

法  
兰  
德  
斯  
中  
国  
商  
会

FCCC  
VCKK

FLANDERS-CHINA CHAMBER OF COMMERCE  
VLAAMS-CHINESE KAMER VAN KOOPHANDEL

# ENVIRONMENT NEWSLETTER | 28 JUNE 2012

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

Alternative energy [Chinese solar companies to increase outsourcing](#)  
[Solar industry hopes to be included in new stimulus plan](#)  
[Slow progress for wind power industry](#)  
[China to go ahead with coalbed methane production](#)  
[Hanergy acquires stake in Solibro](#)  
[JA Solar reports first quarter loss](#)  
[Chinese demand to help offset declines in European solar market](#)

Pollution [Huadian Fuxin Energy to tap stock market at tough time](#)  
[Pudong incinerator finishes construction](#)  
[PM2.5 readings, stricter pollution monitoring in Shanghai](#)  
[Toxic waste smuggling case cracked](#)  
[More than 90% days with good air quality in Shanghai](#)  
[China opposes embassies releasing air quality reports](#)  
[Coastal and bay water seriously polluted](#)  
[Land reported to be heavily tainted](#)  
[Straw burning causes heavy pollution](#)  
[Drug maker polluting Wuliangsu lake in Inner Mongolia](#)  
[Use of urbacid on apples causes health problems](#)  
Greenhouse gas emissions [CATA warns of retaliation against European airlines](#)  
[Premier Wen attends Rio+20 Summit](#)

---

## 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

### Chinese solar companies to increase outsourcing

Some Chinese solar companies plan to outsource manufacturing abroad in a bid to circumvent U.S. anti-dumping duties on imports of made-in-China panels. However, setting up new manufacturing hubs outside of China will push up costs and translate into higher prices for solar products, with the biggest victim being the American consumer, said Gao Jifan, Chief Executive of Trina Solar, which is based in Changzhou, Jiangsu. More Chinese companies are considering outsourcing in Malaysia and Taiwan. But Li Junfeng, President of the Chinese Renewable Energy Industries Association, warned that Chinese companies shouldn't rely too much on that strategy because the U.S. may well adjust the conditions of its tariff ruling. "We shouldn't rely on outsourcing," he said. "There are many conditions in the U.S. ruling, and they could adjust them over time in favor of American producers if they notice the outsourcing trend." Li said the key task for China is to convince the World Trade Organization (WTO) that the U.S. ruling is groundless. Li is also an energy official with the National Development and Reform Commission (NDRC), China's top planning agency. In its anti-dumping investigation, the U.S. Commerce Department used production costs in Thailand, which produced about 0.1 GW of solar panels last year, as a proxy for costs in China, which produced 15 GW. China actually runs a trade deficit with the U.S. in the solar industry because it buys machinery equipment and raw materials, like polysilicon, from abroad to make solar products. The U.S. action could trigger countermeasures from China. In the polysilicon sector, companies have been filing petitions asking the government to impose anti-dumping tariffs against the U.S., which is second only to China in polysilicon production. "If China does impose punitive tariffs on imports, it could make U.S. producers less competitive in the largest market for polysilicon," Charles Annis, Vice President of Solarbuzz, said, as reported by the Shanghai Daily.

Trina Solar CEO Gao Jifan is among the industrial pace setters in China. Trina's huge factory has 14,000 employees and produces the new generation of "Honey" solar cells, with record-breaking efficiency levels. "We've progressed by spending a lot on research and development, but also thanks to a commitment to service and quality," said Gao, who set up the company in 1997 after a background in chemical engineering.

### Solar industry hopes to be included in new stimulus plan

"We hope that solar programs can be included if the nation is going to launch a new fiscal stimulus," said Zhang Jianmin, Senior Manager of the CEO's office of Suntech Power Holdings Co, the world's biggest solar panel manufacturer. Solar energy was not included in the CNY4

trillion stimulus package adopted by the central government in 2008. Zhang said if there is no direct fiscal support, it will still be helpful if authorities would clarify policies for the industry. Although Chinese manufacturers account for 60% of the solar industry's global output, the use of solar power within China is not widespread. "It will definitely boost the industry if the central government (prepares) policies that will integrate more solar-generated electricity into the grid, or if it encourages the construction of off-grid solar power stations," he said. Tao Dong, a Hong Kong-based Economist with Crédit Suisse Group expects the stimulus to be as much as CNY2 trillion, but NDRC officials denied that there will be any large-scale stimulus.

