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ACTIVITIES

[2nd International \(Guangdong\) Energy Conservation Expo, 9-11 June 2012, Guangzhou](#)

The 2nd International (Guangdong) Energy Conservation Expo (IECE) will be held on June 9-11, 2012 at the Guangzhou Poly World Trade Center. The Expo is organized by the Guangdong Energy Conservation Association and the Association of Promotion for Guangdong Economy & Investment and sponsored by the Economic and Information Commission of Guangdong province. As an annual expo, the 2nd IECE will be an important

event for Guangdong province, providing an international, professional platform for enterprises and purchasers in the field of energy conservation. It will be the "Canton Fair" of the energy conservation services industry. During the Expo, the opening ceremony of the annual National Energy Conservation Publicity Week will also be held. The leaders from related departments of the Guangdong provincial government and diplomats from consulates general in Guangzhou will attend the opening ceremony and visit the Expo. With a capacity of 1,100 standard booths, the 2nd IECE covers an area of 22,000 sq m with 11 special exhibition areas. 20% of exhibitors are expected to be from foreign countries, Hong Kong, Macao and Taiwan.

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ALTERNATIVE ENERGY

Think tank on renewable energy established

China has established its first national think tank on renewable energy to conduct research and develop programs and policies, as part of the country's effort to deal with climate change and carbon emissions. The China National Renewable Energy Center will also draft industry standards and carry out international cooperation programs. The center was established by the National Energy Administration (NEA) with the support of the National Development and Reform Commission (NDRC). Denmark is providing financial and technology support for the center. "A strong think tank can provide solid research to support policymakers," said Wang Zhongying, Director of the Center and also Deputy Director of the Energy Research Institute under the NDRC. In 2011, installed generation capacity of "clean energy" — hydropower, nuclear, wind, solar power and biomass — accounted for 27.5% of the nation's total installed electricity generation capacity, up 0.9 percentage point year-on-year, said Sun Yucai, Vice President of the China Electricity Council. The tiny increase indicates that there has been slow progress so far in renewable energy development in the 12th Five Year-Plan (2011-15). Hydropower generation capacity stood at 230 million kilowatts, 21.8% of the total. For nuclear, the figure was 12.57 million kW (1.2%), while for wind power it was 45 million kW (4.3%). The center will focus on four major aspects of renewable energy: estimates of the potential for offshore wind power, biomass energy, solar power, and the grid integration of renewable energy. Universities, companies and local governments can seek advice from the center for renewable energy programs, according to Gao Hu, the Center's Deputy Director. China has signed agreements with Denmark related to the new center, and will also pursue cooperation with the National Renewable Energy Laboratory in the U.S. and energy agencies in Spain, the China Daily reports.

State Grid eyes wind power assets of AES

The State Grid Corporation of China is in talks to buy wind power assets from United States power utility AES. The transaction would be the state-owned firm's first foray into the U.S. power market. Its international expansion has included the Philippines, Portugal and Brazil. The assets involve a generating capacity of 1.1 gigawatt (GW) and would give State Grid a stake of about 80% in AES's U.S. wind power business. Analysts had estimated the assets to be worth USD1.65 billion. AES, in which sovereign wealth manager China Investment bought a 15% stake for USD1.58 billion in late 2009, operates more than 1.7 GW of wind capacity in the U.S., China and Europe. AES posted net profit attributable to shareholders of USD58 million last year, compared with profits of USD9 million in 2010 and USD658 million in 2009. Last year it had a fourth-quarter net loss of USD209 million. AES also recently kicked off a process to sell all or part of its businesses in China, which could raise up USD400 million. Shi Yan, Utilities Analyst at broking house UOB Kay Hian, said State Grid's overseas forays were probably driven more by a desire to learn from foreign grid management expertise and by the Chinese government's desire to diversify its huge foreign exchange holding, rather than profit alone.

