



FLANDERS-CHINA CHAMBER OF COMMERCE  
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## ACTIVITIES

### [International Exhibition on Green Industry of Shandong, August 31 – September 2, 2012, Jinan](#)

The International Exhibition on Green Industry of Shandong is organized by the Department of Environmental Protection of Shandong province, and is held every two years. It has been recognized as an international EP show and contributed a lot to the construction of an environment-friendly society. The 5<sup>th</sup> International Exhibition on Green Industry & Shandong High-level Forum on Construction of Ecological Province will be held in the Shungeng

International Exhibition Center in Jinan, Shandong province from August 31 till September 2, 2012. On the theme of "Developing Green Industry, Constructing Ecological Province", the 5<sup>th</sup> Green Exhibition aims at promoting green production, green consumption and green living, building a market platform of environmental service, promoting the popularization and application of advanced environmental technologies and the harmonious development among economy, society and environment, and highlighting the supporting role of the EP industry on ecological construction in Shandong province. The exhibition is composed of five sections: Comprehensive Exhibition on Energy-saving and Pollution Reduction Projects; Exhibition on Energy-saving and Environmentally friendly Technologies and Products; International Exhibition on Energy-saving and Environmentally friendly Technologies and Products; Green Products Exhibition; and Technical Forums. Four sessions of the Green Exhibition have been held successfully since 2004. It aims to build the market platform of the environment protection industry and promote cooperation and exchanges through exhibiting the latest EP technology and products. Green Exhibition received much attention both at home and abroad. Participators included 2,245 international organizations and enterprises from 24 countries and regions including China, Korea, Japan, U.S., Canada, Sweden, Switzerland, France, Spain, Russia, Mongolia, Singapore, Denmark, the Netherlands, Hongkong, and Taiwan reached 8,694 agreements and contracts. Leaders from the Chinese Ministry of Environmental Protection (MEP), the Korean Ministry of Environment, the U.S. Commerce Department and delegates from 49 Northeast Asian countries and regions were present at the opening ceremony. Shandong has established successful EP industrial cooperation mechanisms with Korean and Japan through the exhibition.

Website: [www.sdsge.com/en/](http://www.sdsge.com/en/)

## ALTERNATIVE ENERGY

### Suntech Chairman expects more losses

Solar power equipment and parts will remain in major global oversupply and product prices will continue to be under downward pressure for at least another year, according to Shi Zhengrong, Chairman of Suntech Power Holdings. He said the Chinese government should consider asking banks to relax lending to companies in the solar industry, many of whom are reporting widespread losses, tight cash-flows and rising interest expenses. "It is difficult to say when oversupply will be corrected. I'd say it will take at least 12 months," Shi said on the sidelines of the SNEC International Solar Industry and Photovoltaic Exhibition & Conference. "I don't see any sign of a product price rebound." New York-listed Suntech, which is based in Wuxi, Jiangsu province, reported a net loss of USD1 billion for last year, compared to USD237.9 million profit in 2010, as product prices fell faster than costs were reduced. Declining sales due to lower subsidies in the main market for solar – Western Europe – were more than offset by growth in other markets, led by the United States and China. But sharply lower panel prices due to intense competition cut profitability markedly. The global solar power panel manufacturing capacity is around 70 gigawatt (GW) a year, of which 50 GW comes from China, according to Li Junfeng, Deputy Secretary General of the Chinese Renewable Energy Industries Association. Last year global panel installations amounted to only 27 GW. But Li does not have much sympathy for solar panel manufacturers. "The difficulties the industry players find themselves in were not caused by poor industry policies or weak demand. The overcapacity was created by the manufacturers and their financiers," he told a panel discussion. "It's a danger we warned the industry about years ago, yet it still could not be prevented. If we give them more financing, wouldn't capacity grow even faster? The industry must discipline itself; it can't expect a government rescue."

### Talks urged in solar panel dispute

Major Chinese solar panel makers, facing punitive tariffs imposed by the United States, appealed for a "peaceful solution" as the Sino-U.S. trade dispute on renewable energy seemed to be escalating. The Ministry of Commerce (MOFCOM) announced it found the U.S. government provided renewable-energy companies with unfair grants prohibited under World Trade Organization (WTO) rules. The Chinese government will extend an investigation of the subsidy for three months, in what market watchers described as a retaliatory move to Washington's introduction of anti-dumping tariffs of 31% to 250% on Chinese solar panels. Chinese solar companies urged Beijing to avoid a trade war and iron out the trade dispute through talks. Yingli and Suntech Power, the world's largest producer of solar panels, are among the 14 companies that formed an alliance in Shanghai to protect the embattled PV

sector. Suntech Chief Executive Shi Zhengrong told a press conference that he was confident the U.S. Department of Commerce would scrap the punitive measure against Chinese firms. To make the finished product, Chinese solar companies import materials and purchase U.S. technologies worth a combined USD5 billion a year. Shi said Europe could follow the U.S. in introducing anti-dumping duties on Chinese companies, which could deal a still heavier blow. Europe accounts for about 70% of sales for many Chinese solar companies.

