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**IPO Approval**  
Regulators say securities companies can launch IPOs. P5



**London's Lord Mayor**  
London's Lord Mayor visits, and offers a suggestion about China's stock markets. P11

**Seeing Green**  
There are business opportunities for companies that can help clean up the environment. P12



China is attractive to global aircraft financiers

PHOTO BY IMAGINECHINA

## Aircraft financing is flying high in China

By Yin Ping

As the global aviation industry confronts record high oil prices and more expensive funding, China is becoming more attractive to global aircraft financiers because of its modern and fuel-efficient fleet.

As the subprime mortgage crisis drains world financiers of their liquidity, getting loans or other kinds of money will become more expensive for airlines, said Garry Burke, chief executive officer of Pembroke, an aircraft leasing and financing firm based in Dublin, Ireland.

Skyrocketing oil prices, topping US\$140 a barrel, are pushing up operational expenses, making it crucial for airlines to control costs.

"Modern, fuel-efficient aircraft is the way to go," said Burke on the sidelines of the 6th Annual China Air Financing Conference late last month in Shanghai. The

Irish company was bought by Standard Chartered Bank last year and focuses on African, Asian and Middle East markets.

As its fleet is generally new, the Chinese aviation industry has a special advantage in attracting aircraft financiers.

"The average age of aircraft in China is six years, while that in the rest of the world is 11 years," said Burke.

The Irish company leased aircraft to Xinjiang Airlines and China Northwest Airlines a few years ago, and is now in talks with two Chinese airlines for similar financial cooperation, Burke said, declining to name the two airlines and further details.

Continued on P5

## Property dealers 'bid' for trouble

By Yvonne Wang

Some property developers in Shanghai seem to have burned their fingers by placing overheated bids for land — only to see the market cool.

Zheng Jianlu, president of Shanghai Zhicheng Corporate Development Ltd, had to make a tough choice. He could either lose 110 million yuan (US\$16 million) by returning the plot of land he successfully bid for in Putuo District, or spend another 1 billion yuan to acquire the property.

But with the real estate market showing a downturn, Zheng had no option but to pay 110 million yuan and quit the project. This was a large amount for a company with a registered start-up capital of just 5 million yuan, but Zheng thought it wiser to cut his losses.

At an auction in September 2007, Zheng's Zhicheng Corporate Development Ltd bought a piece of land at Changfeng Ecological Business Park in Putuo District for 1.1 billion yuan. This translated into 6,456 yuan per square meter ground floor area (GFA).

Zhicheng beat other property big shots like Greenland Group, Changjia Real Estate, Pengrun Real Estate and China Resources Land in a two-hour-plus, 440-round bidding battle. The land price was finally set at a level 2.5 times higher than the base price of 314 million yuan.

But, just one day after the bidding, the People's Bank of China and the China Banking Regulatory Commission (CBRC) brought out Circular 359, saying that homeowners trying to buy a second property have to make a down payment not lower than 40 percent of the property price. And the loan rate must not be lower than 1.1 times the benchmark interest rate. The circular marked the turning point in China's booming real estate market, as demand for residential property went down.

Information from the Changfeng Ecological Business Park showed that by the end of April this year, Zhicheng had put in an application to end its development contract with Putuo District. Zhicheng will lose 110 million yuan, which is 10 percent of the land price it paid as deposit, along with 30 million yuan it has to pay the auctioneers as a penalty.

