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FLANDERS-CHINA CHAMBER OF COMMERCE
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ENVIRONMENT NEWSLETTER | 9 FEBRUARY 2012

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FCCC ACTIVITIES

Meeting with Chinese delegation: “Leadership in Low-carbon Growth”, 16 February 2012, 9 am, Antwerp

The Flanders-China Chamber of Commerce and the Flanders Cleantech Association are organizing a meeting with a delegation, led by a group of Chinese Mayors of second- and third-tier cities in China.

This visit is organized in the framework of an exchange programme of The Climate Group, which is an organization based in the UK with offices worldwide, including Beijing and focusing on climate change and low carbon area. The aim of their visit is to facilitate the dialogue, trade and investment between Chinese cities and Europe on cleantech and environmental technologies.

This meeting “Leadership in Low-carbon Growth” will take place at 9 am on February 16 at the Hooge Maey, Haven 550 in Antwerp.

The delegation, which consists of a group of mayors of second- or third-tier cities, are from the following cities: Lanzhou (Gansu province), Guiyang (Guizhou province), Zhuhai (Guangdong province), Inner Mongolia Autonomous Region. The delegation members are interested in the following sectors: urban planning, energy efficiency, water treatment, waste management, transportation (subway construction and operation), sustainable rural development. A complete list of the delegation can be obtained at: info@flanders-china.be

Programme:

| | |
|---------------|---|
| 8h50 – 9h10 | Registration |
| 9h10 – 9h20 | Introduction by Mrs Gwenn Sonck , Executive Director, Flanders-China Chamber of Commerce |
| 9h20 – 9h30 | Presentation Flanders Cleantech Association by Mr Dirk Fransaer , Managing Director, VITO |
| 9h30 – 10h00 | Presentation “Waste management in Flanders: Policy instruments & Results” by Mrs An Vandeputte , Project Manager, OVAM/Public Waste Agency of Flanders |
| 10h00 – 10h20 | Presentation “Sustainable Landfilling” by Mr Daniel Dirickx , Director, Hooge Maey |
| 10h20 – 10h40 | Presentation “Renewable Chemicals from Algae” by Mr Bert Lemmens , Project Manager Renewable Chemicals, VITO |
| 10h40 – 11h00 | Presentation “Enhanced Landfill Mining as a new concept for sustainable materials management” by Mr Karl Vrancken , Research Coordinator, VITO |
| 11h00 – 11h30 | VITO Coffee break |
| 11h30 – 12h30 | Site visit Hooge Maey |
| 12h30 – 14h30 | Lunch at Hooge Maey Presentation of the Climate Group by Mr Luc Bas , European Programme Director Presentation of the participating companies (slide presentation) and the members of the Chinese delegation |

This meeting will give you the opportunity to introduce your company's activities to leaders from second and third-tier cities. Companies can join the whole morning programme and the lunch or join the lunch only.

Participation fee for FCCC members: 75€, non-members: 110€

In order to introduce your company to the Chinese delegation, we kindly ask you to fill in the subscription form and return it to info@flanders-china.be before 8 February 2012.

This visit is being organized with the support of Flanders Investment & Trade.

ALTERNATIVE ENERGY

Chinese companies to fight U.S. investigation on wind towers

Chinese wind-tower manufacturers pledged to actively challenge a U.S. investigation that could lead to crippling import duties on more than USD100 million worth of wind energy towers from China and Vietnam. The items covered by the investigation are the steel towers that support the engines and rotor blades used in wind turbines with electrical power-generation capacities in excess of 100 kilowatts. The U.S. Commerce Department is already investigating charges that Chinese solar panel makers engage in unfair trade practices. The Wind Tower Trade Coalition (WTTC), a group of U.S. wind-tower manufacturers, filed the complaints with the U.S. Commerce Department and the International Trade Commission (ITC), saying that companies from the two countries are dumping wind towers at prices lower than the U.S. market cost. The U.S. Commerce Department said China is alleged to have undercut U.S. wind-tower prices by 214% and Vietnam by 141% to 143%. “We are hiring lawyers to challenge the allegations,” said Wang Debao, Deputy Director at Chengxi Shipyard Co, whose wind tower business accounts for almost 10% of its annual revenue, which exceeded USD1 billion last year. Two other Chinese wind tower makers, Titan Wind Energy (Suzhou) Co and Shanghai Taisheng Wind Power Equipment Co, also expressed concern. Shi Pengfei, Vice President of the Chinese Wind Energy Association, said that Chinese companies could tap the growing domestic market even if the U.S. stops imports of Chinese wind towers. Wind tower manufacturing doesn't require a large amount of technology, so Chinese companies have cost advantages because of the lower labor costs in China, said Li Shengmao, Senior Industrial

