

US & China Getting Along Leading up to Copenhagen Negotiations

U.S. Senator John Kerry, chairman of the powerful Senate foreign relations committee, spoke in Beijing recently about the ongoing dialogue leading up to Copenhagen. "I am very optimistic at the possibility of producing a successful outcome in Copenhagen" said Kerry.

Formally, the two sides are quite far apart. China is asking developed nations to make a 40% cut in emissions by 2020 (from 1990 levels), far above the goal set by U.S. policymakers. The U.S. wants China to reduce its energy use and, eventually, to join developed nations in cutting overall emissions (a will to pass into the "developed nations" group after 2012, taking binding commitments, has been unofficially expressed also by China – see *China Green Report* March '09, p. 2). Kerry says, however, that both sides have shown they are more than willing to compromise. The two countries plan to share know-how and conduct research together into renewable technology.

New Environmental Tax Measures Issued by MEP

On 20 March 2009, the Ministry of Environmental Protection issued the *Measures for the Acceleration of the Policy Reform and Innovation of Environmental Taxes and Fees*, reforming the environmental tax regime.

The Measures provide for the implementation of a tax reforms which include a tax rate increase in relation to exploitation of rare mineral resources, an increase of tax benefits for businesses in the environmental sector (including service providers), and the development of an independent environmental tax system.

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GM & SAIC Strengthen Partnership

Shanghai Automotive Industry Corp. has recently announced it will use the same fuel cell system that powers the Equinox, an automobile made by General Motors. The advanced partnership will allow SAIC to introduce a new Shanghai Brand Fuel Cell Vehicle. Engineers from both companies have collaborated on the test vehicle in order to make the components fit together. SAIC and GM will share a pavilion at the World Expo 2010 Shanghai, where the first ten test vehicles will be introduced. These test vehicles will be used to shuttle guests to and from the event in 2010.

Nick Reilly, GM Group VP and Asia Pacific President, says the vehicles "will be featured in the most extensive fuel cell demonstration program ever conducted in China. This follows the government's call for the creation of a sustainable transportation system."

General Motors CEO Fritz Henderson says China will continue to be a key partner of GM, adding that "our business in China continues to grow very fast, I should say at torrid pace.... And we are very appreciable of that."

Speaking on the advancing partnership between GM and SAIC, Henderson adds, "We are very interested and excited about the next five years."

Protecting Coastal Land

Tianjin, located some 120 kilometers from Beijing and the biggest port in northern China, is the subject of a new Sino-Japanese forestation project aiming to protect Tianjin's coastal environment by planting nearly 200,000 trees in a 200 hectare area over the next 3 years.

With funding of almost U.S.\$1.2m, including U.S. \$180,000 from Japan's Greening Association, the collaboration is China's third project of this kind financed by the Obuchi or Sino-Japan Greening Communication Fund.

New Proposal to Reduce Emissions

As the capital of Hubei Province in central China, and a hub of heavy industrial activity, Wuhan is the proposed site for a new national-level trading market. This new market aims to reduce emissions and save energy by transforming traditional heavy industries. However, the plan put forth by political advisors in early March is still under review.

The Food Safety Law was promulgated on February 28, 2009 and entered into force on June 1, 2009. The new law is meant to create a more comprehensive framework for the management and control of the food industry in China. The Food Safety Law replaces the previous Food Hygiene Law, promulgated in 1995, and will be integrated, as usual, by subsequent implementing regulations and national standards which will be issued in the future.

The Food Safety Law provides a list of activities, parties and products subject to its provisions. Activities falling under the scope of the Law include: production and use of food, food additives, and food-related products; food processing; food distribution; catering services; production and distribution of packing materials, containers, detergents and disinfectants for food and utensils and equipment for food production and business operation; advertising of food products; and safety management of food, food additives and food-related products. Parties are food producers, food distributors and food service providers. Some provisions of the Law also cover community groups and individuals with specific reference to food promoters (i.e. in advertising). The Law applies to products such as food (including pre-packed food); food additives; food packaging; tools/equipment used in food production and distribution; and detergents and disinfectants.

Under the Food Safety Law national food standards will be enacted by the Ministry of Health, in cooperation with other authorities such as the Standardization Administration of China, the Ministry of Agriculture (the latter has the specific responsibility of drafting standards regarding pesticides and veterinary medicines, and restrictions on their utilization). Said national food standards will be the only effective standards in China for the food industry. However, businesses are incentivated to create and enforce their own standards where there are no available national standards for a specific product. Corporate standards can be created also when there is already a national standard available, on the condition that the corporate standard be more stringent than the national one. Enterprises engaged in food production, distribution and services are required to comply with a set of technical requirements listed in Article 27 of the law with regard to facilities, equipment and processes.

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Article 28 of the law sets forth a list of food products whose production and distribution is illegal, including deteriorated or rancid products, products containing hazardous substances prohibited by the food standards or containing hazardous substances in excess of the limits set forth in said standards, and products realized with recycled food.

The law provides for the implementation of a labeling system, and establishes a licensing system according to which individuals and businesses engaging in food production/distribution and catering services (with some exceptions) are required to obtain a specific license, which is a food production license, a food distribution license or a catering license depending on the business the entity/individual actually engages in. A food recall system is established, and inspection activities, food advertising, and import/export of food products are also defined.

Finally, the food Safety Law brings in a series of punishments for food producers, food distributors and food services providers that range from the confiscation of illegal proceeds and equipment, raw materials and other items utilized for the illegal activities, to fines up to RMB 100,000 or to 10 times the value of the illegal products manufactured/distributed/sold, to issuance of orders to cease production and business operation, and to the revocation of the business license. In case of revocation of the business license, the directly responsible person in charge at that time is forbidden to engage in food production, distribution or services for a period of 5 years from the date the punishment has been issued, or for a period of 10 years in case of criminal punishment, from the day the criminal punishment has ended. Article 96 of the Food Safety Law gives the consumers who purchase food products which do not comply with food safety standards the right to claim from producers and sellers of such food products, in addition to other civil damages, ten times the purchase price of the products.