withdraw a petition asking U.S. President Barack Obama’s administration to slap punitive duties on China for unfair trading practices. “The severe tariffs SolarWorld seeks would have a very damaging effect on the solar industry in the United States and would fundamentally undermine many years of effort by all of us who care about the future of solar power,” the Coalition for Affordable Solar Energy (CASE) said in a letter to SolarWorld President Gordon Brinser. “In simple dollar terms, your petition threatens the planned installation of solar electric power systems in the amount of USD11 billion in 2012 and the potential installation of USD60 billion currently in the total pipeline,” the group said in the letter signed by CASE President Jigar Shah. Shah, who founded the solar services company SunEdison, argued that a 40% drop in solar panel prices between 2006 and 2011 has helped spur an eight-fold increase in demand for solar energy over the same period. “By asking the government to interfere and artificially increase the price (equivalent to putting on a high tax) will only hinder the deployment, cost thousands of jobs, reduce our energy security and further negatively impact an already shaky economy,” Shah said in the letter. CASE said its 145 member companies employ more than 14,000 solar professionals. Kevin Lapidus, Senior Vice President at SunEdison, said CASE was also beginning an effort to persuade the Obama administration the best way to resolve the case was through a negotiated solution with China. SolarWorld and six other U.S. solar energy firms, who have chosen to remain anonymous, filed a case in October asking the U.S. Commerce Department to set duties of more than 100% on Chinese-made solar cells and panels, the Shanghai Daily reports. SolarWorld's Gordon Brinser, in an emailed statement, dismissed the letter “as inappropriate bluster from Jigar Shah, who speaks on behalf of the Chinese manufacturers. Mr Shah and these Chinese manufacturers are well aware that their illegal trade practices are harming the U.S. economy and causing thousands of good manufacturing jobs to be lost,” he said.

Shanghai plans investment in clean energy

Shanghai may require a total investment of CNY18 billion by 2015 to increase its capacity of clean energy, mainly wind power, according to the city government. The spending will play a key role in Shanghai’s target of having 1% of its primary energy use from non-fossil fuels that are locally developed and creating a local new energy industry. The target excludes solar heating. Of the investment, CNY7 billion will be for off-shore wind power, CNY3 billion for onshore wind power and CNY2 billion for solar projects. The rest will go to alternatives such as biomass-fired generation and geothermal energy. Shanghai took a lead in clean energy development by bringing on stream the 102 megawatt (MW) Donghai Bridge Wind Farm, Asia's first major off-shore wind project, and installing a 6.7 MW solar roof on the Hongqiao Railway Station, the largest of its kind in China. The city used the 2010 World Expo to promote the use of clean energy, installing solar panels on pavilions and setting up China's first demonstration smart grid project, which used data from generation, transmission and consumers to efficiently deliver power at the lowest cost. Under the city's plan, non-fossil fuels will make up 12% of Shanghai's primary energy consumption in 2015 — 11% of which is hydro and nuclear power from other provinces — up from 6% last year. In a separate plan, the city aims to boost natural gas supply to 10 billion cubic meters by 2015, from 4.5 billion last year, the Shanghai Daily reports.

Building of Yangtze river dam to go ahead

Environmentalists seeking to block the building of the Xiaonanhai dam along the upper reaches of the Yangtze river have suffered a major blow, after Beijing removed the last obstacle standing in the way of the controversial project, which would endanger the country's last haven for rare fish species, as well as the Yangtze's biological diversity. Building of the dam has been pushed by Chongqing Party Secretary Bo Xilai. "It is regrettable in the utmost," said Li Bo, Director General of Friends of Nature. The rezoning of the national fishing reserve and the erection of the Xiaonanhai dam "will deal a fatal blow to the last hope for dozens of fish species that have barely survived the building of the massive Three Gorges Dam and a cascade of other big dams on the Yangtze", Li said. Stocks of rare fish could be wiped out because the dam would block their migration routes to traditional breeding grounds and render the remaining reserve useless. The reserve is home to some 180 fish species, many of which are unique to the Yangtze. Experts have warned that the Xiaonanhai dam is likely to wipe out the endangered Chinese sturgeon and Chinese paddlefish, as well as a rare aquatic mammal, the Yangtze finless porpoise. The Xiaonanhai dam, about 30 kilometers upstream from the city center and 700 km upstream from the Three Gorges, and expected to cost CNY23.9 billion, is expected to generate 1,750 MW of electricity. The Ministries of Environmental Protection and Agriculture initially expressed concerns over the project, but later quietly withdrew their opposition amid immense pressure from local authorities and power companies. The necessary environmental approval for the dam would now be a formality, environmentalists said. China, home to roughly half of the world's biggest dams, is already the world's largest producer of hydropower and the largest dam builder in the world, according to U.S.-based International Rivers.