Soaring Chinese demand for clean energy tipped to ease solar panel glut

China may double its installations of solar panels this year, absorbing excess production that depressed prices and margins in 2011. The CEO of Suntech Power Holdings, Shi Zhengrong, estimated the nation may add 4 GW or more of panels, and Trina Solar CEO Gao Jifan expects 5 GW. The cost of solar panels fell 47% last year as Chinese manufacturers led by Suntech boosted production, winning market share from Western rivals such as Q-Cells and First Solar. With Beijing pushing to consolidate the industry, the remarks from Shi and Gao suggest rising demand may support the biggest panel manufacturers. Those forecasts are more optimistic than the projections of Bloomberg New Energy Finance, which expects Chinese installations of 3 GW this year and world demand from 25.5 GW to 32.8 GW. Trina expects global demand of between 30 GW and 35 GW. China could surpass Germany as the world's largest solar market, said Aaron Chew, Analyst with Maxim Group in New York.

CNOOC to setup joint venture with Isofoton

China National Offshore Oil Corporation, the state-owned parent of listed dominant offshore oil and gas producer CNOOC, has agreed to invest USD300 million in a Tianjin-based joint venture with Spanish solar-panel maker Isofoton. The venture will see CNOOC gain a technology partner to help its expansion in the renewable energy sector, while allowing Isofoton to enlarge sales in China, one of the world's fastest growing solar-energy markets, amid a slowdown in the European market due to government subsidy cuts. Isofoton said it has technology that can convert close to 40% of energy from sunlight into electricity, around double that of conventional solar panels that are in wide use around the world. The joint venture will develop solar power plants with a total generating capacity of 150 MW in China and abroad. Ma Fenglei, Beijing-based Analyst at Bloomberg New Energy Finance, said as solar panel prices have dropped sharply in recent years, Isofoton's expansion into more lucrative solar power station development will offset low profits in its panel components manufacturing operation. China's solar power panel installation surged more than six-fold to 2.9 GW last year, and became the largest market in Asia Pacific with a 48% share, according to industry consultancy Solarbuzz. CNOOC set up its renewable energy investment unit in 2007. It has wind power projects in Inner Mongolia, Hainan and Gansu, as well as biodiesel projects in Hainan and Jiangsu. It is also developing projects to extract natural gas from coal.

Canada's Sunshine Oilsands plans to raise USD700 million in Hong Kong

Sunshine Oilsands, a developer of oil-sands energy projects in Canada backed by two Chinese financial institutions, is aiming to raise up to USD700 million from a listing this month in Hong Kong. It plans to raise USD600 million, but if demand exceeds the shares on offer, it may raise another USD100 million with 15% more shares. The share price will be set on February 14 and the stock will be listed a week after that. Bank of China International, Deutsche Bank and Morgan Stanley are joint sponsors and global coordinators of the transaction. Sunshine raised USD230 million last March by selling shares to China Life Insurance (Overseas), the Hong Kong arm of state-owned China Life Insurance (Group); Bank of China Group Investment, the Hong Kong investment management unit of Bank of China; and the Cross-Strait Common Development Fund. Sunshine was set up five years ago. It owns 464,531 hectares of oil-sands leases, or 7% of the total oil-sands leases granted in the Athabasca region of northern Alberta. Based on an evaluation two months ago, it is estimated to have 419 million barrels of proved and probable reserves. If 3.1 billion barrels of contingent resources – projects not currently commercially or technically viable – are included, the reserves and estimated resources total 3.52 billion barrels. Production is projected to rise from 1,800 barrels a day this year to 200,000 barrels a day in 2024.