Continued on P13

# IS GREEN OUR DESTINY?

JUCCCE & a sustainable China

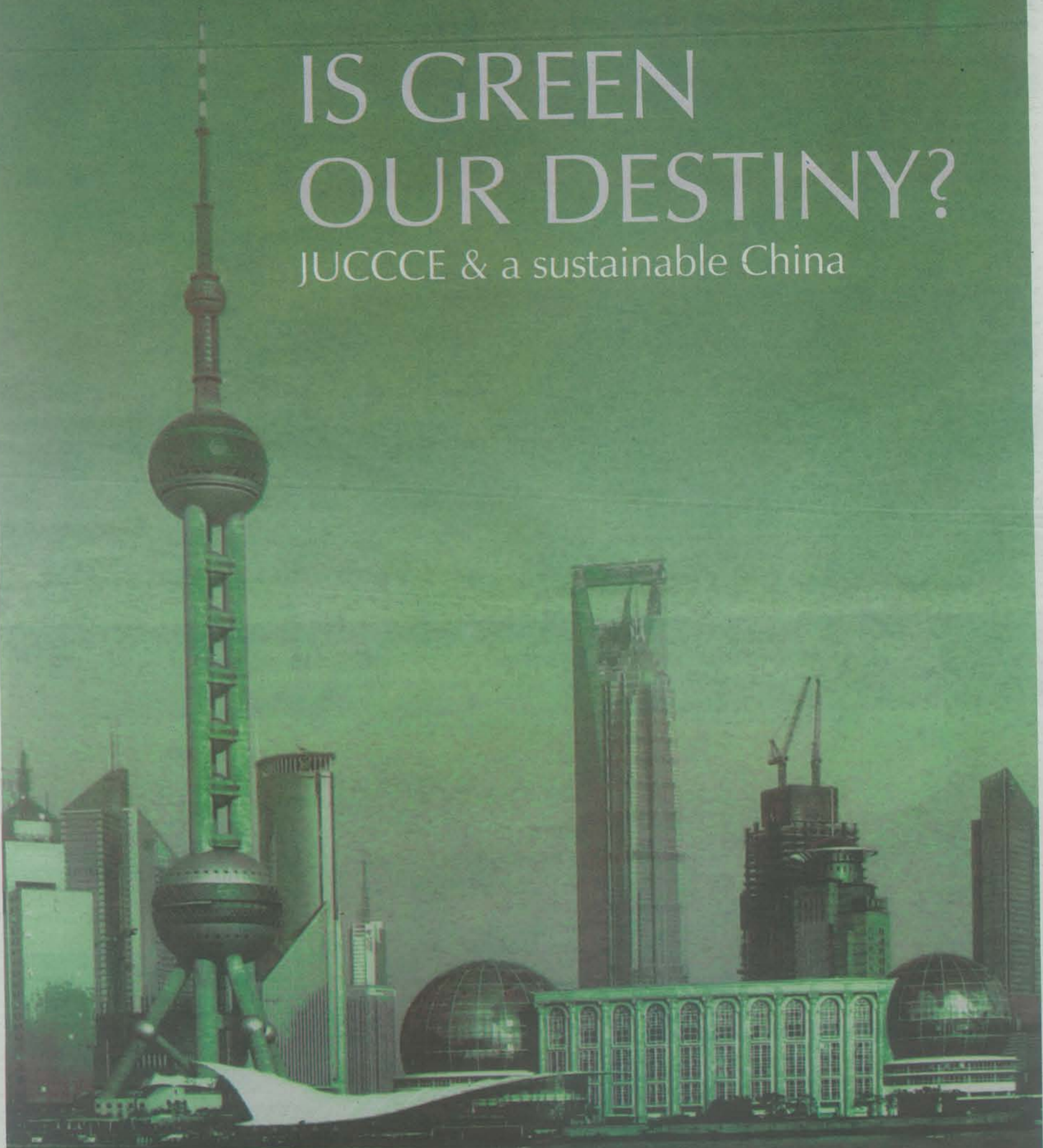


Photo by Esther Swen

page **8**  
JUCCCE mission

page **9**  
JUCCCE chairperson

page **10**  
Too late?