### Honghua to target shale gas projects

Honghua Group, one of the world's largest producers of land-based oil and gas drilling rigs, plans to take minority stakes in shale gas exploration projects in China in a bid to forge closer ties with its customers. Honghua Chairman Zhang Mi said that when private firms were given the green light to invest in shale gas projects it would take small stakes in them – possibly as a co-investor with state oil and gas producers – to try to facilitate sales of its drilling equipment and engineering services. A sum of HKD592 million had been set aside from the proceeds of the group's stock market listing in 2008 to fund oil and gas exploration and the provision of related products and services, said Zhang. A new generation of drilling rigs that were more cost-effective and space-saving were being trialled on the market, he said. Natural gas is used to generate power to drive the rigs instead of diesel, which makes drilling more cost-effective, since gas is cheaper than oil in China and the United States – countries that are among the world's richest sources of shale gas. Bidders in the second round must be China-registered firms with registered capital of at least CNY300 million and “good” financial records – effectively opening the door to non-state-owned Chinese firms. Honghua posted a net profit of CNY168 million last year, after suffering a net loss of CNY184.2 million in 2010 and a loss of CNY127.3 million in 2009, when orders were cancelled or delayed after the global financial crisis made it difficult to get financing. Overseas sales accounted for 90% of revenues last year.

### GCL aims to ride out solar industry's woes

GCL-Poly Energy Holdings, the world's largest producer of polysilicon, the raw material used to make solar panels and wafers, expects consolidation in the severely oversupplied industry to continue until the end of the year before gradually recovering next year. The Jiangsu-based company aims to ride out the downturn through continuous product-cost reduction and quality improvement, Chairman Zhu Gongshan said after its annual shareholders' meeting. “The solar-equipment industry will continue to undergo consolidation in the year's second half, and hopefully it will gradually recover next year,” he said. Zhu said that despite a sharp slowdown in demand, the largest and most cost-competitive wafer producers were still reporting healthy sales growth albeit at much lower profit margins. He also expected global solar panel installation to reach at least 35 gigawatt (GW), up from about 27 GW last year, a 30% growth. KGI Securities Analyst Jennifer Liang tipped a 10% increase to about 29.5 GW, while industry consultancy IHS has predicted installations of 29.5 GW to at most 35 GW. Global panel-production capacity is about double this year's installation. The downturn has hit GCL's customers, who make solar cells and modules, harder than producers of polysilicon and wafers. Suntech Power, the world's largest module maker, based in Jiangsu too, has reeled in losses since last year. GCL, which posted a HKD4.3 billion net profit last year, is forecast by 30 analysts polled by Thomson Reuters to see a 67% profit plunge this year to HKD1.4 billion. GCL-Poly Energy Holdings sold 4.5 GW last year and 1.2 GW in this year's first quarter. KGI's Liang estimated that GCL's overall gross profit margin would sink from 33% in last year's second half to 11.8% in this year's first half, before recovering to 14% in the second half, the South China Morning Post reports.

### China cuts subsidies for solar projects

China has cut a subsidy for solar projects under a demonstration program this year by more than 20% to reflect falling costs of photovoltaic system installations. The government will offer CNY5.50 per watt for the combined capacity of 1.71 GW approved for this year under the Golden Sun program. It earlier proposed to offer CNY7 per watt this year. Engineering, procurement and construction contractors typically ask for CNY8 to CNY10.50 per watt for solar projects today, said Liu Wenping, Analyst at investment research firm Pacific Epoch. Golden Sun was launched in 2009 to facilitate the development of China's solar power industry and aims to cover 50% to 70% of the investment in solar installations. Developers must meet certain requirements in capacity, scale and capital to qualify for the subsidy. Cao Min, CFO of Nasdaq-listed JA Solar Holdings, said the solar industry may see improved

prospects in the second half of 2012 or the first half of next year due to industry consolidation and improving demand. JA Solar signed a strategic R&D tie-up with the Shanghai Institute of Technical Physics of the Chinese Academy of Sciences (CAS). In January, the National Energy Administration (NEA) said China plans to double its solar power capacity in operation by installing 3 GW this year.

