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**Energy Policy Working Group of the
U.S.-China Forum on Environment and Development
April 9, 1999
Washington D.C.**

The Energy Policy Working Group of the U.S.-China Forum on Environment and Development held its second session in Washington D.C. on April 9, 1999, at the U.S. Department of Energy. The meeting took place in conjunction with the second plenary session of the U.S.-China Forum on Environment and Development on April 9, 1999, under the co-chairmanship of Vice President Al Gore and Premier Zhu Rongji. The Energy Policy Working Group was co-chaired by Mrs. Song Mi, Director-General, Department of Basic Industries, State Development Planning Commission and Dr David J. Jhirad, Senior Advisor for International Affairs, Office of the Assistant Secretary for Policy and International Affairs, U.S. Department of Energy. A complete delegation list from both countries is attached.

The major outcomes of the meeting are provided below:

- Discussion of next steps in implementing the Export-Import Bank \$100 Million Clean Energy Program
- Discussion of next steps in renewable energy cooperation, including projects underway to¹:
 - Complete Xiao Qingdao (PRONOUNCE: SHAW-CHIN-DOW) village power project in island off the coast of Shandong province;
 - Completion of two bilingual reports: i) PV industry and technical status in China; ii) renewable energy business profile in 6 provinces;
 - Development of an internet web site in both countries in support of renewable energy business development;
 - Provision of technical assistance in 3 building designs using ground source heat pumps (totaling 2.5 million square feet) and training in exchange for China's commitment to purchase U.S.-made equipment;
 - Upcoming completion of 240 Solar Home Systems in Inner Mongolia;
 - Technical assistance for the Lanzhou Testing and Training Center;
 - Updating a biomass resource database.
 - Consideration of joint renewable energy forum and exhibition in Beijing, possibly in the spring of 2000.
- Review of the summary report of the first session of the U.S.-China Oil and Gas Industry Forum and plans for the next meeting in July 1999 in the United States.

¹ These are those projects using FY 1998 Funds

- Confirmation of plans for a natural gas utilization study, under a letter of intent signed by EPA and China's State Development Planning Commission.
- Discussion leading, in the next few months, to a new fossil energy technology development and utilization protocol between DOE and the appropriate Chinese government organization that reflects the recent Chinese Government reorganization and current areas of interest for cooperation.
- Discussion of plans for the development of a Coal Mine Methane Market Development Plan, a joint project between China's State Administration of Coal Industry and EPA.
- Discussion of plans for the next phases of cooperation in the "Technology Cooperation Agreement Pilot Project: Clean Air and Cleaner Energy Technology Cooperation", led by EPA with China's State Development Planning Commission.
- Reporting on status of several activities in energy efficiency:
 - plans for the second meeting of the U.S.-China Energy Efficiency Steering Committee in June of 1999 in Beijing (Dates of June 24-25 have now been confirmed);
 - the convening of a motor challenge workshop, concentrating on pumping systems in Beijing in the summer of 1999;
 - status of a design study (to be completed) for an energy efficient building demonstration project in Beijing, being coordinated by DOE and China's Ministry of Science and Technology;
 - confirmation of USG offer to continue to provide technical assistance in energy efficiency policies.

Summary

In opening the session, the U.S. Co-Chair reviewed desired outcomes of the meeting. These included: identifying/clarifying next steps in implementing the \$100 million U.S. Export-Import Bank/DOE Clean Energy Program; exchanging views on energy policy developments; agreement on the second session of the Oil and Gas Industry Forum; identifying areas to strengthen cooperation in clean coal technology, energy efficiency and renewable energy; confirming cooperative agreements with EPA for a natural gas utilization study, coalbed methane market development plan, and technology characterization pilot project. The U.S. Co-Chair called attention to Premier Zhu's statement at the Forum plenary session that morning that energy cooperation was beneficial to the environment and also to improving the bilateral trade balance.