Solar subsidy scheme favors inland regions

The number of solar farm installations in China's interior has surged since the government unveiled a tariff-based subsidy scheme favoring solar power in August. Analysts say the scheme is inadequate to ensure similarly rapid growth in coastal regions that have fewer hours of sun a day, compared to the arid and often cloudless inland regions. Jiangsu province, home to some of the world's largest solar panel materials and components makers, was the first coastal province to launch a subsidy scheme to support the development of solar farms, but the CNY260 million set aside last year for subsidizing solar farm operations was all spent by August, and new project developments have since stalled, said Xu Ruilin, Secretary General of the Jiangsu Photovoltaic Industry Association. Beijing has allowed solar farm developers to charge CNY1.15 per kilowatt-hour (kWh) of solar power output for projects approved before June 30 this year and built by the end of the year; and CNY1 per kWh for those approved after June 30. This compares with CNY0.5 per kWh for coal-fired power. Analyst Ray Lian at industry consultancy Solarbuzz expects China's solar power generating capacity to surge from 0.5 gigawatt (GW) last year to 2 GW this year, 3 GW next year, and 6.3 GW in 2015, thanks to falling panel prices and the introduction of direct power price subsidies. Many rainfall-rich southern coastal regions have fewer hours of sun than arid inland areas. Jiangsu has 2,300 hours of sunshine a year on average, compared to 2,700 hours in Qinghai province, and 3,000 hours in Tibet. But the coastal provinces are more developed and can afford to pay higher power prices. Solar farms there are also much closer to power consumption centers, saving costly long-distance distribution infrastructure and avoiding power grid bottlenecks, the South China Morning Post reports.

Foreign energy firms face hurdles

Foreign firms face tougher financing requirements unless they join forces with Chinese state-backed partners to develop solar farms, according to Enfinity Development (HK). That is because wholly foreign-owned projects have to be at least one-third financed by shareholder funds, compared with the 20% to 25% equity investment required by state-backed firms, Enfinity's Jason Zhang said. Zhang is President and Co-founder of the Hong Kong-based joint venture between Belgian renewable-energy-project developer Enfinity and three private investors. “Up to 95% of solar projects on the mainland are completed by state-owned enterprises,” Zhang said. Enfinity linked up with state-owned China Guangdong Nuclear Power and solar-panel installation-solutions provider Best Solar to win the right to build China's first commercial solar power plant in mid-2009 through open bidding. The 10-megawatt, CNY200 million project, now 71% owned by China Guangdong and 29% by Enfinity Development after Best Solar sold its 20% stake to China Guangdong, began producing power late last year. The project, in Dunhuang, Gansu province, was allowed by the central government to charge a power price of CNY1.09 per kilowatt-hour, the second-lowest bid price. Enfinity had no immediate plan to seek a listing given the poor stock-market conditions, and had secured sufficient funds to develop its second project, a 10 MW venture in Shizuishan, Ningxia. It is also planning a third project in Datong, Shanxi province. It is independently developing these two projects without a domestic partner.

LDK Solar to take over Germany's Sunways

The Chinese company LDK Solar said it planned to take over Germany’s Sunways. Sunways warned in November of a “strained’” situation in European photovoltaics markets arising from “massive pressure on selling prices for photovoltaic components due to worldwide excess capacities” that caused third-quarter sales to decline from €35 million to €23.3 million compared to the previous year. LDK Solar will first acquire 33% of Sunways via a capital increase and intends to acquire the remaining shares via a public takeover offer worth €1.90 a share. LDK Solar has until now supplied raw materials to Sunways and, last year, it struck a cooperation agreement related to producing its solar modules. Sunways has a market capitalization of €22 million. More take-overs are expected, but Wolfgang Hummel at the Center for Solar Research said few German solar companies would be of interest to Chinese buyers, noting that Solon had been unable to find an investor. “Chinese solar companies already have a commanding market position via their role as supplier of wafers, cells and modules. Only in rare cases do German solar companies have a technological advantage. So the Chinese can seldom improve their position through takeovers,” he said. The takeover offer is expected to be completed by the end of the first quarter. It is subject to approval by German regulators.