## Prospects for Sino-EU cooperation in green energy

Cooperation in the development of green technology is another area that can draw China and Europe closer together, said Han Wenke, Director General of the Energy Research Institute under the National Development and Reform Commission (NDRC). France is at the forefront of nuclear technologies, while Denmark is strong in wind power, and Germany excels in solar energy. "Over the past five years, China has led the world in the rate at which it has installed new clean energy generating capacity," said Phyllis Cuttino, Director of the clean energy program for the Pew Charitable Trusts, a Washington-based research group. A recent Pew report said China's investment in clean energy totaled USD45.5 billion in 2011, which meant it fell behind the United States for the first time since 2009. "Still, China is leading the world in the production of wind turbines and solar modules," Cuttino said. China aims to increase the proportion of non-fossil fuels to 15% of primary energy consumption by 2020, and technology is the key to realizing the potential of China's clean energy market, she said. EU countries have core technologies and research funding, while China has a huge market and plentiful resources, said Zhang Min, Director of the Department of Science and Technology Policy Studies under the Institute of European Studies of the Chinese Academy of Social Sciences (CASS). "But there are problems that need to be addressed — such as the slow pace of technology transfer — that hinder the effectiveness of new energy cooperation," Zhang said. Overcapacity is another issue facing China's emerging green energy industry, Zhang added. A large number of Chinese companies have entered the clean energy market, leading to a surplus in the green energy equipment industry in China, the China Daily reports.

## SNEC Conference and Expo held in Shanghai

The SNEC International Photovoltaic Power Generation Conference and Exhibition was held at the Shanghai New International Expo Center. The world's largest in the industry, the three-day event broke records with 2,200 exhibitors from five continents displaying their latest products across 200,000 square meters of exhibition space. Exhibitors included international PV giants and well-known enterprises such as Suntech Power, Yingli Green Energy, GCL, JA Solar, LDK Solar, REC, SMA, Hanwha-SolarOne, OCI and Dupont. Suntech showcased its "Pluto" technology, while Yingli put a spotlight on the World Cup Trophy. Trina brought its new Honey PV panels, SMA introduced its sister enterprises to the public and Dupont showed the industry its latest achievements. One of the keynote speakers at the conference was Martin Green, Executive Research Director of the ARC Photovoltaics Center of Excellence at the University of New South Wales in Australia. Green has been called "the father of modern photovoltaics". Other speakers included Reinhold Buttgereit, Secretary General of the European Photovoltaic Industry Association; Rhone A. Resch, Chairman and CEO of the Solar Industry Association; Charles Gay, President of Applied Solar and Applied Materials and co-founder of the Greenstar Foundation; and Makoto Konagai, Chairman of the Japan Solar Energy Society and Professor at the Tokyo Institute of Technology. Other events included conferences on climate change, how to do business in the U.S. and a Sino-German cooperation workshop on photovoltaics, as well as sessions on the cross-Straits million solar roofs initiative, solar technology in China and Nordic countries, and understanding U.S. anti-dumping tariffs.

Website: [www.snec.org.cn](http://www.snec.org.cn)

## Suntech Power CEO sees potential to build 100 GW on rooftops

The government should roll out policies to develop the rooftop solar power market in coastal eastern and southern regions. That would help relieve the loss-making solar panel industry's overcapacity, said Shi Zhengrong, Chief Executive of Suntech Power, the world's largest producer of panels. The nascent market segment has a potential 100 GW of generating capacity, 20 times the estimated growth in China's solar power capacity this year, Shi told the SNEC International Photovoltaic Power Generation Conference in Shanghai. But implementing this means a challenge to the monopolistic power of the two state-owned electricity-distribution firms, State Grid Corporation of China and China Southern Power Grid.

They are now the only intermediaries between power generators and end users. Owners of the rooftops of residential and commercial buildings who mounted solar panels would be able to sell the power they generated in excess of their own consumption to the power grids. "This is not easy, since it involves major reform of our power generation and distribution industry, but the solar industry must keep sending letters to the government year after year to push the reform," Shi said. He hoped the policies could be rolled out within two years. "The danger is that the solar industry may suffer from the same problem as the wind farm industry, where over 10% of power output cannot be dispatched to the grid," Shi added. China's solar panel industry, which exports about 85% of its output, has built too many plants and has suffered from a slowdown in growth in overseas markets. Its biggest market, Europe, has cut back subsidies amid its sovereign debt problems. Dr Henning Wicht, Solar Sector Analyst at research firm iSuppli, projected global prices of solar panels would fall a further 20% this year after declining 38% last year. He also forecast that the growth rate of solar panel installations worldwide would drop to less than 10% this year and next year, from 55% last year, before recovering to between 20% and 30% between 2014 and 2016, the South China Morning Post reports.