Oil sands developer to launch Hong Kong IPO

Sunshine Oilsands, founded by Canadian oil and gas industry veteran Michael Hibberd and geologist Shen Songning in 2007, is seeking to raise up to USD700 million in Hong Kong's first initial public offering (IPO) of an oil sands developer. While high oil prices have made oil sands

economically viable in recent years, analysts said investors should still be aware of the risks of early-stage project developers like Sunshine, which lacks a track record in bringing projects to production. Sovereign fund manager China Investment Corp (CIC), Sinopec Group and EIG Global Energy Partners have agreed to buy a total of USD350 million worth of Sunshine's IPO shares – half the maximum size of the shares offer. These strategic investors have the right to ask Sunshine to buy back their shares and give them an additional 15% annual rate of return if Sunshine fails to pull off a successful IPO, according to its preliminary listing prospectus. Sunshine last year raised CAD226 million from Hong Kong's Orient International Resources Group, investment units of Bank of China and China Life Insurance, and Hong Kong private equity fund Cross-Strait Common Development Fund. Although oil sands have become an important source of the world's incremental crude oil supplies, developers of early-stage projects are only suitable for investors with high risk appetite or well-capitalized firms with a large diversified investment portfolio, said Mirae Asset Securities Director of Energy Research Gordon Kwan. "Unlike the auditing process for companies, reserves assessment for the oil and gas industry is still an art, not an exact science, because engineers can't actually smell or count the volumes of oil and gas in the sub-surface," he said. "While reserves valuation might look cheap versus the long-term growth potential, there are significant uncertainties associated with early-stage assessment of discoveries of firms that do not have a production track record." Oil sands are a mixture of sand, water and viscous petroleum that is usually liquefied and extracted by injecting steam underground. The extra-heavy bitumen needs to go through costly processing before being refined into usable fuel, the South China Morning Post reports.

Polysilicon production idled due to low prices

China's polysilicon industry, the biggest supplier to solar-panel manufacturers worldwide, has idled almost one-third of production and may keep the plants closed until prices recover from a 60% plunge. The price tumble spurred the smallest producers including units of Baoding Tianwei Baobian Electric Co and Dongfang Electric Corp to halt plants, according to Xie Chen, Analyst from the China Nonferrous Metals Industrial Association. China has about 45% of global production capacity to purify silicon into polysilicon. GCL-Poly Energy Holdings is China's largest producer and Hemlock Semiconductor Corp of the United States is No 1 in the world by capacity. Many companies have said they will return to manufacturing if prices rise to USD47 a kilogram, Xie said. The rebound from polysilicon's 10-year low of USD26.31 a kilogram in mid-December coincides with increased interest by China to install photovoltaic devices. Chinese producers will double the number of panels that will be installed this year from the 2.2 GW erected in the country in 2011, according to predictions from manufacturers Suntech Power Holdings Co and Trina Solar. That would absorb some of the industry's excess inventory, which led to the drop in prices and profits. The increase in panel demand in China "sucks up some of the excess supply", Pavel Molchanov, Analyst for Raymond James & Associates in Houston, said. LDK Solar said in November that it plans to triple its capacity and make 55,000 tons of polysilicon a year by 2014. GCL-Poly more than doubled capacity last year to 46,000 tons.

Far East Energy seeks refinancing to boost drilling

Far East Energy, a United States-based developer of coalbed methane gas projects in Shanxi province, is seeking to refinance a project loan it obtained in November from Standard Chartered Bank, to finance a ramp-up in drilling. The nine-month USD25 million loan carries a steep effective interest rate of 9.8%, or the London interbank offered rate (Libor) plus 9.5%. "We are working on a longer-term financing that will last several years," said the firm's Chief Financial Officer (CFO), Bruce Huff. "The USD25 million loan is pretty large for us, but we would love to be able to close out another facility and replace it with something more long-term and in a much higher total amount." Far East Energy, whose Chief Executive is Michael McElwrath, a former U.S. acting Assistant Secretary of Energy, was among the earlier foreign firms to venture into China's nascent coalbed methane industry. China has the world's third-largest geological reserve of coalbed methane, but the industry has yet to achieve large-scale commercial success like in the U.S. The reasons are geological difficulties, a lack of investment, and conflicts arising from overlapping mining rights for coal and coalbed methane. Beijing has set an aggressive target of raising output to 30 billion cubic meters (BCM) in 2015, from 1.5 BCM in 2010. That will require an estimated investment of CNY120 billion. In 2002, Far East signed two cooperation agreements with state-owned China United Coalbed Methane to explore and develop projects in Yunnan province. In 2003, it acquired rights from U.S.-based ConocoPhillips to develop other projects in Shanxi province. The firm has since lost more than half of the acreage in areas where it has exploration rights, either because it

relinquished them or because the government did not extend its exploration license after its expiration. Huff said the firm had been drilling extensively in the Shouyang area in Shanxi, including 26 wells in 2010 and 33 last year. But he said it hoped to increase drilling to between 200 and 250 wells this year, 300 to 400 next year, and 500 in 2014. Far East posted a net loss of USD14.5 million on sales of USD549,000 in the first nine months of last year, the South China Morning Post reports.