Energy Policy Developments

The U.S. Co-Chair made available a copy of his prepared remarks highlighting developments in U.S. national energy strategy since the March 1997 Forum meeting and distributed a copy of the "Comprehensive National Energy Strategy" released in April 1998.

The PRC co-chair reported on energy developments in the PRC since the March 1997 Forum. She noted rapid increase in energy and electricity demand and continued structural changes, including a decline in the percentage of coal in the energy mix to 74% and increased use of natural gas. She indicated that there had been an improvement in the management of coal mines, and a new system put into place to manage large-scale energy projects. She pointed to continued progress in energy conservation, with the ratio of energy use to GDP having fallen to 0.5, a 50% reduction since the late 1970s. Developments in other areas noted were: the delegation of the management of all state-owned coal mines to local governments; the establishment of a new national electric power corporation; a major restructuring of the petroleum industries; and a decision, as of June 1998, to link domestic crude oil prices to international ones.

The PRC co-chair indicated that, since the first meeting of the Forum, the PRC had focused on the following areas: reductions/closures in low-efficient, low-capacity fossil energy power plants; increases in the deployment of desulfurization technology; increased emphasis on solar, wind and other new technologies; efforts to restructure the electric power grids; attempts to lower the sulfur content of coal use; efforts to deploy coal gasification technology. In reference to energy cooperation, mention was made of the MOU for the \$100 million Clean Energy Program and cooperation in other areas, such as oil and gas, and renewable energy. The PRC co-chair emphasized that the PRC would do its part to promote greater cooperation in the energy sector and explore areas to further improve bilateral cooperation.

The U.S. co-chair complimented the PRC on the restructuring of their electricity and petroleum sectors. He noted that, given the extensive amount of capital investment needed for energy expansion worldwide (an estimated \$300 billion per year), much of this investment will have to come from the private sector. This indicates the need for continued energy reforms to attract investment needs. He complemented the PRC on reforms taken to date and encouraged the PRC on this path. He said that there were opportunities to make energy an important part of the trade balance and economic future of both countries and indicated that the U.S. would like to collaborate with China to bring advanced technologies to commercial reality.

\$100 Million U.S. Export-Import Bank/DOE Clean Energy Program

U.S. Export-Import Bank officials discussed the program and next steps in implementing it. They noted that Ex-Im Bank Chairman Harmon looked forward to implementing the Clean Energy Program. China was already the largest customer of Ex-Im Bank, with cumulative exposure of almost \$6 billion, and was one of the largest future markets for clean energy

technology. The Memorandum of Understanding for the Clean Energy Program was signed on March 29; signatories were the State Development Planning Commission; the China Development Bank; Ex-Im Bank; and the U.S. Department of Energy. Projects eligible for inclusion under the program include: wind; solar, and geothermal technologies; industrial cogeneration; energy efficiency building technologies; low nitrous oxide burners; and SO₂ reduction technologies.

Under the terms of the MOU, both the U.S. Department of Energy and the Ex-Im Bank plan to encourage U.S. private industry to work with the relevant Chinese authorities to support the identification, assessment, and implementation of appropriate projects that will showcase innovative U.S. energy technologies that provide reliable, cost-effective, and environmentally-sound energy production and savings. Ex-Im Bank officials indicated that U.S. exporters and other interested parties could contact two Ex-Im Bank project officers for more information: Mr. Kyle Jackson at 202-565-3927 or Frank Wilson at 202-565-3920. In follow-up discussion, the Chinese Delegation indicated that they had already identified three potential projects for the Clean Energy Program; the Bao Ding solar energy cell project (still in feasibility study and approval stage); a power project in Inner Mongolia (a feasibility study has been submitted to the SDPC for approval); and a geothermal project, still in the proposal/formulation stage. The Chinese delegation indicated that they did have some difficulty with the U.S. loan terms because the financial profitability of all three of these projects were not high, although the social benefits were very high. The Chinese delegation asked whether there could be better interest rate terms available for the Ex-Im Bank program.

