

China to Be World's Top Manufacturer of Green Energy Technology

By Jim Efstathiou Jr.

Aug. 1 (Bloomberg) -- China, the world's biggest greenhouse-gas emitter, is poised to lead world production of solar cells, wind power turbines and low-carbon energy technology.

China is already the world's largest renewable-energy producer as measured by installed generating capacity, according to a report today from the Climate Group, a coalition of companies and governments that support solutions to global warming. The country is also the world's top manufacturer of solar cells and will be the leading exporter of wind turbines by 2009.

China's position as a renewable-energy consumer and manufacturer runs counter to its ranking as one of the world's biggest polluters and the country's rapid expansion of coal-fired power generation. About 75 percent of China's electricity comes from coal, said Changhua Wu, China director for the Climate Group, who is based in Beijing.

"They have to do clean energy because they can't just do more and more dirty energy," said Michael Liebreich, chief executive officer of London-based New Energy Finance Ltd., which provides research to clean-energy investors. "We're seeing China as being a Number 1, 2 or 3 player in lots of different sectors in this industry."

China is closing older coal-fired power plants and replacing them with more efficient coal generators, Changhua said in a July 25 interview. While China will continue to rely on coal to fuel its rapid economic growth, state officials understand the need to transition to clean energy, she said.

The government wants to reduce the amount of energy China uses to produce each unit of economic output by 20 percent in two years and has told its 1,000 largest energy-consuming companies to cut their power consumption even more, according to the report.

Extreme Pollution

Meantime, the government is imposing emergency traffic and industrial production restrictions to lessen pollution during this month's Olympic Games in Beijing.

Leaders "really understand the issue," Changhua said. "They know the urgency of the issue. They know the impact of the issue not only to the world but to China."

About 16 percent of China's electricity came from renewable sources in 2006, led by the world's largest number of hydroelectric generators, according to the report. The nation's goal is to increase the proportion of renewable electricity to 23 percent by 2020.

China invested over \$12 billion in renewable energy in 2007, second only to Germany.

The nation needs to invest another \$398 billion to reach its 2020 renewable energy goals, an average of \$33 billion a year, the report said.

Getting Things Done

``The system in China compared to many other countries seems to be more effective," Changhua said. ``Basically, if the top leadership in Beijing decides to drive this kind of effort, they really get things done."

China, which leads the world in production of solar photovoltaic technology, has doubled its output of solar panels in each of the last four years, according to the report. Suntech Power Holdings Co., based in Jiangsu, is the world's third- biggest supplier of solar cells. China's six largest solar-cell makers had a market value of over \$14 billion at the beginning of this year.

China is exporting solar panels to developed countries better able to pay the higher costs of generating electricity from the sun, Liebreich said. Domestic production of cheaper wind power is advancing, Liebreich said.

``I don't think they want to shackle themselves to high electricity costs just to develop an industry," Liebreich said in a July 30 interview. ``Wind is a more mature industry. There isn't the same economic penalty today to implement wind."

Europeans, Americans

In 2007, each of China's 1.3 billion people emitted 5.1 tons of carbon, less than the 8.6 tons from each European and the 19.4 tons for each American. Last month, the world's richest countries, which are responsible for almost half the world's emissions, pledged to cut heat-trapping pollution by at least 50 percent by 2050.

The Group of Eight nations didn't specify how to make those reductions or provide intermediate targets. Developing nations including China said industrialized nations should commit to emissions cuts of at least 25 percent by 2020 and 80 percent by 2050.

To contact the reporter on this story: Jim Efstathiou Jr. in New York
atjefstathiou@bloomberg.net.

Last Updated: July 31, 2008 19:00 EDT

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