## China denounces U.S. tariffs on solar products

China denounced the United States' decision to impose additional punitive duties on its solar products, saying America is sending negative signals of trade protectionism to the world. The U.S. Commerce Department said in a preliminary ruling that Chinese exporters had dumped solar cells and modules at margins ranging from 31% to 250%, siding with some American solar companies, including the U.S. unit of Germany's SolarWorld, that filed the complaints. A final decision on the tariffs will be made in October. Shen Danyang, Spokesman for China's Ministry of Commerce (MOFCOM), said that the U.S. ruling was unfair and amounted to trade protectionism. The tariffs will hurt both Chinese companies and American users, he added. The move also faces opposition at home, where U.S. critics said the tariffs could slow clean energy development and increase costs for American consumers. The new tariffs would be in addition to the anti-subsidy tariffs of up to 4.73% imposed by the U.S. earlier this year on solar panels from China. Chinese solar makers have denied selling products below market prices, instead suggesting that technology advancement and large-scale production had helped drive down production costs. "These duties do not reflect the reality of a highly-competitive global solar industry," said Andrew Beebe, Chief Commercial Officer of China's Suntech Power Holdings Co, which was told to pay 31.22% as antidumping fees. In its investigation, the U.S. used production costs in Thailand, which produced about 0.1 gigawatt (GW) of solar panels last year, as a proxy for costs in China, which manufactured about 15 GW, according to Li Junfeng, President of the Chinese Renewable Energy Industries Association and an official of the National Development and Reform Commission (NDCR), the Shanghai Daily reports.

CLSA's Charles Yonts said the final duty imposed would be less than 10%, "which would allow [U.S. President Barack] Obama to show that he's being tough, but not really have any impact and threat of retaliation". China exported USD3.1 billion of solar cells to the U.S. last year. The U.S. decision to impose import duties on Chinese solar panels will raise their price to USD1.11 per watt, 17% higher than the current spot price of non-Chinese panels, according to calculations by Bloomberg New Energy Finance. China retaliated by saying the U.S. grants subsidies to its renewable energy companies, which are prohibited under World Trade Organization (WTO) rules and can distort normal trade. Chinese solar panel shipments to North America may be cut by 75% this year because of the anti-dumping ruling, according to California-based IHS. The cut in Chinese supplies may reduce North America's total panel imports by 45%, driving up prices for the modules. The consulting company had estimated Chinese manufacturers would account for 2 GW of imports, a figure it says may now drop by as much as 1.5 GW. "The penalties are likely to add as much as 12% to the cost of solar modules, lowering the average return on investment for solar systems in the region by as much as 2.5%," said IHS Photovoltaics Analyst Mike Sheppard. Meanwhile, China is developing third generation photovoltaic technology, which may help Chinese PV makers circumvent the tariffs, according to He Zuoxiu, Academician at the Chinese Academy of Sciences (CAS). The third-generation technology combines purified silicon (from solar furnaces), sun-tracking technology, light concentration and integrated high-concentration photovoltaic systems. Pilot projects in Gansu and Inner Mongolia have yielded promising economic results, according to He. The new type of technology is different from the first generation, which is based on crystalline silicon.

## Spanish solar firm Isofoton eyes China tie-ups

Spanish solar panel maker Isofoton, which expects European panel sales to fall due to cuts in government subsidies, aims to raise production capacity five-fold to 1.5 GW in two years, by forming joint ventures in China, the Middle East and Latin America. Europe would account for just half of its sales this year, compared to all of its sales two years ago and Spain accounts for just 2% of sales, according to Chief Executive Angel Serrano. It plans to establish 300 MW of panel production capacity in each of the new regions to add to its existing 200 MW of capacity in Malaga, southern Spain, and 100 MW of wholly-owned capacity which is slated to come on stream in September in Ohio in the United States. Serrano said Isofoton signed a preliminary agreement with state-owned China National Offshore Oil Corp's battery unit Tianjin Lishen in February. It was now discussing a joint venture with its Chinese partner to build a plant with an annual capacity of 150 MW of panels and related energy systems, including power storage batteries. This month, Isofoton and GCL-Poly Energy Holdings, China's largest producer of polysilicon, announced they had signed a memorandum of understanding to co-develop and build 1,000 MW of solar farms in the global market. They plan to form a joint venture to make solar power system trackers that orient solar panels toward the sun to maximize a system's conversion of sunlight into electricity. Isofoton will supply the expertise in trackers and high concentration photovoltaic panels while GCL will be responsible for arranging project finance and engineering, procurement and construction services. Isofoton also agreed to buy all of the solar wafers needed to make the panels for the solar farms. The agreement, if realized, will allow GCL to boost sales and plant utilization.