### Slow progress for wind power industry

"The second round of bidding for offshore concession projects, which had been scheduled to start in the first half of 2012, is likely to be put off due to significant delays in the first concession projects," said Shi Pengfei, Vice President of the China Wind Energy Association. The second group of concession projects, totaling up to 2 GW, are to be built in Jiangsu, Hebei, Shandong, Zhejiang and Guangdong provinces. According to the National Energy Administration (NEA), China will build 5 GW of off-shore wind projects by 2015. But Shi said delays may mean missing the target. China's installed off-shore wind power capacity was only 258 MW last year, statistics from the Global Wind Energy Council show, although China's onshore wind power capacity is the world's largest reaching almost 63 GW last year. In 2010, China awarded four contracts in the first round of bids to construct 1 GW of wind capacity in off-shore and intertidal (shoreline areas exposed at low tide) concession projects that were to be completed in four years. However, construction hasn't started on the projects. "A lack of coordination among different government bodies" was one cause of the delays, said Liu Qi, Deputy General Manager of Shanghai Electric Wind Power Equipment Co, a wind turbine manufacturer. Industry participants also mention site changes, environmental issues and low feed-in tariffs as reasons for the lack of progress. Since China's wind farm developers were competing for the first off-shore projects regardless of price to get a foothold in the market, the average feed-in-tariff was only about CNY0.7 per kilowatt hour, which barely covers costs. An economically viable off-shore feed-in tariff should be at least CNY0.8 per kWh, according to turbine makers and wind farm operators. China's only offshore wind farm in commercial operation is the 102 MW Shanghai East Sea Bridge Off-shore Wind Farm, which went into operation in June 2010. The feed-in tariff for this project was CNY0.978 per kWh. "The government will review the first four off-shore projects and changes in the feed-in tariff are likely," said Li Junfeng, President of the China Renewable Energy Industries Association.

### China to go ahead with coalbed methane production

China is in a good position to produce coalbed methane at low cost and reduce its dependency on imports. According to the UK consultancy Wood Mackenzie, coal-bed methane could contribute 14% to China's domestic supply of gas by 2030, but because of a lack of expertise in techniques used to retrieve it, the resource is still little used in China. The China National Petroleum Corp (CNPC) has introduced a commercial application of a technique known as multi-branched horizontal well drilling, which can be used to explore for coal-based methane at a low cost. Before CNPC's technological advance, foreign groups had largely held a monopoly over the production of equipment needed to connect horizontal and vertical mine shafts underground, a requirement in multi-branched horizontal drilling, making it expensive for Chinese companies to obtain those important components. CNPC's innovation promises to reduce the cost of a single well by a third, taking it to less than CNY10 million. CNPC said multi-branched horizontal wells are capable of producing up to 10 times as much of the gas a day as are vertical shafts. China is the world's third-largest owner of coal-bed methane resources, containing 36.81 trillion cubic meters (cu m) of the gas. To accelerate the exploration for coal-bed methane in Chinese mines, the Ministry of Finance decided in 2011 to eliminate the tariffs and value-added taxes formerly charged on equipment and components used to refine the gas in mines. By 2015, China plans to be able to produce 30 billion cu m of coal-bed methane, up from 1.57 billion cu m in 2010. PetroChina International Co announced plans to put USD1.5 billion into a coal-bed methane plant this year and has ambitions to produce 4.5 billion cu m of the gas a year by 2015. China Petroleum and Chemical Corp (Sinopec) aims to produce 2.5 billion cu m a year by 2015. Wood Mackenzie said China will be using 566 million cu m of gas a day by 2015, of which it will import about 30%, the China Daily reports.

## Hanergy acquires stake in Solibro

The Chinese energy group Hanergy Holding Group agreed to acquire all of the shares that Q-Cells SE, a German maker of solar panels, holds in its subsidiary Solibro, a maker of thin-film solar panels. After the completion of the acquisition, Solibro will increase its yearly production capacity to 100 megawatt (MW) in order to supply power to Hanergy customers in Europe. "Hanergy has taken many big steps in recent years and the latest acquisition will help the company improve its technology used in manufacturing thin-film solar panels, which still lags behind what is used internationally," said Gao Hongling, Deputy Secretary General of the China Photovoltaic Industry Alliance. China is the world's largest maker of solar panels, mainly producing polysilicon panels. Manufacturers that want to make thin-film panels are faced with technical obstacles. Gao said the thin-film solar industry has developed slowly in the past few years, with some companies reducing their thin-film output. Following the acquisition, Hanergy's chief competitor will be U.S.-based First Solar, the world's largest manufacturer of thin-film panels. Hanergy has decided to put money into a specific technology, called copper indium gallium di-selenide co-evaporation, which Solibro has developed over the past 25 years. Hanergy Chairman Li Hejun said the acquisition will consolidate the company's position in the global market.

## JA Solar reports first quarter loss

JA Solar Holdings Co reported a loss of CNY250.9 million in the first quarter as the solar-products company faced a double-digit drop in shipments and sharply weakened margins. Shipments fell 19% to 366 megawatt (MW), but exceeded the company's March projection for shipments between 320 MW and 350 MW. Looking ahead, JA Solar expects shipments between 420 MW and 440 MW for the second quarter. The company has now seen its revenue decline for three straight quarters as weakened global demand and a supply glut have sent wafer and module prices tumbling. In the latest quarter it also recorded a USD2.9 million provision tied to a preliminary ruling last month by the U.S. Department of Commerce to impose a 31% tariff on Chinese solar products for the "dumping" of products in the U.S. at less than fair value. Last year JA Solar reported a profit of CNY470.2 million in the first quarter.