Chinese and French companies invest in U.S. shale projects

Chinese and French companies have announced large investments in U.S. shale oil and gas projects as they seek to benefit from the country’s controversial boom in “unconventional” resources. Sinopec unveiled a USD2.5 billion deal with Oklahoma-based Devon Energy to invest in five new development areas from Ohio to Alabama. Separately, Total of France is investing USD2.3 billion in an Ohio oil and gas joint venture with Chesapeake Energy and EnerVest of the U.S. International groups are still keen to increase their exposure to unconventional U.S. energy resources despite the environmental controversy over “fracking”, the injection of water, sand and chemicals into wells to crack rocks and release oil and gas. The exploration technique has been banned in France, while the U.S. state of Ohio ordered a halt to well operations in an area near Youngstown for fear they were linked to a series of small earthquakes. Devon’s deal with Sinopec also reflects Chinese companies’ hopes that techniques pioneered in the U.S. could be used to develop China's own resources. Sinopec is taking one third of Devon’s stake in the five oil projects but will pay 80% of the development costs, or up to USD1.6 billion, as well as paying USD900 million in cash. Devon is one of the first companies to economically extract gas from shale fields. CNOOC, China’s third-largest oil firm, has acquired stakes in several shale leases in Texas, Colorado and Wyoming in 2010 and 2011 from Chesapeake Energy Corp, which uses the Chinese funding to monetize its assets.

PetroChina will buy 40% of an oil sands project in western Canada for CAD680 million, making it the first Chinese firm to wholly own a Canadian oil sands project. Athabasca Oil Sands said it exercised an option to sell its 40% interest in the MacKay River project in the province of Alberta to PetroChina, which bought a 60% stake in late 2009 for CAD1.9 billion. The project got approval from the Canadian government to start construction. Production is slated to start in 2014, with an initial capacity of 35,000 barrels a day, rising to a peak of 150,000 barrels. Processing oil sands is only considered economical at prices much higher than for conventional crude oil. Along with MacKay, PetroChina also bought 60% of the Dover oil sands project from Athabasca in 2009. Once the government approves construction, Athabasca has an option to sell the remaining 40% to PetroChina for CAD1.32 billion.

Chinese solar firms raise money at home

Chinese solar companies that have relied on U.S. investors for funds are selling bonds in Shanghai after a glut of photovoltaic panels and collapsing businesses shut off global financing, forcing them to raise money where rates are higher. “Tapping the domestic bond market is more out of necessity than out of choice,” Hari Chandra Polavarapu, Analyst at Auriga USA in New York, said. “Chinese solar photovoltaic companies are mostly shut out of international markets because of the state of their businesses.” The industry has grown in China as part of government efforts to subsidize solar power by providing loans from state-owned banks in a bid to boost investment. Slowing global growth and an oversupply of panels led to a 47% decline in solar module prices last year. Top-rated companies pay an average of 2.12% to borrow money in U.S. markets, according to Bank of America Merrill Lynch indexes. That compares with 4.76% for similarly rated corporate bonds in China, according to Chinabond, the nation's bond clearinghouse. Borrowing costs are higher in China because the central bank has held its benchmark lending rate at 6.56% since July, while the U.S. Federal Reserve has kept its key rate near zero since December 2008. Since 2010, the China Development Bank (CDB) has made a total of USD47.3 billion of credit lines available to support Chinese solar and wind manufacturers. The bank led new loans to renewable energy and energy efficiency projects in 2010 globally.

WTTC files anti-dumping petition

The petition from a coalition of U.S. wind power companies seeking anti-dumping and countervailing investigations against China won’t hurt the domestic industry, said Shi Pengfei, Vice President of the Chinese Wind Energy Association. “China doesn’t export a large number of wind turbines to the United States, so the petition will not have much effect on the companies,” he said. “It won’t affect the domestic market, either.” The Wind Tower Trade Coalition (WTTC), a coalition of producers of wind towers in the U.S., filed a complaint with the U.S. Department of Commerce and the International Trade Commission (ITC) on December 29, claiming that Chinese and Vietnamese wind tower producers are dumping products in the U.S. market at below-cost prices and receiving government subsidies. The new petition, which covers metal towers that hold turbines aloft at wind farms, followed a solar panel probe into Chinese manufacturers initiated by a group of U.S. companies in October. The latest petition is seen as likely to make renewable-energy trade disputes between the U.S. and China more heated. The petition aims at raising import tariffs on wind towers from China to more than 64%. Titan Wind Energy (Suzhou) Co, one of the top wind power producers in China, was listed in the petition. Han Junliang, President of China’s biggest wind turbine producer, Sinovel Wind Group Co, said the petition will not have an effect on the company. Ken Xu, Vice President at Vestas Wind Technology (China) Co, said the company exported 70 wind towers to the U.S. in 2011 and the number will increase this year. “The impact of the petition is very limited,” he said. “The production cost of wind towers in the U.S. is higher than it is in China because of the higher labor cost. So, most Chinese companies choose the domestic suppliers.”