Ex-Im Bank officials responded that, with regard to the terms of the Clean Energy Program, there were two structures (direct loan or guaranteed loan). Under the latter, there was a possibility for the two negotiating parties (i.e., the U.S. company and Chinese buyer) to negotiate better terms. Ex-Im Bank officials indicated that each project being considered would be reviewed by Ex-Im Bank's energy and environment division. They noted that notification of the prospective projects could take various forms: project ideas submitted by SDPC to Ex-Im Bank or DOE; direct application by the U.S. exporter to Ex-Im Bank etc. Ex-Im Bank officials indicated that it would be worthwhile to explore other ways to discuss/identify projects of which the U.S. side might be aware which would qualify for this program. In regard to the potential eligibility of projects, Ex-Im Bank could issue a Letter of Interest to the U.S. exporter, and copy Chinese representatives at SDPC or CDB to notify them that the prospective project would qualify for the program.

The PRC co-chair indicated that the SDPC was likely to participate in the development of the first few projects for the Clean Energy Program. China would examine the projects to see if they are worthwhile. After the projects were approved and agreements signed among the parties, the CDB would make an application for the Clean Energy Program. Ex-Im Bank officials indicated that all three of the projects which the PRC co-chair had described would be eligible to apply for the Clean Energy Program -- there was no question about that. In regard to how to approach Ex-Im Bank for the Program, Ex-Im Bank officials noted that: DOE was interested in providing input and guidance; that the SDPC has identified mechanisms which they feel would

be appropriate and that if the PRC has projects it feels strongly about, they can contact Ex-Im Bank directly or go through DOE to see if the projects are suitable for the Clean Energy Program; China could invite the U.S. exporter to bid on given projects; and U.S. exporters would subsequently apply to Ex-Im Bank for a letter of interest or loan/loan guarantee. The PRC co-chair described her understanding that the proposed projects have to go through certain procedures. She asked if the SDPC was responsible for the selection of the projects and would they all have to fall under specified criteria. She also indicated her understanding that the U.S. exporters bidding on the projects could apply directly to Ex-Im Bank during the initial stages of negotiations for letters of interest. She said we should move the projects forward on this basis. Ex-Im Bank officials responded that this understanding was essentially correct. The SDPC would be a very important player on the Chinese side in identifying and selecting projects. Ex-Im Bank officials said that one suggestion would be that, after projects have reached the negotiating stage between the Chinese and U.S. company, it would help facilitate the process if DOE and Ex-Im Bank were notified about the projects. Subsequently, the U.S. exporter could approach Ex-Im Bank.

Oil and Gas Activities

An official from DOE's Office of Fossil Energy, also a U.S. member of the Steering Committee for the U.S.-China Oil and Gas Industry Forum, reported on the outcomes of the first session of the Forum in November 1998 and plans for the second session in July 1999. He noted that the November 1998 session was very successful and had resulted in agreement to continue this two-way dialogue with specific areas of focus for the second session. He noted that the summary report of the first session had already been agreed to by both sides in English and distributed copies of the Summary report. One of the action items emerging from the first meeting was to expand membership in the Steering Committee, from both U.S. industry and Chinese petroleum entities.

He indicated that this had been accomplished: all five of the Chinese petroleum entities were represented on the Steering Committee; and companies Phillips, Chevron, and ARCO had been added. He asked for reflections from the Chinese delegation on the first session. Mr. Zhu responded that, while he did not personally participate in the session, CNPC participants had prepared an internal report on the meeting and briefed all levels of their company. He noted that CNPC attached a great deal of importance to experience provided by the U.S. side, and exploration of China's long-term natural gas goals. He indicated that his government is seeking to adopt effective measures to encourage natural gas development and use and the development of a natural gas infrastructure. He said Chinese companies desired to cooperate with U.S. companies in initial work on large projects. A gas assessment was already underway with Exxon and an MOU had been signed with Enron for a long-distance natural gas pipeline. He indicated that, through the Forum, we can enhance and promote cooperation between our two industrial sectors. Both governments should encourage their industries to proceed with projects. He indicated that the willingness of U.S. companies to transfer technology would enhance their prospects.