China to lower cost of solar power, expand production

According to an industry plan announced by the Ministry of Industry and Information Technology (MIIT), China will reduce the cost of solar power to CNY0.8 per kilowatt-hour by 2015 and CNY0.6 per kWh by 2020 and increase production of solar panels. The government requires China's leading polysilicon manufacturers to reach annual production capacity of 50,000 tons by 2015. Solar panel makers will have to reach 5 GW of annual production capacity by the same year. "It is time for integration of the industry," said Wu Zhonghu, Expert at the China Energy Research Society. "The PV solar industry has a prosperous future, but at present, there are many obstacles, including high costs, shrinking overseas markets and a lack of related laws and regulations to supervise the industry." Wu said many small Chinese companies have started producing PV solar panels to pursue profits in the domestic market because their technology and production lines do not meet the standards applied overseas. However, it will not be easy to enlarge the domestic market. If the government suspends subsidies to the solar companies, it will be difficult for them to sell in the domestic market because of high prices, he said. In China, government subsidies result in most PV solar products being used in rural areas. If cities are able to use more PV solar power, it will create a huge market which would be beneficial for Chinese producers who are struggling in overseas markets because of trade disputes. "The government regulations and policies play an important role in the development of the industry," said Wu. The government aims to have at least one solar panel company reaching CNY100 billion in sales by 2015, and between three and five companies reaching CNY50 billion by the same date. The industry would also produce more thin-film PV panels. In terms of solar technology, China aims to increase the conversion efficiency of monocrystalline silicon solar cells to 21%, polysilicon cells to 19% and amorphous silicon cells to 12% by 2015, according to the government's plan. During the 11th Five Year Plan (2005-10), China's solar panel production grew at more than 100% annually. The country's total output reached 10 GW in 2010, accounting for half of global production, the China Daily reports.

Privately-owned Orient Group bids for shale gas exploration rights

Orient Group, a Harbin-based conglomerate founded by entrepreneur Zhang Hongwei, will participate in China's second round of bidding for the right to explore for shale gas. It would be the first time for a Chinese private enterprise to be allowed to enter an industry that has so far been restricted to state oil and gas producers. "We have signed up for the auction and are gathering information on the process," Zhang said on the sidelines of the annual session of the Chinese People's Political Consultative Conference (CPPCC). China has the world's largest technically recoverable shale gas resources amounting to 1,275 trillion cubic feet, according to a report by the United States Energy Information Administration. This is about 50% more than that of the U.S., the second-largest resources holder, although the report did not include Russia, Central Asia and the Middle East. China's Ministry of Land and Resources released a more conservative technically recoverable resources estimate of 883 trillion cubic feet. Shale gas is a kind of natural gas trapped within underground sedimentary rock formations. Its low permeability has for long meant it could not be extracted unless the rock formations are fractured, which can now be done through modern drilling technology. U.S. firms have succeeded in producing shale gas in large quantities. In China, the central government in June completed the nation's first auction of shale gas exploration rights in four areas, which were awarded to Sinopec and a coal bed methane firm. Sinopec has joined forces with Chevron to explore for the gas in Guizhou province. Previously, PetroChina and Royal Dutch/Shell worked together to find shale gas in Sichuan province. China plans to hold its second auction of shale gas exploration rights this month, involving 25 areas in 10 provinces and regions. The National Energy Administration (NEA) has set a target for China to produce 230 billion cubic feet of shale gas in 2015, rising to 2.83 trillion cubic feet in 2020, the South China Morning Post reports.