- China has selected 20 polysilicon makers as the first group of qualified companies following the government’s tighter rules for the industry issued last year. “The companies in the first batch will be the main players in the consolidation drive,” said Guolian Securities Analyst Zhao Xin.
- Hoku Corp, a solar energy product company based in Hawaii, has started production of polysilicon as the first project after a 60% stake in the company was purchased by a Chinese company, Tianwei New Energy Holdings Co. The project, with an annual capacity of 2,500 tons, began operation on December 1. Hoku has also been appointed the distributor for Tianwei's modules in the U.S., Canada and south American regions.
- China will soon start construction on its second installment of wind power projects for the 2011-2015 period, Liu Tienan, Director of the National Energy Bureau, has said.

The first group had a total installed capacity of 28.83 million kilowatts. The NEB said it will not approve any wind power projects that are not part of the two approved groups. China's newly-added installed wind power capacity is likely to exceed 20 million KW in 2011, a higher growth compared to that in 2010, according to Qin Haiyan, Secretary General of the China Wind Energy Association. It is estimated that China likely generated 70 billion kilowatt-hours (kwh) of wind power in 2011, up 40% from 50.1 billion kwh in 2010.

POLLUTION

Beijing set to release figures on pollution

The municipal environmental authorities in Beijing will release air pollution readings for PM2.5 – fine particles with a diameter less than 2.5 microns – before the Lunar New Year, Xinhua reports. Beijing is among the first batch of cities planning to release PM2.5 data. Nanjing and Shanghai have released data from the past few years and have pledged to release real time data when national regulations are in place. The information released by Beijing will be partial, with only six of the city's monitoring stations equipped to take such readings. The municipal government said it aimed to install equipment for taking PM2.5 readings in all 27 monitoring stations and release real time figures by the end of this year. The United States Embassy in Beijing has been conducting its own monitoring and publishing PM2.5 readings on the internet. The Beijing authorities have been monitoring PM2.5 since 2006, but the data was primarily collected for research purposes. "Dry data is not enough. There should be a health advisory every day warning citizens about the hazard of fine particle pollution," Ma Jun, Director of the non-governmental Institute of Public and Environmental Affairs said. U.S. government standards describe PM2.5 readings above 300 as "hazardous for the entire population". The U.S. Embassy's readings in Beijing exceeded 500 – the maximum rating – several times last month.

PM2.5 pollutants mostly coming from industrial sector

A majority of the country's most hazardous airborne pollutants are coming from industrial sources, according to a report by the Institute of Public and Environmental Affairs. China emitted 13.2 million tons of PM2.5 in 2007, among which more than 9 million tons came from industrial sources such as petrochemical plants, cement kilns, and iron and steel smelters. The transportation sector was responsible for nearly 600,000 tons of PM2.5 emissions that year, while residential activities contributed to 2.7 million tons of the fine particulate matter. "Curbing pollution from industrial sources is still the key in reducing PM2.5 and improving the nationwide air quality in the long run," said Ma Jun, Director of the Institute of Public and Environmental Affairs. But for major cities, such as Beijing and Shanghai, where polluting factories have been moved out of the urban areas, emissions from vehicles play a bigger role in their worsening PM2.5 levels, making it more difficult to tackle in the short run, said Ma.

Fishermen suing ConocoPhillips over oil spill

A group of Chinese fishermen is suing ConocoPhillips for CNY490 million in damages allegedly caused by an oil spill. The leak in June released more than 3,000 barrels of oil and oil-based mud. Lawyers for the 107 fishermen filed the case in the Tianjin Maritime Court in December. An earlier lawsuit was rejected by the court in September, citing lack of evidence. The State Oceanic Administration is also suing ConocoPhillips. A separate lawsuit has been filed in Qingdao by more than 200 fishermen seeking CNY30 million in compensation. ConocoPhillips promised to offer compensation for damages and has established a fund to provide to that effect, President of ConocoPhillips Asia-Pacific Don E. Wallette Jr said. The fund will be run by independent institutions and aims to offer "fair, expeditious and convenient" compensation to both public and individual claimants affected by the spills, he said. However, the company did not disclose the scale or source of the fund, nor did it say how it will operate. The oil spill has polluted more than 6,200 square kilometers of water in the bay since June, an area about nine times the size of Singapore.