# JUCCE goes for a green China

**"The world is at war with energy and China is our battlefield."** - Qiu Bao Xing, China's Vice Minister of Housing and Urban-Rural Development

**"There are many worthy initiatives, but few could hope to impact on such a large scale so quickly."** - Steve Papermaster, Energy Committee co-chair, US President's Council of Advisors on Science and Technology (PCAST) and JUCCE Steering Committee US Chairperson

By Julian Wong

Energy cooperation was a key issue at the fourth US-China Strategic Economic Dialogue, which was held in June. Vice-Premier Wang Qishan, head of the Chinese delegation, released a statement calling for increased cooperation between the two sides on several fronts, including research and development, coordinated energy policies and increased bilateral dialogue. The energy discussions culminated in a commitment to negotiate a ten-year energy and environment agreement. Some individuals and organizations took these discussions as a signal to act. By the time of these talks, however, Peggy Liu and her organization, the Joint-US Cooperation on Clean Energy (JUCCE), were already active in trying to answer energy and environmental issues. JUCCE is a bilateral public-private partnership based in Shanghai. It was founded in April 2007 by Liu, a former McKinsey management consultant, Internet entrepreneur and COO of Mustang Ventures, a Shanghai-based venture capital firm. The organization was launched out of the MIT Forum on the Future of Energy in China held last year in Shanghai. JUCCE is a bilingual and bicultural organization that brings people together in innovative ways to work on clean energy in China. Based on the premise

that China's rapid development has it compressing 30 years of industrialization in the space of ten, JUCCE has set itself a ten-year mandate to create a legacy of self-sustaining, local capabilities. Tapping into a vast network of professionals, JUCCE conducted a comprehensive study of the Chinese energy industry with the help of McKinsey. A dozen key projects were then designed to create the greatest impact in the shortest amount of time.

Underpinning JUCCE's philosophy are three needs: the need to accelerate information flow, the need for integrated urban planning and the need to strengthen supply chains. Accordingly, JUCCE has formulated a three-pronged approach to educating people about clean energy that includes skill-building and leadership development at every level through effective channels; collaboration with international and local institutions, taking advantage of web-based communications; and deployment of customized green strategies for specific industrial sectors.

"Unlike the United States, where solving the energy problem is largely a policy issue, going green in China is primarily a human resources issue," Liu said. "We can have all the solar panels we need free of charge and that will not be enough if we don't have the necessary skilled people to install these systems and

maintain them. So, we believe that people matter...A massive new energy workforce must be built—at an unprecedented pace and scale—to implement China's ambitious green policies. How can we get people to achieve more by working together smartly?"

Liu continued to say that to build local capability as quickly as possible, JUCCE's

programs are designed to be replicable and scalable. Each of JUCCE's programs strategically targets "channels of decision makers" and makes it practical for the private sector to support.

For more on JUCCE, see [www.jucce.com/gogreen.htm](http://www.jucce.com/gogreen.htm), and the full article on [greenleapforward.com](http://greenleapforward.com)

## Key JUCCE programs include

Program	Impact
For government leaders: Mayoral Training	In partnership with the Ministry of Housing and Urban-Rural Development, JUCCE is creating a training course for over 300 Chinese mayors that includes tools to implement energy improvements quickly, case studies for city-level energy efficiency programs, information about vendors with bulk pricing options and various funding options.
For consumers: Clean Lighting Conversion	Ten million free energy saving light bulbs will be distributed to households around China, funded in part by the Clean Development Mechanism. This will reduce CO2 emissions by 2.5 million tons—the equivalent of removing over 400,000 cars from the road for a year, or 1 percent of China's target for reduction by 2010.
For offices: Green Office in a Box	Educational kits show office managers how to fit out office space in an energy efficient and comfortable manner. Select sustainable vendors and design firms present a complete solution. Property managers, developers and real estate agents will distribute to tenants.