China Shipbuilding to expand in wind power

China Shipbuilding Industry Corp (CSIC) plans to expand its business in the wind-power industry, Senior Executive Sun Bo said. Currently, the company has four wind farms in Inner Mongolia, Xinjiang, Jiangsu and Chongqing. Sales revenue from wind-power components and whole-set equipment jumped to CNY7.8 billion in 2011 from CNY6 billion in the previous year. It accounted for "a small percentage" of its total 2011 revenue, the company said. Yang Huanzhi, Vice Director of the Administration Department, said the company's goal is to

become one of China's top three manufacturers of wind power equipment by production capacity during the next few years. Analysts have praised the company for its technological advantages in core-component manufacturing. However, they said it still faces challenges as it seeks to expand further in the wind-power industry. CSIC might have to triple its production capacity to become one of the nation's top three manufacturers. According to a development blueprint by the State Grid Corp, China's biggest electric-power transmission company, China's wind-power capacity is expected to jump from 45 GW in 2010 to 90 GW in 2015.

U.S. reports surging imports of solar panels from China

The U.S. Department of Commerce reported "massive imports" of solar panels from China in late 2011, a fact it said would affect its final decision on tariffs. Imports rose more than 15% compared with the period between July and September. The Commerce Department's first preliminary determination on duties is scheduled for March 2. If the agency imposes preliminary countervailing duties, the levies will apply retroactively to all Chinese imports of cells and modules into the United States from December 3, 2011. "If the tariffs are determined on March 2 with a 90-day retroactivity, it will have a big impact on Chinese solar cell companies," said Wei Qidong, the former Secretary General of the Photovoltaic Industry Alliance in Jiangsu province. Chinese companies would be asked to pay a security deposit when the preliminary ruling is made, but would not have to pay the 90-day tariffs immediately. It is also possible that the International Trade Commission (ITC) would not support the imposition of the tariffs.

- More than 40 Chinese companies attended the Fifth World Future Energy Summit in Abu Dhabi, United Arab Emirates (UAE), to explore opportunities in the deserts of the Middle East. The UAE is currently building a 6 sq km clean-technology cluster at Masdar city, near Abu Dhabi, while Suntech Power Co, China's biggest solar panel maker, is supplying panels for a 10 megawatt solar plant to power Masdar city, said Alan Frost, Director of the city. Suntech was among the earliest Chinese solar companies to tap into the region. It set up its Dubai office in 2010, and now has several projects in the UAE and Saudi Arabia.
- China Development Bank (CDB) is offering funding of USD64 million to construct solar power plants in California and New Jersey. China-based LDK Solar Co secured USD20 million from CDB to construct two solar power plants in California. SPI, a California-based company majority owned by LDK, received USD44 million from CDB to pay for the construction of solar projects it is working on jointly with KDC Solar in New Jersey.
- Goldwind, a leading Chinese wind turbine maker, said it has acquired two 10 MW wind farms from Volkswind USA. The wind farms, known as the Musselshell Project, are based in Shawmut, Montana. This project marks Goldwind's third acquisition in the U.S., following a project in Pipestone, Minnesota, and the 109.5 MW Shady Oaks project in Lee County, Illinois.

POLLUTION

Beijing city releases hourly air pollution data

The city of Beijing began releasing hourly air pollution data on January 12 to address growing public concern over air quality. The Beijing Municipal Environmental Monitoring Center will publish readings for the levels of sulfur dioxide, nitrogen dioxide and PM10 detected by its 27 air quality monitoring stations. The data, released hourly on the center's website and micro blog, "is provided to better serve the residents of the capital", said Zhao Yue, Deputy Director of the Center. Ma Jun, Director of the Institute of Public and Environmental Affairs, a non-government organization, said hourly figures will help improve the transparency of the environment watchdog. Later the data might include readings for PM2.5. Beijing has set up more than two dozen monitoring stations to detect PM 2.5. According to official data, the southern part of the city is much more polluted than the northern part. Shanghai will release figures detailing the amount of PM2.5 particles in the air from June, the Shanghai Environmental Protection Bureau announced.