China to increase the use of aviation biofuels

China is expected to use 12 million metric tons of aviation biofuels by 2020, accounting for 30% of the country's total jet fuel consumption, according to Li Jian, Deputy Director of the Civil Aviation Administration of China (CAAC). The market value of jet biofuels will exceed CNY120 billion by 2020, he added. China currently consumes about 20 million metric tons of jet fuel a year. The use of biofuels can help reduce emissions of greenhouse gases by as much as 85% below the level released by burning fossil fuels. Because of the aviation industry's greater emission of greenhouse gases, by 2020 the CAAC wants to improve energy efficiency and reduce emissions of greenhouse gas by 22% below what they were in 2005. Sinopec Group, which produces 73% of the country's jet fuel, announced that it had successfully produced jet biofuel at its chemical plant in Hangzhou, Zhejiang province. The company, which began researching and developing aviation biofuels in 2009, has applied to the aviation administration to undergo an aircraft airworthiness examination to certify its biofuel to be used in commercial flights. China National Petroleum Corp (CNPC) delivered 15 tons of aviation oil last June to help Air China to test flights powered by biofuel. The fuel had been extracted from the inedible plant *jatropha*, which is grown in Southwest China. Air China made a demonstration flight in October 2011 using a fuel that was half made of petroleum-based fuel and half of an aviation biofuel produced from *jatropha*. The fuel, which was used in one engine of a Boeing 747-400 aircraft, was made by CNPC and Honeywell's UOP. CNPC plans to build a refinery to produce 60,000 tons of the biofuel a year by 2014, the China Daily reports.

- U.S. chemical maker Dupont has signed a USD100 million agreement to sell metallization pastes that enhance solar panels' energy efficiency, and a chemical film used in solar panel modules, to Hebei-based Yingli Green Energy, a maker of solar panel components.
- China has set targets for raising production capacity at key polysilicon and solar cell makers to ensure its companies survive a slump in prices. China wants each "leading" company to have 50,000 tons a year of polysilicon capacity by 2015 and targets 5 gigawatt (GW) for each of its top solar cell makers, according to a five-year plan posted on the Ministry of Industry and Information Technology (MIIT) website. Chinese companies supply about half of the world's solar cells and have 45% of all polysilicon production capacity.
- Wind power turbine maker Xinjiang Goldwind Science & Technology said its net profit tumbled 73.5% to CNY60.67 million last year from 2010, based on preliminary data according to Chinese accounting standards. Revenue fell 26.9% to CNY1.29 billion. It cited a slowdown in industry demand growth and falling prices of equipment as reasons for the declines.
- China will start trials on methanol fuel in Shanxi and Shaanxi provinces, and in Shanghai, over the next two to three years. The fuel will be up to 85% methanol and the rest gasoline. One of the first local automakers to make an engine that can burn methanol is Zhejiang province's Geely Motors. Methanol made from coal can reduce carbon dioxide emissions by up to 70%.
- The European Union will probably launch an anti-dumping and anti-subsidy investigation into imports of Chinese photovoltaic solar panels soon, said Li Zhi, Director of the Bureau of Fair Trade for Imports & Exports of the Ministry of Commerce (MOFCOM). The U.S. is already conducting a similar investigation.

POLLUTION

Reducing PM2.5 top priority for Beijing

Reducing fine particle pollution is the Beijing municipal government's top priority for 2012, ahead of housing, health, and education, according to a local government report. It will be a long, tough battle, Du Shaozhong, Deputy Director of the Beijing Municipal Environmental Protection Bureau, told China Daily. According to the Environmental Protection Bureau, the average reading of PM2.5 was between 70 and 80 micrograms per cubic meter in 2010. The city aims to cut the concentration down to 60 mg per cu m in 2015 and 50 mg in 2020. According to the Bureau, the city has witnessed a steady decline of PM2.5 concentration in recent years, from a yearly average reading of 100 mg to 110 mg per cubic meter in 2000 to 80-90 in 2005 and 70-80 in 2010. The city will have 30 PM2.5 air monitoring stations installed in the city's 16 districts by the end of this year, and six of them will be set up in the near future.

Du said the city is determined to scrap another 10,000 cars that produce heavy emissions out of the 5 million total in the city. According to the Bureau, 24.5% of the PM2.5 pollutants are coming from neighboring provinces. Beijing's traffic authority has also launched a campaign targeting large trucks that fail to meet gas emission standards. Cargo trucks are to blame for 33% of nitric oxide emissions in the city and account for a majority of fine particle emission by vehicles. Trucks that fail to meet the emission standard will not be given access to the city. The capital will plant more than 13,000 hectares of trees this year, starting along the sixth ring road and covering 14 districts, as part of efforts to tackle heavy pollution. In order to reduce levels of PM2.5, the city plans to plant about 66,000 hectares of forest around the city, with the first 20% to be planted this year.