Revival of Yongding river criticized

A stretch of the long-arid Yongding river in Beijing is running again. As part of a CNY17 billion reclamation effort, water now fills 30 kilometers of river bed in the capital's western suburbs, a stretch parched for nearly three decades. The water in the Beijing section is mostly recycled sewage from nearby treatment plants. Drawn from the Guanting Reservoir or captured from rain or floods, the whole enterprise is sustained by three pumping stations and dozens of kilometers of connecting pipes. Environmentalists mock the effort – China's longest and most expensive attempt at river restoration – as creating a huge water park, rather than reviving a real river. “It is a huge waste of money,” says Feng Yongfeng, Founder of the environmental group Green Beagle. But officials at the Beijing Water Authority have been proudly showing off the early results of their 170 km project, boasting that they've started to repair decades of environmental damage. Thrice-treated sewage accounts for 90% of the 130 million cubic meters of water needed. Officials admit that the high cost of maintenance for the man-made river – an estimated CNY50 million a year just for reclaiming water from sewage – makes it impossible to fill the dry river bed in downstream areas with more water. The Yongding was once the largest river running through Beijing. From ancient times, the major tributary of the Hai river was the city's main water source. According to the Beijing Water Authority, there are more than 250 reservoirs upstream, each doing their part to reduce the Yongding's flow and exacerbate water shortages in the capital. By the early 1980s, a 100 km section of the river that used to nourish the capital had dried up. The arid river became a key contributor to Beijing's sandstorms and dust pollution, the South China Morning Post reports.

PM2.5 exceeding national standards in Shanghai

Pilot monitoring showed the density of PM2.5 in Shanghai exceeded the national standards of grade II air quality from 2006 to 2010. A daily report on the PM2.5 level in Shanghai will likely be published later this year. The Shanghai Environmental Monitoring Center (SEMC) said that it has been carrying out pilot monitoring of PM2.5 since 2005, and now had 24 monitoring spots in Shanghai. Monitoring results showed that the level of PM2.5 failed to reach the national standards for grade II air quality released by the Ministry of Environmental Protection (MEP) in November. According to monitoring statistics released by SEMC, since 2005 to 2010, the average annual density of PM2.5 was 0.044 - 0.053 milligrams per cubic meter, failing to reach the level of grade II air quality, which is 0.035 milligrams per cu m. The statistics also showed PM2.5 density in Shanghai was about the same or down slightly in the last five years. The Shanghai Environmental Protection Bureau said it will try hard to publish a “daily report” of the PM2.5 density to citizens starting this year.

Anger over reopening of Dalian petrochemical plant

The future of the Dalian Fujia Petrochemical plant that was at the center of a toxic pollution scare four months ago is again shrouded in uncertainty, with the local government confirming that the controversial project has been allowed to resume production despite widespread opposition and a demonstration by local residents on August 14. An official said that it remained unclear when the plant, which has been processing paraxylene (PX) – the toxic chemical at the heart of the controversy – since 2009, could be relocated. “The whole relocation plan is still on track, but it needs a lot of time and there is no timetable yet,” she said. Built at a cost of more than CNY60 billion and with an annual production of 700,000 tons of PX, the plant is among the top five PX producers in China. It is located about 20 kilometers upwind from the Dalian city center. The official confirmed the plant had recently been allowed to resume operations because a panel of national and local experts had concluded that it posed no major pollution risks.

PM2.5 in Beijing's air declining, still too high

The amount of tiny particulate matter in the air detected in the capital has been decreasing in the past 10 years, according to the city’s Environmental Protection Bureau. However, the average reading for PM2.5 in 2010 in Beijing was still double the target of 35 micrograms a cubic meter (cu m) set by the Ministry of Environmental Protection (MEP). The average annual PM2.5 density in the capital decreased from 100 to 110 micrograms a cu m in 2000 to 70 to 80 micrograms a cu m in 2010. The average annual density of PM2.5 in Shanghai was 44 to 53 micrograms a cu m from 2006 to 2010, according to the Shanghai government. The Beijing municipal environmental monitoring center started collecting PM2.5 data five years ago for research purposes, but hasn’t published any official data so far. The government will further raise vehicle emission standards and use more clean energy, according to the Bureau, which will also more closely collaborate with neighboring cities to solve the problem.