Hong Kong set for tougher clean-air targets

Hong Kong's clean-air targets will be toughened for the first time in a quarter of a century from 2014, but they will still fall short of World Health Organization (WHO) standards. Environmentalists criticized the long delay in adopting the new objectives and accused the government of taking a half-hearted approach to implementing more than 20 measures identified to improve air quality. Secretary for the Environment Edward Yau said there was an urgent need to update air quality objectives, which had not changed since 1987. The new objectives, which lay down atmospheric concentration limits for seven pollutants, are between 10% and 64% more stringent than existing ones. Yau said the government could not implement the full WHO guidelines at this stage as regional pollution was beyond its control. Instead, targets for three of the seven pollutants will be based on the WHO's interim targets, which are intended to help territories with high levels of pollution move towards the full targets. For the first time, the air quality standards will include a measure of airborne particles smaller than 2.5 microns in diameter (PM2.5), but the standards will be in line with the loosest of the three WHO interim targets for PM2.5. A total of 22 measures – including phasing out heavily polluting vehicles, promoting hybrid or electric vehicles, and increasing the use of natural gas – had been identified by the government to help achieve the new standards, and Yau said most of them were being implemented. There will be a three-year transitional period after 2014 to allow construction projects that begin earlier to continue under the old guidelines so they will not be delayed, Yau added. Mike Kilburn at think tank Civic Exchange said he was “extremely disappointed” with the two-year delay in implementing the policy.

Cities reluctant to improve transparency of pollution data

Most Chinese cities continued to shirk environmental transparency rules last year, with many industrial regions failing to make pollution data public, according to the Pollution Information Transparency Index, an annual ranking of 113 Chinese cities. Although cities in the Pearl river and Yangtze river deltas and the region covering Beijing and Tianjin saw modest progress on transparency, disclosure was still limited in the vast central and western regions. “The gap between eastern provinces and central and western regions is glaring in terms of pollution transparency, and it continues to widen,” said Ma Jun of Beijing's Institute of Public and Environmental Affairs, which jointly compiles the index with the U.S.-based Natural Resources Defense Council. The study concluded that in the past three years, local authorities had moved at a snail's pace in helping rein in industrial polluters, despite widespread degradation and Beijing's repeated pledges to promote more openness. The government passed the first national regulation on information disclosure in May 2008. Beijing municipality, which ranked 7th in the transparency index last year, shooting up from 31st in 2010, was praised for a marked improvement in transparency, particularly the regular release of data on industrial polluters. However, Chifeng in Inner Mongolia, Mianyang in Sichuan, Jinzhou in Liaoning, and Zhangjiajie, in Hunan were listed among the worst in terms of granting the public adequate access to such data. Most cities in Shandong, Inner Mongolia, Sichuan and Hunan – where emissions of pollutants rose rapidly in recent years – were found to have reneged on their commitment to disclose the information. Shandong, the country's third-largest provincial economy and the top emitter of sulphur dioxide and highly toxic nitrogen oxide, has done an exceptionally poor job in publishing pollution data, the South China Morning Post reports.

Beijing releases data on fine particles

Beijing environmental authorities began releasing hourly air pollution readings for PM2.5 on January 21, ahead of the Chinese New Year. The readings of one monitoring station at Chegongzhuang in Xicheng district were updated hourly with about three hours' delay on the website of the Beijing Municipal Environmental Monitoring Center. Beijing authorities have long measured PM10 levels, meaning particles with a diameter of 10 microns or less. But PM2.5 are considered more critical as these smaller bodies can embed themselves deep in the lungs and even enter the bloodstream. They can cause cancer and extreme respiratory problems. The U.S. Embassy conducts its own monitoring in Chaoyang district, and publishes its PM2.5 readings on Twitter. Analysts applauded the move as a step forward in environmental-information disclosure because residents would be better informed about air quality. The government had fulfilled its commitment, they said, which helped restore its credibility. However, the readings were obtained from only one of the city's six monitoring stations equipped to take PM2.5 readings. “The readings at one station cannot represent the whole city's air conditions, but they still serve as an important reference for the public,” said Ma Jun, Director of the non-government Institute of Public and Environmental Affairs. A Beijing official said the government had monitored PM2.5 levels since 2006, but the data was collected mainly for research. The government said it hoped to install equipment for taking PM2.5