Water pollution and shortage endanger economic growth

Up to 40% of China's rivers were seriously polluted last year after 75 billion tons of sewage and waste water were discharged. Water shortages, serious river pollution and a deterioration in the aquatic ecology in 2011 were described as "quite outstanding," and could threaten the country's sustainable growth, Hu Siyi, Vice Minister at the Ministry of Water Resources, told a press conference in Beijing. China consumes more than 600 billion cubic meters of water a year, or about three-quarters of its exploitable water resources. Per capita water resources amount to only 2,100 cubic meters annually, or about 28% of the world's average. About two-thirds of Chinese cities are "water-needy," he said, while nearly 300 million rural residents lack access to safe drinking water. Zhou Xuewen, Director of the Ministry's Planning Department, said a lot of water was wasted in agriculture, an industry which uses 60% of China's water. Vice Minister Hu said that about 20% of rivers were so polluted their water quality was rated too toxic even to come into contact with. "With the rapid development of the country's heavy industry, a large number of chemical plants have been built along the Yangtze river and near some drinking water resources that have posed great threats to water safety," Hu said. The Chinese government unveiled a guideline to regulate the use of water under "the strictest criteria," capping the maximum volume of water use at 700 billion cubic meters by the end of 2030. The government plans to invest CNY4 trillion in water conservation projects over the next 10 years, of which CNY1.8 trillion will be spent during the 2011-2015 period, the Shanghai Daily reports. A shortage of water quality monitoring stations is hindering China's ability to mitigate damage done by chemical spills in the nation's waterways, Vice Minister Hu said according to the China Daily. "At this time, government authorities cannot notice every accident in a timely manner because of the limited number of water quality monitoring sites across the country. In some areas, monitoring is done only once a month," he said.

Chinese health authorities to raise awareness of noise pollution

Chinese health authorities hope to raise people's awareness of noise pollution, one of the top three causes of hearing disability in the past few years. March 3 was National Ear Care Day. In 2000, the authorities chose March 3 as the day to campaign for ear health, based on the similarity between the number 3 and the shape of the ear. The World Health Organization (WHO) has borrowed the idea this year, making March 3, 2012 the first International Day for Ear and Hearing Care. More than 275 million people around the world are deaf or hearing-impaired. The second national survey of the disabled population in 2006 found there were 27.8 million people with hearing problems in China. "Noise pollution has become widespread because of social and industry developments," said Dr Bu Xingkuan, Director of the WHO Collaborating Center for the Prevention of Deafness and Hearing Impairment, based in Nanjing. "There are many more patients than before whose hearing has been ruined by loud noise. Most of them are young and middle-aged people." The groups with a high risk of encountering noise pollution included construction workers, house decorators, miners, staff at entertainment venues, and young people who turn up the volume on musical gadgets to extremely loud levels, he said. China has at least three regulations or standards on controlling noise pollution, but Bu said enforcement was not strict.

Hechi hit by second pollution scandal

Hechi, a booming mining city in Guangxi, has been hit by another heavy-metal pollution scandal just weeks after one of the country's worst cadmium spills. At least 103 children, from one month to 15 years old, in Nandan county have excessive concentrations of lead in their blood, ranging from 100 to 256 milligrams per liter. A level over 200 mg is considered hazardous, and medical studies indicate it can impair children's mental health and affect their growth. All of the children with lead poisoning live near as many as nine heavy-metal smelters

in Chehe township. Nandan and Hechi are famous for non-ferrous metal mines. Local residents have for years complained about the filthy air, dirty river and other pollution problems, but they say the county has simply ignored their grievances. Guangdong was also hit by an outbreak of lead poisoning last month, with 96 children in Renhua county, Shaoguan city, found with excessive lead concentrations in their blood. Guangdong authorities promised to aid affected families and shut down polluters after an investigation by the Ministry of Environmental Protection.