- Shares in China Longyuan Power dropped after the company announced a plan to issue more shares to fund wind and solar projects, which analysts said would dilute existing shareholders' interests. The announcement surprised analysts, since Longyuan purchased the wind and biomass power generation assets from its parent Guodian Group for CNY1.5 billion in 2011, and scaled down its capacity expansion to 1,600 MW this year from an earlier target of 2,000 MW due to sustained power grid bottlenecks that curtailed returns of new wind farms. The company said the share issuance plan was aimed at improving its capital structure.
- The Chinese government has earmarked CNY26.5 billion in subsidies for energy-saving home appliances, including air conditioners, flat-screen televisions, refrigerators, washing machines and heaters. They will be implemented for a year. It was also decided to spend CNY2.2 billion on promoting energy-saving lighting devices and LED light bulbs, and CNY1.6 billion on energy-efficient electric motors. A further CNY6 billion was earmarked for certain environmentally friendly vehicles with engine displacements of 1.6 liters or less.

## POLLUTION

### Children's clothes found tainted by carcinogenic chemicals

China Central Television (CCTV) reported in its Weekly Quality Report program that a recent Beijing Consumer Association test of 63 samples of children's clothes revealed that nearly a third failed to meet quality and safety standards. The Association said that problems included excessive levels of formaldehyde and other carcinogenic chemicals. The samples came from 47 randomly selected companies that make and distribute clothing found in retail outlets, shopping malls and online shopping websites. A total of 21 items failed to meet standards. One type of clothing contained banned aromatic dyes that are carcinogenic but used to make clothes brighter for longer. Others were found to contain formaldehyde levels more than twice the dangerous level. Some brands were deemed substandard because the color of their clothes faded significantly after washing, or because false information about materials was mentioned.

### Information system for water resources to be set up

A nationwide information management system for water resources will be set up within the next three years to improve China's ability to monitor rising water consumption and deteriorating water quality. The system, with a total investment of CNY1.8 billion, will establish 14,000 water monitoring sites throughout the country to collect local information on water consumption and water quality. Analysts said the lack of sufficient water quality monitoring hindered the country's ability to mitigate damage triggered by chemical spills. By 2030, more

than 95% of key rivers and reservoirs with specific functions, such as providing drinking water, expected to be up to standard on quality, a sharp increase from 46% in 2011. Also, China plans to contain total water consumption to less than 700 billion cubic meters a year by 2030. The country currently consumes more than 600 billion cu m of water a year, or about three-quarters of its exploitable water resources. The average amount of water resources available per capita in China is only 2,100 cu m, or about 28% of the world's average. About two-thirds of Chinese cities suffer from water shortages, while nearly 300 million rural residents lack access to safe drinking water. About 17% of drinking water in urban areas fails to meet quality standards when it leaves the factory. Newly revised standards will be applied to all of China on July 1, Shao Yisheng, Director of the Monitoring Center said. The new standards raises the number of water quality indicators from 35 to 106, making it closer to international standards. Shao admitted that only 58.2% of the water tested between 2008 and 2009 by the Center in urban areas met quality standards. Many water treatment plants in cities are not ready to implement the new standards because they lack equipment or the personnel needed to test all of the 106 water quality indicators, Ma Jun, Director of the Institute for Public and Environment Affairs said. "The key is to protect the water sources and keep tap water plants' operation transparent," Ma added.