## Chinese demand to help offset declines in European solar market

The world's largest solar-panel makers are boosting production this year on expectations that demand in China will double, a surprise shift as the USD36 billion market migrates from Europe to Asia. The five biggest producers of polysilicon solar modules, led by China's Suntech Power and Yingli Green Energy, will increase shipments 27% to 37% from last year's levels, according to estimates by Bloomberg. Chinese demand will partially offset declines in Europe that are driving the industry towards its first global sales decline since at least 1999. China's efforts to stimulate its photovoltaic industry at home and a 48% drop in panel prices in 2011 are boosting sales. China, which trails only Germany and Italy for new installations, is expected to dominate growth this year and become the top solar market in 2013, after European nations cut subsidies for new projects. The Chinese boom "will drive big shipment numbers from Chinese manufacturers, which are the only ones selling there," said Sean McLoughlin, Vice President for Clean Technology Analysis at HSBC in London. Suntech Chief Executive Shi Zhengrong expects solar sales in China to exceed 4 GW this year, and Trina Solar's CEO Gao Jifan expects 5 GW of installations. China's market totaled 2.57 GW last year, almost 9% of worldwide sales, according to London-based research group New Energy Finance. China may install as much as 5.5 GW this year and the same amount next year while Germany may slide to 2.5 GW next year, the group estimates. The five top companies by shipments of silicon panels last year were Suntech, Yingli, Trina, Canadian Solar and Hanwha SolarOne. They expect combined sales of solar modules this year to range from 9.3 GW to 10.1 GW compared with 7.4 GW last year. The ranking excludes First Solar, which makes thin-film cells and expects a decline in shipments this year. Japan, the sixth-largest market in 2011, starts a new solar incentive program in July and may install more than 4.6 GW of solar panels next year, second after China, according to New Energy Finance. Saudi Arabia is seeking investors for a USD109 billion plan to create its own solar industry. Not all solar companies are projecting a surge this year. Jinko Solar, which ranked eighth in silicon-panel shipments last year, expects sales between 800 MW and 1 GW, which is about the same as 2011's level of 950.5 MW. Chief Executive Chen Kangping still said he expected China to be a "very, very important market in 2012". Suntech, the world's largest panel maker, has the most conservative growth forecast of the top five. It expects shipments of 2.1 GW to 2.5 GW, compared with 2.1 GW last year, the South China Morning Post reports.

## Huadian Fuxin Energy to tap stock market at tough time

Huadian Fuxin Energy, the clean energy flagship of power generator China Huadian Group, is seeking a fresh injection of cash from a Hong Kong listing to provide funding for its ambitious expansion plans. "Given the poor performance [of clean energy stocks] over the past year, and the general lack of market interest in initial public offerings of shares, it is a curious time for Huadian Fuxin to come to the market," Sanford Bernstein Senior Analyst Michael Parker said. State-backed rivals China Longyuan, Huaneng Renewables and China Datang Corporation Renewable Power have already tapped the Hong Kong market for funds in the past 30 months. Huadian Fuxin's net debt-to-shareholders' equity multiple stood at 3.85 times, close to the four-times ceiling state companies are not supposed to surpass, according to the State-owned Assets Supervision and Administration Commission (SASAC). The company aims to raise its wind power generating capacity by 47% by year-end to 3,200 megawatt (MW) from 2,171.3 MW a year earlier. Besides building 600 MW of coal-fired power plants that would add to its existing capacity of 2,050 MW, it also has a 190 MW in hydro power projects under construction or planned that would add to the 2,223 MW of its existing hydro capacity. In the next two years, it has budgeted a total of CNY20 billion for wind, coal and hydro capacity expansion. It has also set aside CNY800 million for the early construction of a nuclear power plant. According to industry practice, power plants must be at least 20% financed by equity capital, and the rest is typically funded by bank loans. This means Huadian Fuxin needs CNY4 billion of capital to meet the requirement for the next two years. It had CNY1.49 billion in cash on hand at the end of last year.

Sanford Bernstein's Michael Parker said this year was a good time to consider buying into Chinese wind power producers as plant utilization levels were expected to rebound from next year as more power grids were built to relieve chronic bottlenecks in transmission capacity caused by wind farms being built much faster than grids. Huadian Fuxin saw its wind farm's utilization drop to 2,072 hours last year from 2,232 hours in 2010 and 2,726 hours in 2009. As the company was forced to halve its initial public offering (IPO) target, it is now also considering issuing corporate bonds. "While the share offering's fund-raising size is less than originally expected, our calculations tell us we should basically be able to meet our needs for the next two years," Board Secretary Liu Lei told a press conference. Huadian Fuxin Energy plans to raise up to USD391 million in a Hong Kong listing, down from the USD1 billion it originally sought late last year. Huadian has received support from six cornerstone investors, who will buy about 61% of the 1.5 billion shares on offer. They include state-backed wind turbine suppliers Sinovel Wind Group, which has pledged to buy USD58.8 million of the shares, and China South Locomotive & Rolling Stock, which will buy USD50 million, and U.S. conglomerate General Electric, which will take USD10 million. Customer State Grid Corporation of China; its state-backed rival, Huaneng Renewables; and Shanxi Lu'an Mining have each undertaken to buy USD30 million worth of shares. They are not allowed to sell them within six months of Huadian Fuxin's listing, which is expected on June 28.