readings at all 27 monitoring stations and release real-time figures by the end of this year. Beijing plans to plant around 66,000 hectares of forest in the next five years to help curb levels of PM2.5. A blueprint for combatting air pollution says forests should cover more than 25% of the city when the planting is completed. Beijing produces 200,000 tons of nitrogen oxide a year, half of it from vehicle exhausts. Half a million new vehicles were registered in the city last year, but 230,000 older ones were removed.

ConocoPhillips agrees to compensation for oil spill

ConocoPhillips has agreed to pay CNY1 billion to compensate for the damage caused by the June oil spills in the Bohai Bay. ConocoPhillips, which has been held accountable for the spills in the Penglai 19-3 field, and China National Offshore Oil Corp (CNOOC), parent of its Chinese partner in the field, have reached an agreement with China's Ministry of Agriculture to resolve issues related to the oil spills. The money will be paid as compensation "to settle public and private claims of potentially affected fishermen in relevant Bohai Bay communities," ConocoPhillips said. Chinese fishermen sued ConocoPhillips and CNOOC for losses caused by the two oil spills, which released more than 3,000 barrels of oil and mud. As part of the agreement reached with the Ministry of Agriculture, ConocoPhillips and CNOOC will also allocate CNY100 million and CNY250 million, respectively, of their previously announced environmental and ecological protection funds for natural fishery resources restoration and preservation. Thousands of fishing families have been affected, with the industry's economic losses estimated at several billion yuan, but attempts at gaining compensation have been so far unsuccessful. Jia Fangyi, a lawyer who has made several unsuccessful attempts at litigation on behalf of some of the fishermen, condemned the deal, both for the sums involved and how it had been made – in closed-door negotiations between the Ministry and the oil companies. The Hebei and Liaoning provincial governments will distribute the compensation among affected fishermen. The Penglai 19-3 oil field is China's largest offshore oil field, with daily production of about 160,000 barrels. The two oil companies didn't say when the field could be restarted.

Several people punished for cadmium spill

Guangxi's regional government has disciplined a Vice Mayor of Hechi and eight other officials responsible for the cadmium contamination of the Longjiang river, including two junior officers from a district Environmental Protection Bureau who may face prosecution for dereliction of duty. An investigation into possible corruption or other misconduct linked to the spill was under way. A probe had found that the nine officials had either not exercised sufficient oversight or had been derelict in performing their duties. Two other officials, Hechi Vice Mayor Li Wengang and Jinchengjiang district deputy party secretary Wei Yongfu, were given demerits. Earlier, nine business executives were detained in connection with the spill and all seven heavy metal production plants located upstream have suspended operations. The executives worked at chemical factories, including Jinchengjiang Hongquan Lithopone Material Co in Hechi city, said Feng Zhennian, Deputy Director of Guangxi's Environment Protection Administration.

Cadmium pollutants were first detected in the Longjiang river, a tributary upstream of the Liujiang river, on January 15, when the cadmium concentration near the Lalang reservoir was 80 times higher than the official limit of 0.005 milligrams per liter, Feng said. The pollutants threatened to contaminate a major drinking water source for Liujiang, a city with 1.5 million residents in the city proper. The local environment watchdog has set up 20 surveillance stations along 200 kilometers of the river and more than 210 surveillance workers are at work to monitor water quality. Environmental protection workers and thousands of police have been adding neutralizers, made from dissolved aluminum chloride, in the Longjiang river in a bid to dissolve the contaminants. Cadmium is a highly toxic heavy metal used in batteries, electroplating and industrial paints. Exposure can lead to liver and kidney damage that can be fatal. On January 25 investigators targeted Guangxi Jinhe Mining Co as the primary suspect for illegally discharging cadmium. Ma Jun, Director of the Institute of Public and Environmental Affairs, told China Daily the pollution was a warning for Hechi, one of the country's most important mineral producers, to strengthen supervision of the industry, the China Daily reports.