**"China's projected annual increase in CO<sub>2</sub> emissions over the next several years is greater than the current emissions produced by either Great Britain or Germany."**

- Journal of Environmental Economics and Management, May 2008



How are we solving this problem? Find out at the  
**JUCCE China Energy Forum:  
Partnering on Solutions**

Co-organized by China Daily and Energy Foundation  
November 10-11, 2008 in Beijing

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Towards Cleaner Coal  
Laying out a Smarter, More Efficient Grid

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Transportation for a Sustainable Future  
Planning for Eco-cities and Case Studies  
Building Consumer Awareness  
Green Industry  
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### New Reports:

McKinsey "China Carbon Cost Curve"  
"Clean Tech in China Report"  
Hippoworks Global Warning Cartoon  
"Green Building in China" Documentary  
Special Energy 101 Workshops  
Demand Side Management Manual

JUCCE is an NGO that brings together international expertise to help accelerate the greening of China. The JUCCE China Energy Forum focuses on showcasing and developing innovative partnerships that contribute to solutions.

## It's easy to be green, Q & A with JUCCE chairperson

The idea of "going green" is intimidating to some. JUCCE Chairperson Peggy Liu, however, believes that it need not be so worrisome. Not only is 'going green' absolutely necessary, it involves much less sacrifice than some people think. In addition to her work at JUCCE, Liu also serves on the 2008 Advisory Board for the Clinton Global Initiative (CGI) Energy and Climate Change working group. In a brief interview, she gave some suggestions about 'going green' and confirmed that it is something well within the reach and interests of every person.



Former US President Bill Clinton with JUCCE Chairperson Peggy Liu

**Q: What does it mean to 'go green'?**

A: Well, it certainly doesn't mean that we have to sacrifice luxury goods. I think that this is one concern that people have—that they will have to give up enjoyable luxuries. Going green simply means minimizing waste, or "living lightly." Two-thirds of all energy is lost between the time it is created and it becomes an ice cube in your glass. Helping to reduce your energy and water footprint means we need less coal-fired power plants, which means less pollution in the air. Forty percent of deaths worldwide are caused by pollution according to a new Cornell study.

**Q: What are some of the things that we can do to be more careful?**

A: We can buy durable goods and avoid disposable products to avoid landfill and higher embedded energy costs. Avoid supersizing your appliances and equipment—buy ones that are just big enough to match your needs. Check how energy efficient they are so you're not surprised by your water heating bill or electricity bill.

**Q: Everything in the store is wrapped in multiple layers of plastic. How can a person avoid excess packaging?**

A: Just buy in bulk sizes. More than a fourth of all household waste is made of excess packages. This is a simple decision that each consumer can make. And that's the message that JUCCE wants to get out: the decisions of each person add up to make a difference. Over the next 20 years, 350

million people will be migrating into cities to make up an urban population of 1 billion people. All of that energy demand means that China's impact on the world is not a set of butterfly wings—it's a sledgehammer.

**Q: What's something else that individuals should do?**

A: Think about the advice that your parents gave you. For instance, turn off the lights when you're not in a room. Operate lean.

**Q: Operate lean? Shouldn't we be shifting toward living invisibly and zero net energy use?**

A: Dramatic change is necessary to keep our environment from becoming an even more unsafe and unclean place for us to live. We will have to develop with an eye toward designing buildings to generate as much energy as they consume and recycle as much water as they use. However, this is not something that can happen overnight, regardless of how important it is. Smaller changes can take us a long way in slowing the damage done to our world. With more than 6 billion people on the planet, a little help from everyone adds up.

**Q: But surely the onus is not just on consumers.**

A: The only way that we are going to see real change is through action by government and industries, as well as consumers. We need real innovation in the way we all partner together to work on tangible programs. The time for talk is behind us.

The good news is that the central China government is leading the way by banning free plastic bags, calling for 10 percent reduction in emission and 20 percent increase in energy productivity by 2010. Local level government is thirsty for best practices and technologies that will help them achieve these targets.

Consumers can help through individual action, and being a positive champion for local capability building.

**Q: And what about business? Do business leaders really have an interest in going green?**

A: At no other time has it been so easy to "make green, while being green."

All of these new government policies create market opportunities for green technologies, products and services. The business of educating the energy workforce is a goldmine. Deploying solar farms en masse means new jobs for energy-ready roofers, electricians, system designers. More green consumers lead to more profits from green products.