DOE officials noted that the Forum Plenary session had included a Business Roundtable with U.S. CEOs and Premier Zhu Rongji and senior officials of his delegation. They noted that U.S. industry reportedly made 2 or 3 points in regard to the Chinese market: that they would like to establish long-term business partnerships with the PRC industry counterparts; that appropriate technology transfer could occur, but only on commercial terms; that U.S. industry would like to see reforms in China continue and be assured of adequate rates of return on investments; and that there must be equal and symmetrical access to information on R&D and end use markets.

In regard to LNG, a DOE official noted that the LNG roundtable in Beijing during Secretary Daley's recent visit provided a good opportunity to speak with Chinese officials, including Minister Bao Xu Ding of the SDPC, regarding the parameters of the announced LNG project in Guangdong province. He indicated that the U.S. welcomes the opportunity to continue this dialogue as to how the U.S. could be useful in facilitating the decision-making process on the project. He said there had been a positive response from the Chinese side regarding their willingness to review U.S. industry bids for the LNG facility. The DOE official also reiterated the USG offer to make available its technical exports to assist China in crafting a national natural gas policy.

In response, the Chinese delegation indicated that the local government in Guangdong had been authorized to go ahead with the LNG project and that the feasibility study for the project had already been concluded. He said such individual projects will be the responsibility of the local governments. He noted that future prospects for LNG were bright. He said that, in addition to LNG, China wanted to continue to develop its substantial offshore gas resources. He indicated that resources that could be exploited economically amounted to more than 3 billion cubic meters. China anticipated that total production from offshore areas is already 4 billion cubic meters and that this would rise to 10 billion by the year 2004. He noted successful projects already concluded, including Chevron effort to invest \$40 million for gas exploration.

DOE officials noted that natural gas would be a special area of focus for the second session of the U.S.-China Oil and Gas Industry Forum and distributed a preliminary agenda for that session. China was asked to submit any additional topics as soon as possible to the Steering Committee so that the agenda could be finalized.

An official of the U.S. Department of Commerce, the Counselor to the Department of Commerce, described insights gained from U.S. industry in previous discussions and at the morning's Business Roundtable, as well as the Oil and Gas Industry Forum which he co-chaired in Beijing. He noted their interest in: mutual access to markets; exchanges on oil and gas industry practices to help identify areas where government practices and regulations could act as barriers to greater investment. He also indicated U.S. and Chinese industry's common interest in international projects for energy supplies to China, in both Central Asia and Russia. He encouraged China to work with Qatar for enhanced gas supplies and with other countries with whom the USG and China have common interests.

EPA/SDPC Cooperative Study of Natural Gas Utilization in China

An official of the U.S. Environmental Protection Agency next described plans for the "Cooperative Study of Natural Gas Utilization in China", under a Letter of Intent signed on April 9 between EPA and the State Development Planning Commission. He noted the benefits of natural gas because it had no emissions of SO₂ or particulates and 60% fewer CO₂ emissions compared to coal. Enhanced natural gas use would thus result in substantial reductions in China in all these emissions. He described the tentative schedule for the study with discussions with the SDPC to begin in a May visit to Beijing by EPA officials. That meeting would aim at confirming the schedule for the study. The goal is to initiate the study quickly and to report progress on it and seek inputs/comments at the next meeting of the U.S.-China Oil and Gas Industry Forum in July.