### Coastal waters of Shenzhen seriously polluted

Nearly half of Shenzhen's coastal waters were found to be seriously contaminated last year, and nine sewage drainage lines were found to be discharging excessive pollutants, according to a maritime study. The problem could worsen this year, as some temporary efforts to improve water quality last year for the World University Games are no longer in effect. The 2011 study, issued by Shenzhen's Urban Planning and Land Resources Commission, found a total of 565 square kilometers of seriously contaminated seawater. Of the remaining waters, 145 sq km were lightly or moderately polluted, and 435 sq km were clean. The contaminated waters were concentrated in Deep Bay and at the mouth of the Pearl River. Inorganic nitrogen and phosphates were the major pollutants. Though the report covered only waters off Shenzhen, Professor Xu Hong, who has taught marine chemistry at Shenzhen University, said that the contaminated water could make its way to other areas, including Hong Kong. He blamed illicit discharging of pollutants, along with a lack of oversight, for the heavy pollution. "The government has been addressing excessive discharge through campaigns rather than regular monitoring and checks," he said. In the bays of Dapeng and Daya, both in east Shenzhen, the water was relatively clean. Most areas off Shenzhen where seafood and other marine products are farmed met safety standards, as they are mostly in the east.

### Food waste in Beijing not properly disposed off

Many restaurants in Beijing are still improperly disposing of their food waste despite regulations that encourage proper treatment and recycling, according to research by the Beijing-based NGO Green Beagle, which surveyed 60 restaurants in the city's Chaoyang district. "The food waste produced by the capital's restaurants is supposed to be sent to the food waste treatment factory at Gao'antun in the northeastern part of Beijing or Nangong in the south to transform it into organic fertilizer," said Chen Liwen, who headed the research. He said restaurants in the capital produce at least 600 tons of kitchen waste daily, but the two food waste treatment factories only receive some 100 tons. "It's distressing to see food waste, which might become useful fertilizer, animal feed or energy, mixed with facial tissue, disposable chopsticks and plastic bags," Chen said. The violators are not limited to small restaurants deemed poor in quality, Chen said. She added even some of the established, well-known restaurants habitually break the rules. "Since the restaurant will not be punished no matter what ... few restaurants are strictly abiding by the guidelines," said Chen. "The treatment of kitchen garbage will be a flourishing industry if we properly classify and dispose of them," Feng Shaoqiang, Founder of Coanda Energy Co, a Tianjin-based company that transforms kitchen waste into organic fertilizers said.

### China increases number of water pollution indicators

A total of 22 indicators will be used to evaluate river quality during the 12<sup>th</sup> Five Year Plan (2011-15) period, Zhao Hualin, Director of the Pollution Prevention Department under the Ministry of Environmental Protection (MEP), said. After more indicators, such as for heavy metals, become national standards, the water quality of some rivers may be downgraded for a certain period of time, said Ling Jiang, Deputy Director of the Department. China's awareness of water safety has been heightened following several major pollution cases in recent years.

Under a new plan, 49.2% of China's rivers and lakes monitored by the central authorities should meet at least Grade III standards by the end of 2015, an increase of 5 percentage points from 2010. The country also plans to reduce the proportion of "worse-than-Grade-V" water by 8 percentage points in five years from 25.8% in 2010. In China, river water quality is measured in six levels, from Grade I to Grade V and another grade called "worse than Grade V". Only Grade I and II water can be used as drinking water sources, according to regulations. An estimated CNY500 billion will be spent from 2011 to 2015 to ease the pollution in 10 major rivers and lakes monitored by the central government.