- Gansu province will put 16 three-megawatt wind turbines into use by the end of this month in Yumen city, at a cost of CNY416 million. The project is expected to save 33,500 tons of coal a year, which would reduce annual carbon emissions by 101,000 tons.
- Swedish home furnishing group Ikea said that it will partner with Hanergy Holding Group to install solar photovoltaic panels on all Ikea-owned buildings in China over the next three years, as part of its goal to only use renewable energy to power its buildings. The solar panels will provide 10% to 15% of all the electricity needed to run Ikea stores and 100% of the electricity needs of Ikea distribution centers in China, saving around 6,000 tons of carbon dioxide emissions each year.
- Shenzhen-based Trony Solar Holdings, the world's fourth-largest thin-film solar panel maker, said the board has identified "possible discrepancies" in the financial records of the company. An independent investigation committee has been established to conduct an inquiry. Trading of its shares was suspended.
- Heilongjiang province has classified wind, rain and sunlight as state-owned resources, part of efforts to regulate renewable energy companies. The rules were approved by the regional legislature and go into effect on August 1. They are the first in China and call for developers to obtain licenses from the provincial Development and Reform Commission.
- Shanghai will arrange CNY10 billion of "green credit" with 10 banks to back energy conservation. In energy performance contracting, an energy service company

provides a range of solutions, including design and implementation of energy saving projects, energy infrastructure outsourcing, and power generation for building occupants, who pay a fee that's below the benefit, or savings, gained.

- Danish wind turbine manufacturer Vestas Wind Systems said it will close a factory in Hohhot, Inner Mongolia, and cut 300 to 350 jobs in the process, due to forecast low demand for kilowatt turbines in the future. It would phase out production of the turbines, including the V52-850 kilowatt and V60-850 kilowatt turbines produced at the Hohhot factory. Vestas will keep two plants in Tianjin and Xuzhou, Jiangsu province, and two offices in Beijing and Shanghai.
- A three-day forum themed "Green Economy and Inclusive Growth in a Transformational World", will be held in Guiyang, Guizhou province, starting on July 26. More than 1,000 scholars and officials are expected to attend the event. Former Chancellor of Germany Gerhard Schröder and former Korean Prime Minister Chung Won-shik are expected to attend this year's forum.
- India's largest wind turbine maker Suzlon Energy said it will sell its Chinese production unit to China Power (Tianjin) New Energy Development Co for USD60 million. Chairman Tulsi Tanti said the sale disposes non-critical assets to reduce its long-term debt. Suzlon started its marketing operations in China in 2005, followed by the set-up of its wholly-owned factory in 2006. So far the company has installed more than 900 megawatt (MW) of wind capacity in China.
- The State Development and Investment Corp, China's largest state-owned investment holding company, will invest CNY30 billion in shale gas exploration and development in Chongqing. The funds will also be used to construct a coal port and a national base for emergency coal reserves. China aims to produce 6.5 billion cubic meters of shale gas by 2015.
- China voiced deep concerns over European solar panel makers' bid for a trade remedy investigation against Chinese photovoltaic products. If the European Union launches trade remedies against photovoltaic products imported from China, it will hurt cooperation between European and Chinese enterprises, Ministry of Commerce Spokesman Shen Danyang said, adding that 20% of China's polysilicon imports worth USD764 million were from Germany last year, while 45% of its photovoltaic equipment imports were from the EU.

## POLLUTION

### Pudong incinerator finishes construction

Construction of a high-tech garbage incinerator in Pudong is finished and will be working on a trial basis before year's end to ease Shanghai's looming shortfall in garbage treatment capacity. The first phase of the incinerator will start burning waste in the second half of this year, the Shanghai Greenery and Public Sanitation Bureau said. It is built inside the Laogang landfill compound, now the city's primary garbage treatment center. The new facility will be able to incinerate up to 3,000 tons of garbage every day, about 15% of the city's current total daily waste. The second phase of the project, to open soon, will have the same capacity. The Laogang incinerator facility will be the largest in terms of treatment capacity in China. Heat from the incinerator will produce up to 100 million kilowatt hours of electricity annually, enough to supply about 100,000 local families. Some of the cinders will be processed into bricks while ashes will be buried. Both the waste liquid and gas would be treated to meet safety standards before being discharged. The Laogang landfill currently handles 70% of Shanghai's daily waste. Over two decades, three huge landfill sites have been used up and a quarter of the fourth section is already full. Some local scientists have raised concerns about pollution from incinerators, however. Shen Jianhua, a local environmental scientist, warned that the operator and government watchdogs must strictly monitor the incinerators every day to ensure trash is always fully burned. Insufficient incineration causes the discharged gas to contain pollutants including cancer-inducing chemicals, Shen said.