The Chinese Delegation responded that the PRC is very interested in improving air quality and had decided to embark on this study to reduce carbon emissions. It was noted that the State Council and one dozen Chinese agencies have jointly decided to embark on clean air projects, including a clean vehicle action plan. There was an agreement to phase out leaded gasoline in automobiles and to install devices to reduce tailpipe emissions. There were also efforts to promote use of LPG and CNG in vehicles and to promote electric vehicles. The clean vehicle action plan would be started with pilot projects in 12 cities, with the aim of gradually expanding the effort more widely. These pilot projects will open up opportunities for cooperation in natural gas – either CNG or LPG. The EPA official noted that EPA is very interested in looking at the transport sector as part of the natural gas study and opportunities for enhanced gas use in the sector. The Chinese delegate indicated that China's Ministry of Science and Technology would contact EPA to discuss this further.

A Sustainable Coal Industry

An official of China's State Power Corporation distributed a paper on "China's Power Industry and Environmental Impact" and made brief summary comments. He noted efforts by the PRC to improve the efficiency and reduce the environmental impacts from the production and burning of coal. Some progress has been made, but there is a need for a major effort to promote cooperation in advanced technologies. In 1985, the Minister of the Coal Industry signed a fossil fuel protocol with DOE; there has been progress under the agreement through 1997. China has also participated in clean coal technology conferences in Beijing and exchanged ideas on strengthened institutional arrangements between the FETC and Chinese institutions. A concrete issue is the need for an organizational institution to promote the exchange of information and exchange of personnel. China is hoping to apply advanced technology in the area of coal washing to reduce emissions from coal. Also, the PRC is hoping to promote advanced technology for desulfurization. They would like the U.S. to cooperate with them in this field.

Currently, 500,000-600,000 boilers in China use coal. The PRC official indicated that there were opportunities to explore joint research in LNG. Reference was also made to the coal

liquefaction project in cooperation with HTI of New Jersey and disappointment that the 3 ton level test did not proceed due to lack of DOE funding. China indicated that this project was quite meaningful for the future and hoped that DOE would continue its support. The PRC official noted that coal burning was one of the major concerns in the energy sector in China and expressed his hopes that DOE will continue to implement specific cooperative projects. The PRC co-chair added that there were many problems associated with coal utilization in China and that increased attention was being given to the impact of coal on the environment and on air quality. China is one of the major coal producing countries; the issue is how to use policy as a lever to motivate industry to use clean coal technology and how to reduce its cost, so that it is more competitive. These questions would be a useful focal point for discussion between the two countries.

An official of DOE's Office of Fossil Energy responded to China's concern over the coal liquefaction project. He noted that there had been outstanding results from the benchmark tests completed for this project, but that DOE funding originally envisioned for the 3 million ton scale test had to be applied to repair some of the support facilities for the project. HTI is now modifying these units to make a successful test run in the future. DOE has included a request for the necessary funding for completing the 3 million ton test in its budget request for Fiscal Year 2000. If secured, this funding would be available in October of 1999. The PRC expressed disappointment in this slippage, noting that it also has cooperative projects with Germany and Japan, and hoped that U.S. project could proceed; otherwise, these two countries would have an advantage in this area.

In other areas, the DOE official noted the U.S. offer to have Chinese coal tested at an IGCC plant in Tampa, Florida. He noted that this could be extremely valuable to China and provide valuable technical information, otherwise only available by constructing a demonstration plant. He noted that China did not accept this offer last year, but now that the IGCC feasibility study had been completed, perhaps it would revisit this offer. The DOE official summarized cooperation already underway between the USG and PRC through the Energy and Environment Technology Center in Beijing. He pointed to the complexity of clean coal projects, with potential cooperation covering areas from coal preparation, and coal conversion to coal combustion and electric power generation. He also noted the complexity of organizations in China dealing with these efforts, at both the provincial and central government level. To streamline U.S. cooperation with China, DOE is looking toward making the Federal Energy Technology Center the focal point for managing clean coal technology cooperation with Chinese counterparts, and looking to develop a new fossil energy protocol which would include provisions for new institutional arrangements between FETC and counterpart Chinese research institutes. The Chinese delegation responded that there was a clean coal task force within the SDPC that should be the focal point for our future contacts and for managing bilateral clean coal technology cooperation. The PRC suggested that the upcoming U.S./Sino clean coal technology conference would be a good opportunity to exchange ideas on the elements of a new fossil energy protocol.