- About 7 tons of cinnamene leaked into the Hanjiang river after a traffic accident. The toxic chemical was found to have polluted a 5.5 km stretch of the waterway. A tanker carrying more than 30 tons of cinnamene was en route from Shaanxi province to neighboring Sichuan province when it overturned on a national highway in Ningqiang county of Shaanxi province on May 5. Cinnamene is a toxic chemical used to produce synthetic rubber and plastic.
- Environmental authorities in Beijing plan to shut down 66 polluting factories this year and 1,200 by the end of 2016 to reduce levels of PM2.5, very fine respirable particles that can cause lung damage.
- Groundwater in about 55% of the cities monitored across China is not safe to drink, according to report by the Ministry of Land and Resources. Monitoring conducted in 2011 found groundwater quality declined in parts of Gansu, Qinghai, Zhejiang, Fujian, Jiangxi, Hubei and Yunnan provinces. About 200 key cities across the country were monitored in the report, which covered more than 4,700 testing sites. More than 242 million rural residents have no sustainable access to safe drinking water, said Chen Lei, Minister of Water Resources. He promised that all will have access to safe drinking water by 2015.
- Heilongjiang provincial environmental authorities will spend CNY11 billion on nearly 200 projects to clean up the Songhua River by 2016. An environmental official said most of the money would be spent on reducing industrial pollution, residential waste and the use of pesticides and fertilizers in rural areas along the river.
- The U.S. Consulate began publishing hourly readings of PM2.5 in Shanghai on its official website and Twitter account. Monitoring data from the consulate was in accordance with that from the Shanghai Environmental Monitoring Center, but both gave different interpretations of the data. China's acceptable daily limit for PM2.5 is 75 micrograms per cubic meter, compared with about 25 in the United States.
- Xinjiang's lakes have shrunk by nearly 50% since the founding of the People's Republic in 1949, dwindling from 1.2 million hectares to 700,000 hectares as a result of grassland degradation, desertification and a falling water table. Wetland areas have declined from 2.8 million hectares to 1.48 million hectares over the past six decades.
- The Guangdong provincial government will phase out or relocate by the end of this year 255 factories that have been discharging excessive levels of heavy metals, as part of efforts to rein in pollution. It has also ordered 12 city governments, including those of Guangzhou and Shenzhen, to submit plans for controlling heavy metal pollution by the end of this month.
- The Chengdu government has earmarked CNY17 million for low-interest loans to encourage the environmentally safe recycling of straw in the city, amid a round-the-clock crackdown by authorities on the burning of straw. Companies will be encouraged to adopt new recycling technology. Straw burning is a major contributor to China's smog problem.
- The Hubei provincial government will allocate CNY11.15 billion to build 156 waste treatment facilities in the next four years. Eight of them will process restaurant waste, and 85% of household refuse will eventually be processed at the facilities.
- Shanghai is ready to release readings of fine particle pollution PM2.5 in June. Readings from all measuring stations will be averaged into a single citywide figure, said Zhang Quan, Director of the Shanghai Environmental Protection Bureau.
- Seven people who caused severe chromium pollution in Yunnan province were sentenced to prison in the Qilin District People's Court. Three were sentenced to four years and fined CNY50,000 each for dumping more than 5,000 tons of carcinogenic industrial chemicals on hills near the Chachong Reservoir between April and June

2011. Production at the Luliang Chemical Industry plant – one of Asia's largest producers of chromium sulfate – has been halted since last August.

- According to Ministry of Environmental Protection data, there were 935 landfills nationwide in 2008, with a combined capacity of 2.34 billion cubic meters, while 34% of these sites do not have any measures to prevent the pollution of the soil and groundwater.
- Five indoor air-quality inspection companies in Shanghai were told by the Shanghai Bureau of Quality and Technical Supervision to stop performing unqualified tests that give false readings. The companies given warnings were the Shanghai Huxing Professional Inspection and Management Co, the Shanghai Jienuo Quality Inspection Co, the Shanghai Disease Control Biological Engineering Inspection Co, the Shanghai Ousa Environmental Management and Consulting Co and the Shanghai Pudong House Quality Test Co. Officials from the Shanghai Environmental Protection Industry Association said some air quality testing companies cheat customers by producing fake reports and asking customers to pay a lot to hire them to remove the pollutants.
- China will launch its first large study on the relationship between environmental pollution and children's health in the second half of next year. It will join a global collaborative research project under way in developed countries, with Japan, Denmark and Norway having already started their own studies of 100,000 women each, and the U.S. about to join them soon. British scientist Professor David Barker has suggested that many diseases, like heart disease, hypertension and diabetes, can be traced back to the first two years of a person's life, and even to the womb.

## GREENHOUSE GAS EMISSIONS

### Per capita carbon footprints very high in some Chinese cities

Several major Chinese cities have some of the world's highest per capita carbon footprints, the World Bank report "Sustainable Low-Carbon City Development in China" said. Greenhouse gas emissions in Tianjin, Shanghai and Beijing far exceed those of cities such as Paris, Tokyo, London, Barcelona and Jakarta. Industry and power generation are major contributors in Chinese cities, largely because coal dominates the nation's energy use. Globally, most urban emissions come from transport, buildings and waste, but these three sectors only account for about 20% of China's urban emissions. Shomik Mehindratta, a World Bank urban transport specialist and co-editor of the report, said Chinese cities have high emission levels because they are important global centers of industrial production.