Shanghai celebrates best air quality in 12 years

Shanghai reported the most days with so-called excellent or good air quality in the past 12 years last year, but such a record is expected to drop 10% to 15% after the city introduces a more stringent measurement in June. There were 337 days with excellent or good air quality last year, meaning 92.3% of all days made one of those grades. The local pollutant index dropped 25.8% from 2000 and was 18.6% better than in 2008. Decreased discharges of chemical oxygen demand (COD), ammonia, sulfur dioxide and nitrogen oxide last year all surpassed the plan, but fine particles, ozone and acid rain have become a major problem in the city, said the Shanghai Environmental Protection Bureau. Officials said residents may not have felt the improvement in air quality, since the measuring system included only PM10, sulfur dioxide and nitrogen dioxide but not the stricter PM2.5 gauge, which monitors fine particles 2.5 microns or less in diameter. Mayor Han Zheng said Shanghai applied to the Ministry of Environmental Protection (MEP) to be included in the first batch of cities to announce PM2.5 measurements to the public. PM2.5 is mainly caused by vehicle exhaust, flying dirt and industrial discharge, so the city will introduce tougher measures such as further eliminating vehicles with high pollution and carrying out tougher measures to control discharge of industrial plants. Shanghai Environmental Monitoring Center data showed that the average density of PM2.5 was higher than a proposed PM2.5 standard every year since a pilot study began in 2005. Shanghai is likely to adopt the stricter National V emission standard, equivalent to European 5, on new cars next year, the Shanghai Daily reports. Shanghai will spend CNY10.3 billion on 53 projects targeting air pollution, especially for PM2.5 control, in the next three years. Currently, there are over 200,000 high-polluting vehicles on local roads. Their exhaust discharge is 20 to 30 times that of new cars. Shanghai will expand the areas banning these high-polluting vehicles and eliminate 150,000 of them by 2014. By then, the city will eliminate 2,000 outdated projects with low production capacity but high pollution. These projects are responsible for 35% of overall particle emissions in the city, including the larger PM10. Shanghai will also cooperate with neighboring provinces in the Yangtze River Delta region to carry out regional air pollution inspection and control.

Chinese cities struggle to meet clean-air standards

Stricter air quality standards will be adopted in cities, the Chinese government announced. Readings for ozone and concentrations of PM2.5 will be included in the standards. Beijing, Shanghai, Tianjin and Chongqing, and 27 provincial capitals, as well as three key regions will monitor PM2.5 and ozone intensity this year. More than 100 smaller cities will adopt the new air quality standards in 2013. They will be extended to all cities by 2015. China will set up 1,500 stations across the country to monitor PM2.5 concentrations. The newly revised clean-air standards pose severe challenges to authorities, with at least two-thirds of cities, including Beijing, Shanghai and Guangzhou, failing to meet the stricter pollution limits. Although the revised air quality standards still lag far behind those in the West, Deputy Environment Minister Wu Xiaoqing admitted it would take many years, even decades, to meet them given the country's widespread smog problems and rapid economic development. "A survey finding that two-thirds of mainland cities are unable to meet the new air quality standards underlines the severity of the challenges we are facing in cleaning up urban air. Improving air quality requires long years of unremitting effort from every one of us," Wu said. Several Chinese pollution experts said that up to 80% of cities currently fail the new pollution limits, which will be formally introduced in 2016. Wu also questioned the pollution readings published online by the U.S. embassy in Beijing, saying they were based on a single monitoring station and did not accurately reflect the capital's smog problems.

- Three local companies have been held responsible for a lead poisoning incident involving 49 children in Shanghai. Authorities said Johnson Controls International Battery Co is mainly responsible for lead discharges in Kangqiao as it expanded production without government permits. Shanghai Xinmingyuan Automobile Parts Co

was found to have used lead on its production lines without authorization. The investigation also found excessive levels of lead and zinc in the soil inside the plant of Shanghai Kangshuo Waste Recycling Co, which recycles used goods and materials. All three businesses have been temporarily shut down. The local government and the companies involved are now negotiating with victims' parents over compensation.