Coal Mine Methane Market Development Plan

An EPA official described a new coal mine methane market development plan to be developed over the next two years, under a letter of intent between EPA and China's State Administration of Coal Industry. He noted that enhanced development of coal mine methane has substantial potential in regard to: increased mine safety; environmental protection; reduction of greenhouse gases; and promoting economic development goals. The EPA official indicated that the PRC had made significant progress in coal mine methane recovery and use but that significant potential remained, on the order of 2-6 billion cubic meters. A number of U.S. companies, including Texaco, Arco, and Phillips, are involved in coalbed methane projects in the PRC. However, the barriers to enhanced development of coal mine methane included lack of information by western investors on potential projects, partially because of the small size of many of these projects. The EPA official said that the new coal mine market development plan would seek to develop an information database on coal mine methane projects that would be developed under the existing China Coalbed Methane Clearinghouse and distributed internationally to potential investors. The project would be undertaken over a two year period. The PRC responded that China is looking at ways to strengthen cooperation with foreign entities in this area, which was the basis for the establishment of the United China Coalbed Methane Company and incentives provided for investments in coalbed methane projects. The EPA official noted that in coal mine methane, as opposed to coalbed methane, there was a need for more engagement with the coal industry and more cooperation with Western companies. He also indicated that U.S. companies would be interested in how they might eventually receive greenhouse gas reduction credits for coal mine methane projects in China.

Technology Cooperation Agreement Pilot Project (TCAPP) or the "Cleaner Air and Cleaner Energy Technology Cooperation Agreement"

An EPA official noted that a letter of intent had been signed between EPA and the State Development Planning Commission to continue work under the Technology Cooperation Agreement Pilot Project or TCAPP which had been underway for two years. This cooperative program would now continue for three years. The goal would be to use the project as a model for technology cooperation under the Framework Convention on Climate Change and to share lessons learned under the project with other countries under the Convention. The EPA official distributed a handout on the TCAPP program. The PRC Delegation indicated that this was a very important project and that it had organized a task force to push this type of cooperation forward. The PRC noted that there were important issues which could be addressed through this work, such as the availability of matching funds for certain projects using the World Bank and other organizations.

Renewable Energy Cooperation

An official from DOE's Office of Energy Efficiency and Renewable Energy reviewed the status of cooperation under four cooperative annexes under the U.S./China Energy Efficiency and Renewable Energy Protocol signed in 1995. He noted that the four annexes for the protocol

covered: rural electrification; wind energy; renewable energy business development; and geothermal energy. In wind power development, he described the upcoming completion of the Xiao Qingdao village power project on an island off the coast of Shandong Province, technical assistance for wind resource assessments, and technical support for a Wind Energy Center in Beijing. In renewable energy business development, the DOE official referred to the upcoming completion of two bilingual reports: one on the PV industry and its technical status in China; and renewable energy business profiles in 6 key provinces. In addition, an internet web site was being developed in both countries, and a regional rural electrification workshop was being planned. The DOE official also described plans for technical assistance in 3 building designs in China using ground source heat pumps and training in exchange for China's commitment to purchase U.S.-made equipment. The U.S. was also considering a proposal by China's Ministry of Science and Technology for a joint Renewable Energy Forum and Exhibition to be held in Beijing in the late fall of 1999; the most likely date appears to be in the spring of the year 2000. In rural electrification, another 240 Solar Home Systems were to be completed in Inner Mongolia; technical assistance was planned for the Lanzhou Testing & Training Center; and technical assistance was also under consideration in support of the SDPC's Brightness Program. In regard to biomass energy, a biomass resource database was being updated; there was continuing information exchange; and planning for a workshop on biogas and for training on geographic information systems.