### PM2.5 readings, stricter pollution monitoring in Shanghai

Shanghai started releasing hourly readings of PM2.5 from 10 new monitoring spots on June 27, and will conduct stricter environmental-protection measures in six areas: water, air, solid waste, industry, agriculture and ecology. Shanghai has been releasing 24-hour PM2.5 combined measurements from just two spots — one in Putuo District and one in Zhangjiang in

the Pudong New Area since March as a trial. The Shanghai Environmental Protection Bureau has installed 24 local spots and 10 new national spots to monitor PM2.5. The PM2.5 information is available in Chinese on [www.semc.gov.cn](http://www.semc.gov.cn). By the end of this year, Shanghai will officially announce the hourly and daily readings of all six types of pollution — PM10, sulfur dioxide, carbon dioxide, PM2.5, ozone and carbon monoxide — under a national new air quality monitoring standard. More than 20 cities, including Guangzhou, Xiamen and Nanjing, publish daily PM2.5 data. To deal with noise pollution, the Shanghai government has kicked off tighter measures and installed more barriers along the elevated highways, and stepped up management of construction sites.

### Toxic waste smuggling case cracked

Customs officials in Nanjing have arrested seven people on charges of smuggling over 4,000 tons of household toxic waste from the Netherlands from December to March. In one case, the Hepu Trading Co in Hefei, Anhui province, purchased banned imports containing toxic chemicals from a Taiwanese firm, which smuggled it from Dutch supplier Van Puijfelik, officials said. To pass the Customs' check, the three sides conspired to claim the 30 shipping containers of goods were waste papers — allowable imports that are safe and recyclable. The imported trash caused many Customs officials inspecting the goods to suffer severe respiratory and skin infections. After buying the trash at low prices, the firm would pick out the “valuable” parts, including paper and plastics, to sell at high profit margins and dump the remaining trash. The Taiwanese Manager was arrested at Shanghai Hongqiao Airport on February 19 while Hepu's Manager, surnamed Geng, was detained in Hefei. Authorities shipped the 30 containers back to the Netherlands. Officials found another 2,045 tons of household waste had been smuggled from Rotterdam, which was described as a gateway for trash bound for China and other developing countries. Chinese law bans imports of solid waste that cannot be used as raw materials or that poses a serious risk to the environment, the China Daily reports.

### More than 90% days with good air quality in Shanghai

Shanghai saw 337 days, or 92.3%, of excellent and good air quality last year while the water environment remained stable, levels of acid rain, dust and noise pollution dropped and radiation was normal, the Shanghai Environmental Protection Bureau announced. It was the third consecutive year that Shanghai had more than 90% of high quality days. PM10 particles were the top pollutant on 356 days. Though the PM10 reading last year was higher than in 2010, Expo year, the overall density of PM10 dropped between 2007 and 2011, the Bureau said. The record of good air quality was expected to drop after Shanghai adopted the stricter PM2.5 measures. The Shanghai municipal government dealt with 1,154 environment-related cases in 2011, issuing fines totaling CNY42.5 million for breaches of environmental standards.

### China opposes embassies releasing air quality reports

Foreign embassies releasing their own air-quality readings are contravening international conventions. “According to the Vienna Convention on Diplomatic Relations and the Vienna Convention on Consular Relations, diplomats are duty-bound to respect the laws and regulations of their host countries and should not interfere in their domestic affairs,” Wu Xiaoqing, Vice Minister of Environmental Protection said. “The monitoring and release of information concerning China's air quality is of public interest and falls under government responsibility. Consequently, foreign embassies monitoring and releasing air-quality readings on the internet do not conform to the two conventions and also violate regulations in China,” he added. Wu said only the Chinese government was authorized to monitor and release air quality information. The U.S. Embassy in Beijing releases regular online air quality readings, including PM2.5. Many times, the Embassy rated air quality in Beijing as “hazardous,” while the city's Environmental Protection Bureau classified pollution as being “slight”. A U.S. Embassy Spokesman said the air-quality reports were meant to inform U.S. citizens living in the city. Vice Minister Wu said statistics from a single monitoring site should not be used to assess the air quality of a whole area. “It surely does not represent the overall air quality of a city.” He also emphasized differences in evaluating figures. While the figures themselves are often similar, China and the U.S. use different standards to evaluate them. Wu said that should be linked to the level of the country's economic development and technology. By the end of October, almost 500 monitoring sites in 74 cities will be required to test for PM2.5. Daily average readings of PM2.5 at these cities will be announced to the public by the end of 2012. On June 4, Guangdong province started to release real time statistics for PM2.5 from 62

monitoring sites in the Pearl River Delta region, the first real time data in the country, the China Daily reports. Foreign Ministry Spokesman Liu Weimin added that embassies could collect air quality information for their own staff and diplomats, but this type of information should not be released to the public.