The flip side is that manufacturers need to brace themselves for increasing energy prices, shipping costs, energy shortages, and disruptions from global weirding. Can businesses adapt quickly enough to prevent factory closings? How do we insure for this?

Going green, living within your means and the means of the world we inhabit, is something that we are all interested in and something that we will all have to do together to make it work.

## JUCCE green tips for home, office and transportation

Compiled with help of SmithStreetSolutions

The places that we live in and work in can be thought of as "leaky buckets" for energy. Two-thirds of energy is lost between creating it and transporting it to point of use! As a consumer, you can plug these leaks by 1) using more energy efficient infrastructure; 2) reducing your daily demand and 3) choosing products that use less energy to make and ship to you.

For a detailed list of tips, see [www.jucce.com/gogreen.htm](http://www.jucce.com/gogreen.htm)

### HOME

Top users of energy in an average home:

- Air conditioning/heat
- Electronics and appliances
- Hot water
- Lighting

**Don't heat or cool more than you need.** Every 1°C difference in temperature between indoors and outdoors can add around 10 percent to heating or cooling costs and greenhouse gas emissions.

**Insulate walls and cover up holes to prevent drafts.** Forty percent of an average US home's energy is lost due to air infiltration through walls sockets, windows and doorways.

**Use cold, instead of hot, water.** Each time you turn on the hot water, a liter of cold water that was heated but since cooled runs down the pipes before hot water is delivered to the tap. Doing this just 10 times a day will generate about 200 kilograms of greenhouse gas each year if you have electric hot water. Ninety percent of energy used for washing clothes is for heating the water; 60 percent to 80 percent for a dishwasher.

**Use energy efficient lightbulbs. Buy longer lasting bulbs and keep them clean.** Lighting uses 19 percent of the world's electricity. Compact fluorescents use two-thirds less energy than incandescents and last up to 10 times longer. Dusty bulbs can emit 20 percent less light.

**Put electronics on an extension cord with switches or an outlet with a switch to make disconnecting easier.** Forty percent of the electricity used to power home electronics is consumed while the products are turned off, but still plugged in to power features like clock

displays and remote controls (in the US).

**Buy energy efficient appliances and use them as the manual suggests.** Don't overload or underload your appliances, and try your best to use them at off-peak hours.

**Don't smoke.** It's not necessary. Cigarettes are little chimneys of pollution that require energy to make, package and ship.

### OFFICE

There are 168 hours in a week, yet most offices are only used for 50 to 60 of those hours!

#### Interior design

When buying building materials, consider the energy it took to make and ship them to the office.

Consider energy efficiency in lighting design. Take advantage of natural lighting. Use fluorescent lighting instead of hot halogens.

Use blinds to direct sunlight upwards—this stops rooms overheating and prevents glare on computer screens.

Use occupancy sensors for lights in places like bathrooms, closets, kitchenettes.

#### Day-to-day operational efficiency.

Switch off office lights at night. This can save up to 15 percent in energy bills.

Switch off equipment at the outlet, not just on the device.

Switch off computers and monitors when not in use. More than half the energy is used by the monitor.

Use notebook computers instead of desktop computers to reduce greenhouse gas emissions by up to 90 percent.

Use timers to shut off non-essential equipment such as printers and coffee makers.

### Recycle

Recycle bottles. Recycling just one plastic bottle saves enough energy to power a 60W light bulb for six hours.

Buy stationery made from recycled content.

Create and use a scrap paper pile.

Look for printers with a double-sided printing option.

Buy furniture and carpeting that can be recycled easily at end-of-lease.

Donate used equipment instead of throwing it into landfill automatically.

### TRANSPORTATION

**Live near public transportation** and use it whenever possible. 100 people using buses would emit just 1/16 of the pollution of 100 people traveling by cars.

