

CLEAN TECHNOLOGY IN CHINA: OVERVIEW AND LEGAL ISSUES

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SELECTED STATISTICS

- Adding over 22 billion square feet of new buildings every year-the equivalent of about 80,000 new skyscrapers annually;
- Approximately 9% overall rate of increase in energy consumption
- Estimated that energy demand will more than double, from 60 quadrillion British thermal units (QBTUs) to 124 QBTUs by 2020, consuming over 20% of the global total;
- Decreasing energy self-sufficiency and increasing imports, including of coal;
- CO2 emissions to rise 2.5-5% percent annually until 2010 (IPCC); other studies suggest 11%. Recently passed US as world's largest emitter.
- New coal plant every 7-10 days, with life span of 75 years.



RECOMMENDED READING

- http://www.iea.org/Textbase/country/n_country.asp?COUNTRY_CODE=CN&Submit=Submit
- <http://www.trade.gov/media/Publications/pdf/china-clean-energy2008.pdf> (July 2008)
- <http://www.mckinsey.com/mgi/publications/index.asp#brtop>
- <http://www.efchina.org/FPubInfo.do?act=list&abb>AboutUs&sabb=1>

Policy Context

- National Climate Strategy: See <http://en.ndrc.gov.cn/newsrelease/P020070604561191006823.pdf>
- “Energy Conditions and Policies:” See <http://en.ndrc.gov.cn/policyrelease/P020071227502260511798.pdf>
- Renewable Energy Law effective 1/1/2006. See http://en.ndrc.gov.cn/newsrelease/t20050913_42350.htm (announcement of proposal).
- Clean Development Mechanism under Kyoto Protocol: See <http://cdm.ccchina.gov.cn/english/>
- Still a “Developing Country”
- Health, climate and energy security vs. economic growth, national pride and popular expectations for rising living standards

SECTOR OPPORTUNITIES

- Energy efficiency: commercial and residential buildings; appliances; power T&D, measurement and audit; transportation.
- Solar (PV, Hybrid and Water)
- Small Hydro
- Co-generation
- Biofuels and biomass
- Wind
- Finance
- Other professional services

LEGAL CONSIDERATIONS

- Visa process
- Immature legal system
 - Commercial expectations: payment security and contract enforcement; contract law- see http://www.novexc.cn/contract_law_99.html
 - Domestic regulatory complexity
 - Multiple jurisdictions
- Limitations on inbound investment
- Chinese entity laws
- US export control laws
- US Foreign Corrupt Practices Act
- Tariffs and taxes

And, of course....

INTELLECTUAL PROPERTY

- Resistance to being mere buyers
- Chinese legal system
- Practical tech transfer strategies
 - 1.0 VS. 2.0
 - Some but not all
 - Controlled environment, including supply chain
 - Third country protections
 - Compete on other turf
 - Relationships and due diligence