## Coastal and bay water seriously polluted

Vice Minister of Environmental Protection Wu Xiaoping said the quality of near-shore water in north China's Bohai Sea and the East China Sea, as well as water in five of the nine bays along China's coast was "extremely poor." Wu said that of 469 stations monitoring water quality along 10 major river basins, including the Yangtze river, the Yellow river and the Pearl river, 61% reported ratings of between first and third grade last year, which means water that can be used as natural reserves and drinking water. But 25.3% of rivers were rated as fourth or fifth grade, meaning the water could not be used without suitable treatment, while 13.7% were below fifth grade, with water only fit for use in agriculture. Wu said that of 26 major lakes and reservoirs under state monitoring, 53.8% were affected by eutrophication — where excess nutrients spur excessive plant growth. Among 4,727 groundwater monitoring sites in 200 cities, the water quality of 45% has been excellent, good or relatively good, but the other 55% was poor or very poor.

## Land reported to be heavily tainted

In many Chinese cities, where countless factories once stood, now there are towering office blocks, luxury apartments and underground shopping malls. The air, usually, is cleaner and there are parks and tree-lined roads. But in the soil, and in the water table lurk hidden dangers. The factories may have closed or moved away, but they left the ground where they once stood soaked with toxic chemicals. Millions of people now live on tainted land – and most of them know nothing about it. The government has done a nationwide survey to estimate the extent of the problem and a CNY100 billion five-year remediation plan will follow the survey, which found that the total contaminated land covers about 200,000 square kilometers – twice the size of Iceland. More than a dozen regions, including the Beijing and Shanghai areas were rated by the survey as being in serious need of immediate remedial action. The value of apartments in buildings on contaminated sites may drop sharply, analysts warned. Officials said the results of the survey would soon be made public but did not say whether the release of information would be partial or complete. Thousands of firms are likely to benefit from the clean-up, especially those specialized in advanced soil remediation technology. People living on untreated industrial sites face health threats ranging from skin rashes to cancer. Research by CAS' Institute of Soil Sciences showed that a large quantity of untreated toxic soil has been reused since 2000.

## Straw burning causes heavy pollution

Brownish-yellow smog caused by burning straw blanketed many Chinese cities in June as the harvest season approached. Seven cities in Hubei province, including the provincial capital Wuhan, were shrouded in heavy smog. In Wuhan, the levels of PM10 reached 574 micrograms per cubic meter, far exceeding the permissible level of 150 micrograms per cu m. Cities in Jiangsu province, such as Nanjing, Huai'an and Taizhou, also witnessed heavy smog. According to Green Stone, an environmental protection NGO in Nanjing, the inhaled pollutant exposure from spending 24 hours outdoors in Nanjing was equal to the amount from smoking 15 packs of cigarettes. Many people in the densely populated areas in Anhui, Shandong and Henan provinces also choked on burning straw smoke during the harvest season. Poor visibility caused fatal accidents on expressways. "Burning straw after harvest is common in China's rural areas, because it's an easy way to dispose of agricultural waste," said Chen Tingting, Publicity Official of Qinghe township in Shandong. "The environmentally friendly way to deal with straw, such as making methane or fertilizing the soil by burying the straw deeply, requires extra money, technology and manpower," he added. "Many farmers lack the technology, and don't want to spend money on disposing straw."

## Drug maker polluting Wuliangsu lake in Inner Mongolia

United Laboratories International Holdings, a major Hong Kong-based drug maker, has been dumping industrial waste and discharging sewage, severely damaging Wuliangsu lake, China's eighth largest freshwater lake in Bayannur prefecture in Inner Mongolia. The pollution

continued even though the company was told by local authorities to clean the mess years ago, the report stated. The lake emits a stink, and a multitude of dead fish float on its foul, foamy surface. The water is fit neither to irrigate farmland nor for exposure to the skin. The pharmaceutical company's Inner Mongolia branch was ordered in 2008 to suspend operations and properly process its industrial waste after reports surfaced that the factory had secretly buried its waste in a pit of nearly 50 hectares. Authorities were also told that wastewater was discharged through irrigation ditches linked to the Yellow river, and that waste had soaked into the groundwater and caused villagers to suffer from unusual illnesses, according to an environmental report. Wuliangsu lake, covering nearly 300 square kilometers, was once the second-largest fishery in Inner Mongolia. Every year, millions of migratory birds visited it. It is now the biggest pollution storage basin in the western part of Inner Mongolia, China Business News said. The company's plant in Chengdu also was the source of severe pollution, the report said. In 2007, the company spent CNY150 million on a cleanup under pressure from the province's environmental authorities. However, the Chengdu government found the company in violation again this year. United Laboratories has five plants on the mainland and one in Hong Kong. The maker of generic antibiotics is listed on the Hong Kong stock exchange, the Shanghai Daily reports.

## Use of urbacid on apples causes health problems

The growing of Fuji apples in paper bags coated with a fungicide in Shandong is causing growing concern, with some people suffering health problems as a result of eating the fruit. Farmers in Yantai and Qixia cover apples with the bags for five months, from when they are young until they ripen. However, the fungicide, which farmers say is urbacid, or Tuzet, has been blamed for causing rashes on people's skin and other ill effects. Last year, the National Pesticide Registration and Evaluation Committee proposed banning pesticides containing urbacid due to their high content of toxic arsine. Zhou Zengqiang, Researcher with the China Association of Pesticide Development and Application in Henan, says urbacid has been widely used around the country for more than 20 years because it is cheap, but increasing concern has been expressed about the problem of high levels of pesticide residue. Although it can make apples look better by reducing surface blemishes, it takes a long time to decompose. A crackdown in Shandong this year on inappropriate pesticide use has uncovered more than two million problematic cases.

