China's waste could be treasure for Kyoto scheme
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By Stuart Penson
COPENHAGEN, March 1 (Reuters) - Hundreds of rubbish landfill sites across China have vast potential to help foreign governments and companies meet Kyoto Protocol climate change targets, a Chinese government official said on Wednesday.

Foreign investors can earn Kyoto credits by investing in projects with equipment to stream-off greenhouse gas emissions from rotting waste in landfills and convert it into energy, said Lu Guoqiang, an official at China's state Environmental Protection Administration.

"China has 700 registered landfill sites but only 10 of them have installed gas recovery and utilisation systems," he told an emissions markets conference. "There is great potential to develop landfill projects."

Foreign investors can earn Kyoto credits from climate-friendly projects in China and other emerging economies, under a scheme called Clean Development Mechanism (CDM) - one of the three main emissions-reduction mechanisms prescribed under Kyoto.

China has emerged as a key player in the CDM market, which is bigger in volume terms than Europe's emission trading scheme. Many of China's projects are bigger than those available in other countries. Natsource Asset Management, the second biggest carbon fund manager after the World Bank, this week identified China as a high quality partner for CDM projects.

So far the United Nations-backed CDM has registered about 100 projects with an annual CO2 equivalent reduction of 29 million tonnes per year.

Each CDM credit, or Certified Emissions Reduction, is equivalent to one tonne of carbon dioxide, the main greenhouse gas blamed for global warming and climate change.

As of February 15, the Chinese government had approved 18 projects - which could later be officially registered as CDM projects - with a potential annual reduction of 38 million
tonnes, according to Guoqiang, who was deluged with questions from potential investors following his presentation here.

"It is really progressing well," he said.

Much of the focus in China up to now has been on CDM projects to reduce emissions of HFC23, a greenhouse gas, from chemicals plants.

Guoqiang said there was potential to achieve reductions of 30-40 million tonnes a year from such projects in China.

He said there was further HFC23-reduction potential from newer industrial plants, though there was not yet a methodology for including these in the CDM mechanism.

Guoqiang said the development of CDM projects in China was clearly driven by demand from foreign investors rather than Chinese industry.

"The root driver for CER supply (from China) is purchaser demand. The market is demand driven," he said.