- Shanghai is aiming to be one of the first cities in China to adopt a stricter air quality monitoring system before it is introduced nationwide in 2016, including measurement of PM2.5 particles. Launched in 1982 and amended in 2000, the nation's air quality standard hasn't changed since then. So far, Shanghai has 24 monitoring sites for PM2.5, most of which have been in use for less than a year.
- The crackdown on gutter oil for edible use by the Ministry of Public Security in the past three months has led to a price drop making it feasible for bio-energy companies to restore production. The price for a ton of gutter oil is now less than CNY5,000, compared with CNY6,000 three months ago. Police have smashed 60 gangs and criminal networks producing and selling gutter oil as edible oil and seized more than 60,000 tons of gutter oil. China's more than 300 bio-diesel companies will now refine the gutter oil into bio-diesel.
- The Luoyang government suspended four environment officials in December after photos of pollution in the Jian river, caused by red dye, spread online and sparked widespread public concern. The pollution was caused by discharges of red dye from two illegal dye workshops. The authorities said earlier they were working to shut down the workshops, and to dismantle their machinery.
- Beijing's Bureau of Environmental Protection said that air quality in the capital city in 2011 was better than during the Olympics year of 2008, and that they had already met their target of 274 "blue sky" days for this year in mid-December. The Bureau said that PM10 decreased to 114 micrograms per cu m this year, the lowest in four years.
- Professor Wu Dui, Chief Scientist of the Guangdong Provincial Meteorological Bureau said China needs at least two decades to remove fine particulate pollutants from the air, refuting claims by some officials that the problem could be solved in just two to three years. He said the main sources of the pollution were industrial emissions and cars.
- China will take strict measures in 2012 to protect the environment in Bohai Bay, especially in regard to the supervision of off-shore petrochemical projects, Liu Cigui, Director of the State Oceanic Administration (SOA), said at the SOA's annual conference. Oil spills in June last year released more than 720 barrels of crude oil and 2,610 barrels of oily mud into the bay, together polluting 6,200 square kilometers of water, according to SOA estimates. The agency concluded in November that the incidents resulted mainly from negligence.
- Nearly 70% of new cars in Shanghai contain high levels of harmful chemicals, mainly due to interior decoration, according to a new survey. The Shanghai Environmental Protection Association checked five major pollutants — total volatile organic compounds, formaldehyde, benzene, methylbenzene and dimethylbenzene. Experts suggest owners keep new cars well ventilated within six months to one year of purchase, especially in summer because more chemicals will be generated in hot weather.
- Beijing's biggest garbage recycling market Dongxiaokou, located outside the north 5th Ring Road, is being closed down and will be demolished. Most of the 30,000 workers in around 800 workshops in the market hail from Henan province, and will be forced to return home or look for another job.
- The village of Shibao under the administration of Xinghua city in Jiangsu province, which is surrounded by more than 80 plants processing heavy metals, has been dubbed "cancer village" after around 70 inhabitants were diagnosed with cancer in the past two or three years. Especially the number of lung cancer patients has increased. Villagers said waste water from the plants went directly into the village river and corrosive fumes even rotted metal bars installed on windows.
- More than 100 flights at Beijing Capital International Airport were grounded because of smog at dawn on January 10. Visibility was reduced to less than 200 meters during rush hour. The U.S. Embassy's air pollution index stood at 500 at 7 a.m. and its PM2.5 measurement reading was 513 microgram a cubic meter. The smog – which was rated the worst in three months in Beijing – began to disperse as the wind picked up at midday.

GREENHOUSE GAS EMISSIONS

New climate change agreement reached

During the climate change talks in Durban in November, China's Chief Negotiator Su Wei firmly rejected proposals for a new global treaty on greenhouse gas emissions because they would lead to the end of the Kyoto protocol, the world's only existing treaty stipulating emissions cuts. Its current provisions will expire at the end of this year. EU member states, with a handful of allies including Norway and Switzerland, are the only developed countries prepared to carry on with the Kyoto protocol. The U.S. has always rejected the 1997 pact, and Japan, Canada and Russia have declared they will not take on new emissions targets under the protocol beyond 2012. The 194-party conference in Durban finally agreed to start negotiations on a new accord that would ensure countries will be legally bound to carry out any pledges they make. It would take effect by 2020 at the latest. The deal doesn't explicitly compel any nation to take on emissions targets. The legally binding emissions targets under the 1997 Kyoto Protocol, which expire this year, will be extended for at least another five years under the new accord. A separate document obliges major developing nations like China and India, excluded under Kyoto, to accept legally binding targets. UN Secretary General Ban Ki-moon said the deal represented "an important advance in our work on climate change."