### World Bank calls for urgent action on emissions

China must act urgently on multiple fronts if it is to cut greenhouse gas emissions from its rapidly expanding cities and hit government targets for curbing carbon intensity, a report from the World Bank said. Cities generate an estimated 70% of energy-related greenhouse gases and with China set to increase the number of urban residents by 350 million over the next 20 years, the bank says the case for urgent action is strong. "For the 12<sup>th</sup> Five Year Plan period, a 17% reduction target for carbon intensity has been set," the World Bank's Country Director for China, Klaus Rohland, wrote in a foreword to the report. "Addressing cities' emissions will be a crucial element of this planned reduction." China has set a goal of reducing the economy's carbon intensity by 40% to 45% in 2020 compared with 2005, while the five year plan covers the period from 2011 to 2015. The report, titled "Sustainable Low-Carbon City Development In China", says industry and power generation each contribute as much as 40% of city emissions. The remaining 20% of the carbon footprint is left by transport, buildings and waste. The World Bank called for energy-efficient buildings and industries, transport alternatives to cars and better management of water and waste. The report analyses the financial instruments the World Bank has available to support the building of low-carbon cities in China. The bank said 67% of projects in its existing China lending portfolio had environmental, climate change, or low-carbon objectives.

### Beijing to introduce stricter fuel standards

Beijing will introduce new fuel standards on May 31 that municipal officials say are nearly on a par with the European Union's Euro V, the first Chinese city to do so. All fuel sold by retailers in the Chinese capital will be required to adhere to the new standards, which are expected to

reduce sulfur dioxide emissions from 50 to 10 milligrams per kilogram, according to the Beijing Environmental Protection Bureau. The most vital improvement of the new fuel is that it contains less sulfur, according to Zhao Lijian, Researcher with the Energy Foundation. The cleaner fuel will also increase engine efficiency and reduce fuel consumption. According to experiments conducted by the China Automotive Technology and Research Center, the new fuel will cut pollutant emissions by 15%. But the production of low-sulfur fuel will increase costs, said Fu Xingguo, Engineer at Sinopec Corp, China's largest oil refiner. However, the price of fuel will not be raised in the coming half year. "Exhaust emitted by automotive vehicles has replaced the coal-boilers to become the biggest source of air pollution in Beijing," Du Shaozhong, former Deputy Director of the Beijing Environmental Protection Bureau said in February. Beijing has more than 5 million vehicles and 10 million registered drivers. Shanghai is adopting the China IV fuel standards and is considering implementing strict standards in 2013, according to the Shanghai Environmental Protection Bureau.

## Chinese airlines continue opposition to EU emissions scheme

Chinese airlines will continue to oppose the European Union arrangement used to reduce greenhouse gas emissions, despite the EU's warning that it might take punitive measures in response, the China Air Transport Association (CATA) said. Deputy Secretary General Chai Haibo said Chinese airlines are following an order that the Civil Aviation Administration of China (CAAC) issued in February, forbidding them from abiding by the ETS without first receiving the government's permission. Eight Chinese airlines, along with two of their Indian counterparts, have not submitted 2011 carbon emission data to the EU yet, whereas 1,200 carriers in the world have already handed over the reports, Connie Hedegaard, EU Climate Commissioner, said. According to the EU's schedule, airlines should submit their carbon emission data for last year by the end of March and will be charged taxes on those emissions starting in March 2013, after this year's carbon emissions have been assessed. Hedegaard said the 10 Chinese and Indian airlines that have yet to submit the data emit less than 3% of the industry's greenhouse gases. The European Union will impose punishments on them if they do not report the data by mid-June, said Hedegaard. The airlines could be fined or even banned from flying to Europe. In case a global solution is reached at the International Civil Aviation Organization Assembly next year, the EU has indicated it is ready to review and amend the plan.

- China wants energy-efficient buildings to account for 30% of all new construction projects by 2020 to bring the nation's building energy consumption ratio closer to that of developed countries. The central government will step up incentives for green buildings, improve industry standards and promote technological improvements and the development of related industries, the Ministry of Finance and the Ministry of Housing and Urban-Rural Development said. It was the first time a goal for the development of energy-efficient buildings was set.
- Real-time data on the density of carbon monoxide and ozone in Beijing's air was released on May 12 for the first time by the Beijing Municipal Environmental Monitoring Center. Beijing has now released data on all six major air pollutants addressed in new air quality standards passed by the Ministry of Environmental Protection in March.
- China has hit back at claims it is holding up global climate talks in Bonn, Germany. Developed nations were trying to wriggle out of legal targets to curb global warming, China's Chief Negotiator Su Wei said, adding that China had "shown a lot of flexibility". European participants said China was blocking attempts to launch a negotiating "track" agreed to at talks under the UN banner in Durban, South Africa. French Climate Ambassador Serge Lepeltier said that China specifically "gives the impression of having hardened its positions since Durban".

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