Reports say the 220 villagers in Laren and Guangxia in Yizhou, which is under Hechi's jurisdiction, have been living on bottled water provided free of charge by Hechi authorities for at least two weeks. But just across the river, the 200 residents of Beiji village have received only a written warning of the contamination. As well as angry at being treated differently from villagers across the river, the residents of Beiji say they have been kept in the dark about the

health hazards posed by cadmium. Environmental and health officials repeated that the quality of drinking water in Beiji met the national safety limits and villagers should not worry about the cadmium pollution. The Honghua hydropower station has stored 500 million cubic meters of water to help dilute the contaminants, allowing cadmium levels in areas downstream of the plant to return to normal. It is estimated that about 20 tons of cadmium leaked into the river. A cadmium spill of such a size was "unprecedented" among heavy-metals-related environmental pollution cases in China, experts from the emergency center said. Cleanup measures, including dumping neutralizers made from dissolved aluminum chloride, brought the cadmium concentration peak down from 80 times the official limit to 25 times the limit on January 30.

Hechi city in Guangxi plans to relocate all smelting plants near downtown within five years. Metals companies that refuse to move out of town will be shut down. Hechi, a city with 145 heavy metals companies, had been considering relocating plants before the spill and plans were already written in the city's Five Year Plan starting this year. Mills will be relocated to two industrial parks tens of kilometers away. Small smelting companies with an annual production value of lower than CNY20 million will be first to move. Known as China's capital of non-ferrous metals, the city boasts the largest tin reserves and is also rich in zinc, lead and indium.

Poyang Lake dam scrapped amid protests

Plans for the construction of a dam on Poyang lake have been cancelled. Environmental activists say the dam, intended to tackle a severe water shortage in China's largest freshwater lake which supplies drinking water to millions of people, would have exacerbated droughts and deprived migratory birds of their habitat. Jiangxi authorities said their proposal for a new dam to alleviate the prolonged dry spell had been submitted to the National Development and Reform Commission (NDRC) and had passed the environmental assessment process. Water levels in Poyang Lake dropped to a six-decade low of eight meters last month, with more than 90% of the lake reduced to a plain of cracked mud, and 120,000 residents of Duchang county, downstream, running short of drinking water. Fishing in the lake has become impossible due to the low water level. The remaining fish could not spawn or find sufficient food. Official data suggests some 100,000 fishermen at Poyang Lake earned 60% less last year because of the drought. Water authorities said the ongoing drought, which began last summer, would become the norm in the future and that only a new dam could solve the water crisis. But environmental activist Wang Yongchen said the dam would threaten Poyang lake's eco-system and worsen the drought by cutting the link with its water source, the Yangtze river. "A new dam also means that mudflats at Poyang Lake during low water season, an important natural habitat for tens of thousands of migratory birds, will disappear." As one of the biggest wintering grounds in Asia for migratory birds, Poyang Lake hosts half a million birds each winter. The authorities drew up plans last month to air-drop shrimp and corn to feed hundreds of thousands of hungry birds around the drought-affected lake.