- In 2011, a total of 542 environmental accidents were handled nationwide, of which nearly 60% were triggered by traffic accidents and mishaps in the process of production, statistics from the Ministry of Environmental Protection (MEP) showed.
- About 1,000 companies producing leather goods, shoes and bags in Guangzhou have had their business suspended after being suspected of using harmful glues. Police also detained six people who are suspected of illegally producing and selling poisonous glues. The campaign, which has investigated 2,873 companies, was launched after 37 migrant workers who worked in leather, shoe and bag companies suffered from glue poisoning in November. Four of the workers died.
- Asia's largest waste-incineration power plant, located in Beijing's Mentougou district and owned by Shougang Group, will start operating in October and will provide electricity to residents in Mentougou, Shijingshan, Fengtai and Haidian districts. The facility will process 1 million tons of waste and generate 420 million kWh of power a year.
- The Standing Committee of the National People's Congress (NPC) has discussed a draft amendment to the Law on the Promotion of Clean Production. The new draft highlights a concise definition of "excessive packaging of products" and a list of detailed conditions under which compulsory clean production checks should be imposed on enterprises.
- The Beijing city government will charge separately for disposal of kitchen waste and other refuse from non-residential buildings starting by the end of this year under a new regulation as it grapples with a garbage crisis. The move is expected to encourage people to sort their refuse and pave the way for more efficient garbage treatment. Under the regulation, non-residential buildings, including companies, office buildings, restaurants and universities, will pay CNY25 for each ton of kitchen waste disposed and CNY90 a ton for other kinds of garbage. At present, these buildings pay only CNY25 a ton for any type of garbage. Fees will rise in subsequent years.
- Beijing municipality has banished about 12,500 vehicles from other provinces from entering the city because they were deemed to have excessive emissions. About 1,000 drivers were also fined since the city launched a 24-hour inspection of exhaust emissions in February. "Automobile exhaust emission contributes about one-fifth to the city's total PM2.5 pollution, as the number of the city's automobiles has soared to 5 million," said Yao Hui, an official with the Beijing Municipal Environmental Protection Bureau.
- Special cigarette smoke detectors and PM2.5 indoor monitoring devices are expected to be installed in public places covered by Shanghai's anti-smoking law to get more technical support for the smoking control campaign.
- Beijing is to replace all coal-fired equipment in its core areas by 2013 as the capital strives to curb pollution. The city will cap its annual coal consumption at 15 million tons by 2015, compared with the previous goal of 20 tons. Beijing also wants areas inside its 5th Ring Road to be coal-free by 2015. Vice Mayor Hong Feng has said that reducing the amount of coal burned was one of the most important efforts being made to reach the city's pollution control target. Beijing consumed 26.35 million tons of coal in 2010, accounting for 30% of its total energy consumption.

GREENHOUSE GAS EMISSIONS

European companies refuse Chinese emission reduction projects

European companies have thrown a large number of Chinese emissions reduction projects into doubt by refusing to pay the pre-agreed price following a market plunge, industry insiders said. About half of the Chinese Carbon Development Mechanism (CDM) projects are being renegotiated or terminated, according to estimates. No official figures are available. China is the world's biggest carbon credit supplier. EU companies agreed to buy most of the credits to help them meet caps under the EU emissions trading scheme. The UN, by January 9, issued 484 million carbon credits to Chinese CDM projects. Most involve hydro and wind power

projects. However, the international market in carbon credits has plunged in recent months, and defaults by European firms have surged, said Tang Renhu, General Manager of the Sino Carbon Innovation and Investment Co. Many projects are being renegotiated, he said. Risks facing Chinese sellers grew as the price of carbon credits fell from €25 a few years ago to record lows of around €4. The average agreed price was around €10, industry insiders said. "The buyers are looking for loopholes and are trying to terminate or renegotiate agreements," said an executive of a state-owned CDM developer under condition of anonymity. A CDM consulting company has about 30 projects in its portfolio and about half are being renegotiated, a company source said. Wind and small hydropower projects are dependent on emissions reduction revenues that make up 20% of their income, Tang said. Investor confidence has been shaken, he said. The market is expected to rebound in two years. Carbon credits were one of the worst performing commodities in 2011 with prices plunging by about 70%. Chinese companies are advised to turn from the international to the domestic market. China has approved five cities and two provinces to launch carbon emissions trading markets on a pilot basis, probably in 2013, the China Daily reports. The United States should form a united front with China to combat European Union carbon emission taxes, Marc Allen, President of Boeing China said. "The Chinese government officials with whom I spoke are confident that the U.S. will follow them and take similar action," said Allen. Boeing believes that the problem of carbon emissions should be resolved globally through advanced technology rather than imposing taxes.