Environmentalists criticized the package for failing to address what they called the most urgent issue, to move faster and deeper in cutting carbon emissions. Scientists say that unless those emissions — chiefly carbon dioxide from power generation and industry — level out and reverse within a few years, the earth will be set on a possibly irreversible path of rising temperatures. China welcomed the modest outcome of the UN climate talks. Chief Negotiator Su Wei described the Durban Platform as "a great achievement" after "one of the most drawn-out" experiences he has had in 20 years of climate talks. Beijing successfully secured the existing two-tier system of accountability enshrined in the current UN climate regime, under which developing countries take voluntary actions. Dr Yang Fuqiang, Senior Adviser on climate and energy for the Natural Resources Defense Council's Beijing office, warned that China would have to be prepared for greater international pressure in future talks as its carbon emissions continued to expand at an accelerating pace.

China mulls industry carbon tax for 2015

China is considering imposing an emissions tax by 2015, which will hit the biggest industries that burn fossil fuel and encourage them to invest in carbon-cutting technologies. The Research Institute for Fiscal Science has submitted a new carbon tax proposal to the Ministry of Finance. Director Jia Kang said that to relieve the extra burden on firms, Beijing could consider cutting profit tax. This would encourage polluters to upgrade their technology since the carbon tax would be levied based on emissions volumes. The Institute proposed an initial charge of CNY10 per ton of carbon gas, while the Ministry of Environmental Protection (MEP) favored CNY20 a ton. Power producers, which rely on coal to generate 82% of their output, are expected to be among the largest targets of the tax. The industry accounts for around half the nation's coal consumption. Heavy petroleum fuel users such as airlines, vessels and motor vehicle owners will also be affected. "It is highly likely the carbon tax will be rolled out before the end of 2015," said Lin Boqiang, Dean of Xiamen University's Center for Energy Economics Research.

Vice Premier calls for more efforts on environment

A balance between development and the environment is essential, Vice Premier Li Keqiang said. "Providing basic environmental quality for its people is an essential public service for any government. It is necessary to improve the quality of life and provide a favorable environment with clear water, blue skies and uncontaminated soil," Li told a national conference on environmental protection in Beijing which was attended by Provincial Governors and Ministers. Efforts to tackle problems with the environment should include greater protection for sources of drinking water, more thorough treatment of urban sewage, revising and publishing stricter air quality standards, preventing heavy metal pollution, better managing hazardous wastes and enhancing rural environmental protection to ensure food safety. Calling the environmental protection industry a fresh economic engine, Li said that enhanced efforts to curb pollution can push the country to improve its economic structure. "It is estimated that the output of green sectors — pollution treatment and energy saving — can exceed CNY10 billion during the 12th Five Year Plan (2011-2015) period," he said. At the conference, Governors and CEOs of the country's biggest state-owned enterprises signed liability statements with the Ministry of

Environmental Protection (MEP) to meet their emission reduction targets between 2011 and 2015, the Ministry said in a statement. A total of 1,184 sewage plants will be built in the next five years, with a combined treatment capacity of 45.7 million tons. Nitrogen oxide removal facilities will be installed for coal-fired power plants with a total installed capacity of 400 gigawatt. Local officials and company executives who fail to meet their emission reduction targets will be held responsible. Li also urged that the pollution monitoring agency should include PM2.5 into the new system to monitor air quality.

China opposes EU carbon tax

China opposes the European Union's carbon emissions tax on airlines, the Foreign Ministry said. The system will inevitably increase the price of air tickets for international flights, a senior official with the China Air Transport Association (CATA) said. The move is expected to cost Chinese airlines an estimated CNY743 million in 2012, or about CNY300 for each ticket for flights between China and Europe, said Chai Haibo, Deputy Secretary General of the Association. "Since the airlines have to undertake the huge extra charges, they will inevitably transfer some of the costs to consumers," Chai told Shanghai Daily. "This is a trade barrier in the name of environmental protection and will strike a wide blow to passenger benefits and the international airline industry," Xinhua news agency said in a commentary. "It will be difficult to avoid a trade war focused on an aviation 'carbon tax.'" According to the EU plan, airlines flying to or from Europe will have to buy permits from the Emission Trading System (ETS) from January 1 at a cost of 15% of the carbon emissions they generate, with large fines for airlines that don't comply. Aircraft with annual carbon emissions of less than 10 thousand tons will be exempt. A Boeing 777 flying from Shanghai to London emits over 200 tons of carbon dioxide. If the plane has three flights to Europe a week, the exemption quota could be used up within a few months. A total of 33 Chinese airlines will be affected by the tax. China's aviation watchdog has urged the EU to drop the plan to promote sustainable development of the industry. "The EU should at least make a distinction between developing and developed countries," said Li Jiaxiang, Director of the Civil Aviation Administration of China (CAAC). Airlines are to start making payments under the emissions scheme in 2013, which provides some lead time for Beijing to move to force the EU to delay or withdraw the plan. One option was to stop buying aircraft from European plane maker Airbus.