**Combine errands into one trip.** Several cold starts uses more gas than one long trip when the engine is warm.

**Keep tires inflated and aligned** to improve gas mileage by 3.3 percent.

**Maintain your vehicle regularly.** Watch for worn spark plugs, oxygen sensors, dragging brakes, low transmission fluid, or transmission problems. Replacing clogged air filters can improve gas mileage by 10 percent.

**Use the grade of motor oil recommended** by your car's manufacturer. Using a different one can lower gas mileage by 1-2 percent.

**Drive sensibly.** Speeding, rapid acceleration, and hard braking can lower city gas mileage by 5 percent.

**Buy a hybrid car.** Watch for this to become easier in China in the next couple years. Alternative fuel cars have the potential to use less energy and emit less pollution.

## JUCCCE corporate member profile: Haworth leads visitors to a greener office

Sponsored feature

### Green furniture

Office furniture just got greener, as Haworth launched the world's first "Climate Positive" chair, Zody, and desk set, Allways. The "Climate Positive" line, pioneered by The Andromeda Group, ensures that products are designed with sustainability in mind. The furniture actually offsets its carbon footprint by 110 percent, which means that it saves more energy than it uses.

The Zody chair assembly electricity is offset with green e-certified energy certificates. It is 99% recyclable and has a low 75kg CO2e footprint in the Asia Pacific region. The component parts are engineered for durability, easy disassembling and recycling, and are made from 51 percent recycled materials.

Haworth is the first furniture manufacturer in Asia to offer Strawboard technology on its Allways work surfaces. Straw is an agricultural byproduct that makes up half the yield of cereal-crops such as oats, rice and wheat. This gives a second income to rice farmers in central China and reduces depletion of natural wood resources around the world. By using straw instead of burning it after harvests, farmers avoid generating toxic emissions.

JUCCCE's Shanghai office is exclusively outfitted with Haworth sustainable furniture.

### Green factory

Green manufacturing is an integral part of sustainable product creation. Haworth's ISO14001 accredited Shanghai factory has been reconfigured to ensure that complete responsibility is taken for materials and resources used during the manufacturing processes. Significant investments were made in filtering technologies to ensure that water and air are actually cleaner when they leave the plant than when they arrived. Box packaging is designed for a minimum use of five times. Powder is carefully gathered from the floor and reused. At the end of its use in Haworth's factory, it is sold to companies that can use it in other forms. This is a great example of making green while being green. Haworth recently opened its Shanghai factory to support education around green manufacturing, conducting Green Tours for Chambers of Commerce, partners, suppliers and clients. To book a Green Tour or for more information please email [julia.payne@haworth.com](mailto:julia.payne@haworth.com).

### Green talks

Haworth and JUCCCE have partnered with several other like-minded organizations concerned about corporate social responsibility to bring industry-leading

information to the community via a Haworth seminar series. This is a series of monthly no-nonsense seminars around the Asia-Pacific centered on 4 key themes: sustainability, workplace, design & innovation and technology.

In Shanghai, a recent event focused on green manufacturing. Mark Cotter, operations director at Haworth, spoke about Green manufacturing in China, with a particular focus on employee engagement to ensure the integrity and perpetuation of sustainable practices. The discussion also covered green reporting and how to find the appropriate metrics for green manufacturing and balancing these with productivity. Climate change requires a combined effort. The Haworth Knowledge Series aims to create cross-industry partnerships that generate a multidisciplinary approach to sustainability solutions. To get a calendar of events, email [knowledge@haworth.com](mailto:knowledge@haworth.com).

### Get your own green office

Haworth is one of the select vendors partnering on the JUCCCE "Green Office in a Box" program. In this program, informational kits are distributed that get facility managers and interior designers thinking green when they build new offices. The kits give



information on saving energy used to make and ship building materials, optimizing the design for energy savings and end-of-lease recycling and maximizing operational efficiency. The kits will be distributed to top sustainability-minded property managers and real estate agents in key cities. For more information, email [programs@juccce.com](mailto:programs@juccce.com).