- The Shanghai Meteorological Bureau will update the weather forecast every hour on its website and micro-blogs starting on March 1. Real-time weather forecasts will be updated hourly from 5 am to 10 pm, providing information about the next three hours, said Feng Lei, the Bureau's Deputy Director.
- A special court in Guizhou province, one of the few pilot courts set up to hear environmental cases, on January 10 supported the All-China Environment Federation in asking information from the Xiuwen county Environmental Protection Bureau about a dairy producer accused of dumping polluted water. The ruling is the country's first judgment in favor of a registered non-profit organization asking a government agency to disclose information on the environment.
- Lunar New Year fireworks sent air pollution readings soaring in Beijing. Readings of PM2.5 reached 1.593 milligrams per cubic meter on the January 22 eve of the holiday. By noon on January 29, the first workday after the holiday, the level fell to 0.039.
- 73 companies dealing with hazardous chemicals were shut down in Shanghai over the past year and 15 relocated. The campaign is set to continue this year.
- Shanghai authorities have stepped up supervision of water supplies after a chemical leak into the Yangtze river in neighboring Jiangsu province. Officials said a South Korean vessel berthed at Zhenjiang may have been responsible for a phenol leak. The Shanghai Environmental Protection Bureau's emergency headquarters said it would shut the Qingcaosha reservoir, the city's main water resource at the mouth of the Yangtze river, if abnormal levels of chemicals are detected.

- Last year, 542 environmental accidents occurred in China, statistics from the Ministry of Environmental Protection showed. “At present, nearly 60% of such accidents were triggered by traffic and safety accidents,” said Ling Jiang, Deputy Director of the Department of Pollution Prevention and Control under the Ministry of Environmental Protection (MEP). Only about 46% of the 178,000 kilometers of key rivers and lakes monitored by the Ministry are up to quality standards.

GREENHOUSE GAS EMISSIONS

China prohibits its airlines from paying EU carbon tax

China has barred domestic airlines from paying carbon emission taxes imposed by the European Union on flights to and from the EU and says they can't charge customers extra because of the EU plan. Chinese airlines need government approval if they want to join the emissions plan, which the government has denounced as an unfair trade barrier. “China hopes Europe will act in the light of the broader issues of responding to global climate change, the sustainable development of international aviation and Sino-European ties, strengthening communication and coordination to find an appropriate solution acceptable to both sides,” an official from the Civil Aviation Administration of China (CAAC) told Xinhua news agency. “The Chinese side will also consider taking necessary measures to protect the interests of the Chinese public and businesses based on developments,” the official said. From January 1, the EU began charging airlines using EU airports for carbon emissions based on its Emission Trading Scheme (ETS). The money will not be collected until April 30 next year, however. “It is high time for the EU to rethink its carbon tax scheme and respond in a positive manner,” Chai Haibo, Deputy Secretary General of the China Air Transport Association (CATA), which represents China's airlines, said. The European Union Ambassador to Beijing, Markus Ederer, defended the charges as consistent with Europe's efforts to be a “green leader” in curbing climate change and said they treated European and foreign carriers equally.

If Chinese airlines continue to refuse to pay the carbon emissions tax, they could face fines and prohibitions to use of EU airports. “Air China has always opposed the EU's carbon emission system, which is unreasonable and illegal,” said Lu Lingfei, Deputy Director of the airline's Planning and Development Department. A total of 33 Chinese airlines will be affected by the tax. It would cost Chinese airlines an estimated CNY743 million this year, or about CNY300 for each ticket for flights between China and Europe, Chai said. About 26 countries, including China, the United States and Canada, have protested the plan but, in December, the European Court of Justice dismissed arguments against the carbon emissions tax from U.S. airlines. The International Air Transport Association (IATA) has criticized the charges as “market distorting.” It says the EU should negotiate through the International Civil Aviation Organization (ICAO) to reach a global agreement. The European Commission said that it would stand by the new rules. “We are not backing down and this legislation will apply to companies operating in Europe,” said Isaac Valero-Ladron, Spokesman for EU Climate Action Commissioner Connie Hedegaard. Russia and India have threatened to ban their airlines from joining the plan and charge overflying fees for every flight out of Europe. Zhang Min at the Chinese Academy of Social Sciences said that if China and the EU fail to reach an agreement, China may adopt countermeasures against the EU.

- The Asian Development Bank (ADB) will provide a USD750,000 grant for a pilot carbon-trading market in China that may evolve into a nationwide cap-and-trade program. The bank will help design the platform, including the trading rules and regulatory framework, as well as support the commissioning of the platform, it said.

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- Large enterprises: €875
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