Shanghai to introduce tougher car exhaust standards

Shanghai is to introduce tougher exhaust emission standards and ban high-polluting vehicles. The Shanghai Environmental Protection Bureau will launch the China V standards — equivalent to the Euro V standards — reducing sulfur dioxide emissions from automobile exhausts by 80% compared with current IV standards. More than 60,000 high-polluting vehicles will be taken off the roads. More than 90% of vehicles will be able to meet the new emissions standard by 2014. Automobile exhausts contribute 66% of nitrogen oxide and 90% of volatile organic compounds in downtown areas, said Cai Zhigang, an official with the Bureau. About 74% of the pollution comes from the 280,000 vehicles — 17% of the city's total number — that fail to meet the China I standard for gasoline and China III standard for kerosene, he said. Particles of less than 2.5 micrometers in diameter (PM2.5) are also mainly a product of motor vehicles emissions. The city also plans to build seven garbage treatment facilities for sorted waste in suburban districts by 2014, when a network to support domestic garbage sorting will cover most of Shanghai's downtown neighborhoods. A new treatment facility for dangerous waste will be built on Chongming island. More than 85% of the city's sewage will be treated by 2014, the Shanghai Daily reports.

Chinese steelmakers refuse to join WSA emissions scheme

An ambitious industry-led project to cut carbon dioxide emissions from steel plants is in danger of foundering due to the refusal by China's producers, which account for more than 40% of the world's production of the metal, to join the initiative.The failure to engage the Chinese is even more of an embarrassment for the World Steel Association (WSA), the Brussels-based trade body that set up the scheme, since its Chairman is Zhang Xiaogang, President of Anshan Iron & Steel. He told the Financial Times that, even though he was in favor of Chinese companies joining the WSA scheme, Anshan found it impossible to collaborate given that all the other main Chinese steelmakers had declined. "We have to respect the wishes of the steel industry [in China] as a whole. We [at Anshan] can't do something like this just by ourselves," he said. Behind the refusal is the suspicion by many top Chinese steel officials that if they joined the scheme they might inadvertently divulge technical data that could provide useful details to rival steelmakers that could be helpful commercially. The steel industry is among the largest producers of carbon dioxide, the main pollutant associated with global warming, with output of the gas from all processes linked to steelmaking last year estimated at 2.5 billion tons, or 6.5% of total emissions. The WSA project was announced in 2007 with the aim to persuade most of the world's top steelmakers to provide data to the Association regularly about carbon dioxide emissions from individual mills, while also correlating the figures with details about plants' operating processes. By building up a database linking emissions to the type of technology used in the plants, the WSA had hoped to be able to create a better understanding of technical ways to reduce output of the gas without interfering with the rapid recent growth of world steel production. More than 200 plants outside China are providing information to the monitoring project, the Financial Times reports.

- The Beijing government is encouraging greening of the city's rooftops. The city will build terrace gardens atop public buildings below 12 stories. The total subsidy will be around CNY10 million a year, according to Tan Tianying, President of the Beijing Roof Afforestation Association. But some tenants are reluctant to have gardens on the roofs of their apartments due to the risks of water leakage caused by irrigation. Greening of roofs has been encouraged since 1984. The more than 1 million square meters of green roofs now in Beijing only account for 1% of the roofs ready to be covered.
- Indexes measuring greenhouse gas emissions and power consumption will be published by the National Bureau of Statistics (NBS) on a pilot basis this year. The indicators are expected to show emissions generated by manufacturing and agricultural activities and chart the growth of recycling. Five provinces, including Shandong and Shanxi, have been chosen as the pilot areas. The most difficult part is to make sure that companies provide credible figures, Li Yan, head of Greenpeace East Asia's climate and energy team said.

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