## Too late for change? Author on the pressing need for energy projects

By Erick Peterson

As JUCCCE and other organizations press for a cleaner, more energy-efficient China, others might question whether it is too late to reverse the world's unfortunate course of environmental degradation. Still others may wonder whether it is the responsibility of foreign groups to bring about change in China and help the country meet its clean energy goals. In an interview with the Shanghai Star Business Journal, Nouredine Berrah, author of the 2007 book "Sustainable Energy in China: The Closing Window of Opportunity," gave information that was both encouraging and frightening. Now retired from the World Bank, Berrah was recently a project manager on a renewable energy project in China that won a 2008 Ashden Award.

### Has the window already closed on meeting China's clean energy needs?

First, the bad news: the acceleration of China's energy consumption during the 10th Five Year Plan and during the first years of 11th Five Year Plan is quite alarming, especially that most of it is still based on coal. During the last few years, China added between 80 and 100 GW per year of capacity, most of it based on conventional coal technology. This yearly addition is larger than the total wind capacity installed in the world by the end of 2006.

The good news is that the increased awareness in China about local and global environmental issues with a major focus on energy efficiency, more focus on increased funding of R&D and a challenging program of renewable energy development.

The window of opportunity is narrower than last year, but hopefully it is not closed yet!

### If the window is not closed, how will we know when it is?

It is quite certain that the current trend is not conducive to sustainability and time is of essence. Studies carried out by Chinese

experts show that even under the most optimistic scenarios considered to date, local emissions would be higher than the absorption capacity of the environment, and latest studies on climate change indicate that greenhouse gas emissions are seriously threatening the global environment.

However, it is difficult to date the event and hopefully, actions will be taken before we will know it.

### What would a closed window mean for the world?

First, a closed window would mean local pollution level that would harm growth and constitute a big threat for the quality of life of the Chinese population.

Second for the world, the threat is now recognized and even quantified (The Stern Report). But the jury is still out... With one certainty, we are all guilty! Our energy intensive way of life (especially that of First World nations) and the delays in deploying clean energy technologies are harming and will continue to harm the environment. I hope that actions will be taken before it's too late because it is not fair to jeopardize the future and the well being of future generations.

### What are the most promising projects today regarding clean energy?

China is building large hydropower projects and is committed to the development of challenging programs of wind and biomass. However, these would remain marginal compared to the growth of the electricity sector. The 60 GW planned for 2020 are less than the coal capacity added in 2006.

In China, coal is there for many years to come and clean coal technologies with increased efficiency in the short term and carbon for the longer term are the most promising ones.

### What part do First World nations and international bodies play in helping China meet its clean energy goals?



### Bulb exchange

JUCCCE worked with Citi volunteers to do two lighting giveaways. Residents exchanged energy inefficient incandescent bulbs from home with new GE energy savings compact fluorescent bulbs. A total of 10,000 bulbs were distributed for free and accompanied by educational lectures.

## Smart grid discussed



Smart grid discussion

Access to technology is the key! "The development and deployment of a wide range of low carbon technologies is essential in achieving the deep cuts in emissions needed, according to The Stern Report. Rather than demonizing China, countries with access to existing technologies should devise a "Marshall plan" for deployment of these technologies. There are commercial issues at stake but the world is facing serious threats and it is time to be creative and find "coherent, urgent and broadly based action (on energy research, development and deployment)...embodied in a range of formal multilateral and informal arrangements" (as reads The Stern Report). It is time for First World countries to engage China (and India) to establish a framework for such action-oriented cooperation.

### Where are you at with your renewable energy programs?

I suppose that the reference here is for World Bank projects! The World Bank/Global Environment Facility (GEF) projects focus not only on financing investment projects but also on creating sustainable markets for renewable energy technologies by making them more competitive through technology improvement and cost reduction. The Bank is now engaged in a cooperative effort with the Chinese government to develop a program of clean coal technologies. However, it must be noted that reining in energy consumption should be the major focus, and the Bank/GEF has a strong and diversified program of energy efficiency in China.