- Water in Yangzong lake, Yunnan province, is again drinkable after being found polluted with arsenic in 2008. The pollution was caused by a local chemical company. Three of its executives were jailed, and 12 officials were sacked. Measures to make the water safe have included installing purifiers and implementing a ban on industrial dumping in the lake.
- Environmental authorities in Beijing will no longer use the method of counting "blue sky days" as a gauge of air quality, a practice employed for more than a decade. "Blue sky days are only an average figure and can hardly reflect the specific situation of different areas in the city due to various factors including climate, geography and emissions," said Yu Jianhua, Director of the Air Quality Department of the Beijing Environment Protection Bureau. In 2011, Beijing had 286 days of "blue skies," or 78.4% of the total.
- A total of 24.04 million tons of oxy-nitride were emitted in China last year, up 5.73% year on year and 22.2 million tons of sulfur dioxide were also emitted in 2011. A report by the Ministry of Environmental Protection (MEP) said 65.2 billion tons of liquid waste were discharged in China, including 2.6 million tons of ammonia. The government failed to meet its goal of reducing oxy-nitride emissions by 1.5%. It had spent CNY8 billion as of 2011 to protect the environment in rural areas.
- Officials from the Shanghai Greenery and Public Sanitation Bureau are discussing a plan to charge residents for household trash treatment, as part of a campaign to reduce the volume of trash and promote environmentally friendly sorting and processing. Shanghai has been charging institutions, government agencies and private businesses to collect waste since 2005. The charge brought in around CNY690 million last year. Households have not been charged. Shanghai set a goal of reducing the per capita amount of trash that needs to be processed by 5% annually.
- 50 parks in Shanghai began garbage classification in a pilot project, and the program will be rolled out in 107 more parks in the city next year. Trash is separated into different bins. The move aims to relieve the workload of garbage-disposal sites by

separating waste before it is processed. Shanghai plans to spend 10 years to promote the concept to all residents.

- Guangxi has ordered that 123 of its heavy-metal-processing plants be closed, in an effort to reduce pollution. Provincial authorities conducted a comprehensive inspection of industrial facilities across Guangxi, screening 154 plants for possible pollution violations. Among the plants, 31 were required to make correctional measures before resuming production, and the rest were ordered closed.
- Industrial pollution is still a problem as Chongqing prepares for an examination of its application for National Environment Model City status. Authorities said waste gas treatment, pollution from dyeing plants and rubbish management were among areas of concern.
- Tibet will begin building its first recycling plant this month in Lhasa. The CNY26 million plant will have an annual recycling capacity of 200,000 tons of refuse. It is expected to open by December. Currently, most waste generated in Tibet is transported to other provinces.
- Shanghai Industrial Holdings, the municipal government's investment arm in Hong Kong, plans to plough CNY2 billion to CNY3 billion into water and environmental protection projects in two years and will list a water unit that is already listed in Singapore. The conglomerate aims to raise its total daily processing volume of fresh water supply and sewage treatment projects to 10 million tons in the next 18 months, up from the current 8.5 million tons.
- In an effort to improve air quality, Jiangsu provincial environmental authorities will order 85,000 cars off the roads by the end of the year and a total of 425,000 vehicles off by 2015 for violating emission standards.
- China will steadily introduce a progressive pricing scheme for water use before 2015. It will also adopt high water charges for water-intensive industries and encourage reuse of recycled water, under a plan distributed by the National Development and Reform Commission (NDRC) and two ministries.
- Environmental authorities have mapped out a three-year plan for the restoration of Bohai Bay, which was severely damaged by oil spills last year. The State Oceanic Administration and the Ministry of Agriculture aim to rebuild the area's fishery industry by 2015, including putting about 3.4 billion aquatic animals into the bay. A CNY1 billion compensation fund has been allocated to Hebei and Liaoning provinces to be used to help fishermen affected by the leaks from the Penglai 19-3 oilfield. ConocoPhillips China, the operator of the oilfield, has also agreed with the government to set up another CNY1.1 billion fund based on estimated damages.
- Sinopec Shanghai Petrochemical has renovated its production line and will be capable of producing National V standard gasoline and diesel in October and also introduced better technology in the production process to control pollution discharges. Shanghai will expand areas banning high-polluting vehicles and eliminate 150,000 of them by 2014.