CBRC issues "green credit" guidelines

The Chinese government has introduced a "green credit" guideline for commercial lenders to facilitate economic restructuring in a manner that is environmentally friendly and saves energy. The China Banking Regulatory Commission (CBRC) ordered lenders to cut loans to industries with high-energy consumption and high levels of pollution or excessive capacity, and to strengthen financial support for green industries and projects. In a next step, the CBRC will set up key indexes to make the guideline more specific and try to include adherence to the plan in the rating system. Zhang Rong, Program Manager of Environment and Social Standards at the International Finance Corporation (IFC), welcomed the guidelines, which are also applicable to projects by Chinese companies abroad. By the end of 2011, the China Development Bank (CDB) had lent CNY658 billion to support environmental protection, energy-saving and emissions-reduction projects, accounting for 12.7% of the bank's total outstanding loans.

Premier Wen promises growth will not damage environment

Premier Wen Jiabao pledged at the opening session of this year's National People's Congress (NPC) that China's pursuit of economic expansion would not come at the cost of public health or the environment. Speaking to nearly 3,000 deputies in the Great Hall of the People, Wen said: "We will show the world with our actions that China will never seek economic growth at the expense of its ecological environment and public health." But Wen also admitted his government failed to meet several mandatory targets last year on emission controls and energy efficiency, which were among the commitments China made to help tackle global warming. According to a report issued by the National Development and Reform Commission (NDRC), the missed annual targets included both energy intensity and carbon intensity, as well as nitrogen oxides. While energy consumption per unit of GDP, a measure of energy intensity, dropped by just 2%, compared with an annual target of 3.5%, details about curbing carbon intensity were omitted from the NDRC report. China promised last year that it would reduce carbon emissions per unit of gross domestic product (GDP) by 17% from the 2010 level by 2015. "It is so disappointing that the government did not have the guts to confront its own failure [on the mandatory targets]. Apparently, the truth [about China's pollution problems] is too bleak to be made public," said Greenpeace China campaigner Li Yan. In an effort to repair the damage, Wen urged a speedy compilation of plans to cap total energy consumption, which may see a ceiling on coal consumption in the next few years. Environmentalists have said capping coal consumption would help reduce the country's reliance on dirty coal and assist the push for a low-carbon economy. A recent study sanctioned by the Ministry of Environmental Protection (MEP) also confirmed widespread concerns that pollution had deteriorated at a faster rate than the efforts to reverse degradation. The estimated total cost of ecological degradation in 2009, including the direct cost of pollution, was nearly CNY1.4 trillion, or 3.8% of China's economic output. By comparison, the figure was CNY1.28 trillion in 2008, the South China Morning Post reports.

COMAC and Boeing jointly tackle greenhouse gases

The Commercial Aircraft Corp of China (COMAC) signed its first collaboration agreement with Boeing to jointly set up a research center in Beijing to reduce aviation greenhouse gas emissions. The Boeing-COMAC Aviation Energy Conservation and Emissions Reductions Technology Center funded by both companies will support research projects to increase commercial aviation's fuel efficiency and reduce greenhouse gas emissions, said Jim Albaugh, President and CEO of Boeing Commercial Airplanes. Under the agreement, the companies will collaborate with China-based universities and research institutions to expand knowledge of technologies, including sustainable aviation biofuels. The center will be built at COMAC's Beijing Civil Aircraft Technology Research Center. Marc Allen, President of Boeing China, said the innovative emission-reduction technologies developed through the new center will advance aviation in China and globally.

- China, the United States, Russia and 20 other nations have signed the Moscow Joint Declaration, agreeing to coordinate potential retaliatory trade measures against the European Union in response to the new law that requires airlines to pay for their greenhouse gas emissions. They agreed to coordinate on any retaliatory action against European-based airlines, and listed nine possible ways to do so. "We intend to get the EU's carbon-trading measures cancelled or postponed," Russia's Deputy Minister of Transport, Valery Okulov, said. He added that Russia might cease issuing new permits for European airlines to fly over Siberia on Europe-to-Asia routes.
- China slashed the energy intensity of its economy by 2% last year, falling short of its 3.5% goal and leaving the world's biggest energy consumer facing an uphill battle to meet energy efficiency targets in its five-year plan.

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