## GREENHOUSE GAS EMISSIONS

### CATA warns of retaliation against European airlines

China will take swift countermeasures that could include impounding European aircraft if the European Union punishes Chinese airlines for not complying with its scheme to curb carbon emissions, the China Air Transport Association (CATA) said in Beijing. Chinese airlines, which have been told by the government not to comply with the EU's Emissions Trading Scheme, refused to meet a March 31 deadline for submitting carbon emissions data. EU Climate Commissioner Connie Hedegaard said the carriers would face enforcement action if they didn't comply. "We would not like to see a situation of 'you hold up my planes and I hold yours,'" Wei Zhenzhong, Secretary General of CATA said. CATA represents major Chinese airlines, including the big three state-controlled carriers Air China, China Southern Airlines and China Eastern Airlines. Wei said that Chinese airlines wanted the EU to delay its carbon fee at least until next year's assembly of the UN's International Civil Aviation Organization (ICAO), which is trying to work towards a global framework for managing airlines' emissions.

### Premier Wen attends Rio+20 Summit

Chinese Premier Wen Jiabao attended the Rio+20 Summit on sustainable development in Rio de Janeiro this month. On the occasion, China published a report on its sustainable development record over the past 20 years, titled “China Going Green: A Civil Society Review of 20 Years of Sustainable Development”. The report details China’s progress in the field, but also contained some warnings. “The overall condition of China’s environment continued to deteriorate over the past two decades,” Professor Zhang Yisheng, Senior Researcher at the Institute of Quantitative and Technical Economics of the Chinese Academy of Social Sciences (CASS), said in the report. Ma Jun, Executive Director of the Institute of Public and Environmental Affairs, said that environmental pollution in China has become a serious problem not just for the current generation, but for future generations. “Despite the efforts, we still haven’t seen a turning point,” he told an audience at the Rio+20 conference. “When the cost of pollution is much lower than compliance, the dynamic is wrong,” he said, blaming many local governments for still putting GDP growth ahead of the environment. The report also noted that growing materialism and consumerism and the fact that China became the “factory of the world” in globalization have put extra pressure on the country in sustainable development, the China Daily reports.

- China can lead a global transition to a low-carbon economy if investments in clean technology are placed at the heart of its economic growth plans, according to The Climate Group. An industrial revolution in clean energy could create millions of jobs and help overcome the financial crisis, it said. China will need USD80 billion to USD150 billion a year during the current Five Year Plan period to fund its targets on renewable energy, emissions and energy efficiency. About USD54.4 billion was invested last year.

#### FOUNDING MEMBERS



#### STRUCTURAL PARTNERS



#### **Your banner at the FCCC website or newsletter**

Companies interested in posting a banner/an advertisement on the FCCC website, FCCC weekly newsletter or bi-weekly sectoral newsletters are kindly invited to contact the FCCC at: [info@flanders-china.be](mailto:info@flanders-china.be)

#### **Organisation and founding members FCCC**

**President:** Mr. Bert De Graeve, C.E.O., NV BEKAERT SA

**Vice-President:** Mr. Stefaan Vanhooren, President Agfa Graphics, Member of the Executive Committee of the Agfa

Gevaert Group, NV THE AGFA-GEVAERT GROUP SA

**Secretary and Treasurer:** Mr. Dirk Mampaey, Senior General Manager Corporate Services, NV KBC Bank SA

**Executive Director:** Ms. Gwenn Sonck

**Members of the Board of Directors and Founding Members:**

Mr. Bert De Graeve, C.E.O., NV BEKAERT SA

Mr. Jozef De Mey, Chairman of the Board, NV AGEAS SA

Mr. Olivier Van Horenbeeck, Corporate Affairs Director, NV AB INBEV SA

Mr. JP Tanghe, Senior Vice President, NV BARCO SA

Mr. Kris Verheye, Vice President Corporate Division, NV BELGACOM SA

Mr. Johan Verstraete, Vice-President Marketing, Sales & Services Weaving Solutions, NV PICANOL SA

Mr. Luc Maton, General Manager Asia Region, NV AHLERS SA

Mr. Marc Stordiau, Member of the Board of Directors, NV DEME SA

Mr. Stephan Csoma, Senior Vice-President Government Affairs, NV UMICORE SA

Mr. Dirk Mampaey, Senior General Manager Corporate Services, NV KBC Bank SA

**Membership rates for 2012:**

- Large enterprises: €875
- SMEs: €350

**Contact:**

Flanders-China Chamber of Commerce

Voldersstraat 5, B-9000 Gent

Tel.: +32 9 264 84 86/82 – Fax: +32 9 264 69 93

E-mail: [info@flanders-china.be](mailto:info@flanders-china.be)

Website: [www.flanders-china.be](http://www.flanders-china.be)

**Share your story:**

To send your input for publication in a future newsletter mail to: [info@flanders-china.be](mailto:info@flanders-china.be)



This newsletter is realized with the support of the Federal Government of Belgium, the Flemish Government, the Walloon Government and the Government of the Brussels-Capital Region.

The FCCC Newsletters are edited by Michel Lens, who is based in Beijing and can be contacted by e-mail [michel.jc.lens@gmail.com](mailto:michel.jc.lens@gmail.com) or mobile phone +86-13901323431. Disclaimer: the views expressed in this newsletter are not necessarily those of the FCCC or its Board of Directors.