In response, the PRC delegation noted that renewable energy applications are vital in China, because China still has 60 million people without electricity and there are long-term structural problems, including inadequate grid capacity and an inadequate distribution network. PRC official noted efforts to expand the electric power network in rural areas; and to further rationalize power generation needs. Environmental protection was of increasing priority. The basic principles being followed were to focus on hydropower development, development of nuclear power to a reasonable degree, increase the development of the electric grid and diversify away from coal use (which was still 75% of energy needs). Renewable energy would play an important role in bringing electric power to people in rural areas.

Energy Efficiency Cooperation

An official of DOE's Office of Energy Efficiency and Renewable Energy reviewed the status of cooperation with the PRC in energy efficiency and the next steps in this process. He emphasized that energy efficiency is a common challenge to both the U.S. and China and that there are substantial opportunities for improvements in both countries. He said that since most of the industrial production capacity built today will still exist 15 years from now, industrial technologies chosen today will affect patterns and efficiency of energy use for decades to come. He stressed that increasing energy efficiency not only reduces energy costs, waste and pollution, but can also promote productivity and product quality. The U.S. realized that the PRC had already taken important steps in energy efficiency including the enactment of the Law on Energy Conservation in January 1998. U.S.-China Bilateral cooperation in energy efficiency was conducted under the Protocol for Cooperation in the Fields of Energy Efficiency and Renewable Energy signed in 1995 between DOE and the then State Science and Technology Commission.

An energy efficiency steering committee between DOE and the SDPC has been established and held its first meeting in Beijing in May of 1997.

The Steering Committee has activities underway in ten areas: energy policy, information exchange, industrial process controls, lighting, finance, district heating, energy-efficient buildings, cogeneration, energy-efficient motor systems; and amorphous core transformers. Significant progress has been made in most of these areas since the first meeting of the Steering Committee. A second meeting is planned for June 1999 in Beijing. Electric motor systems have been identified as a particular area of emphasis, because electric motors consume about 50% of industrial electricity and significant energy savings are possible with more efficient motors and systems. Significant progress has been made in this area, including the completion of a motor market study and a motor challenge workshop held in Beijing in 1998. The next step planned is another motor challenge workshop in the summer of 1999, concentrating on pumping systems, and discussion of bilateral assistance in helping the PRC develop a motor challenge program in one province.

The U.S. and China had also collaborated on policies to promote energy policy, including a workshop held in Beijing in December 1997 in which over 40 Chinese officials participated. The DOE official indicated that the U.S. would be very happy to provide further technical assistance to China in the development of China's Law on Energy Conservation and its ongoing efforts to demonstrate energy standards, upgrade energy monitoring and data gathering and use energy appliance labeling.

In a third area, the U.S. and China are cooperating in a design study for an energy efficient building demonstration project. This work was being conducted under a Statement of Work signed in July 1998 between DOE and the Ministry of Science and Technology. It provides for a technical and financial feasibility assessment and the development of a project plan, including budget and cost shares for the U.S. private sector and China entities who might participate in the construction phase of the demonstration building. The building would be designed to incorporate a demonstration center for energy saving technologies and to house the Administrative Center for China's Agenda 21. The technical analysis portion of this effort is nearing completion. The U.S. National Resources Defense Council will lead an assessment of potential U.S. private sector contributions to the construction phase, should the project proceed.

Concluding Remarks

The U.S. and PRC co-chairs each took note of the many achievements in energy cooperation between the US and China and the next steps identified in this meeting of the Energy Policy Working Group. These include: the Ex-Im Bank Clean Energy Program, as well as cooperation in clean coal technology, energy efficiency, renewable energy, oil and gas, and coal mine methane. Both sides expressed the hope that following the meeting, these efforts would move forward and that there would be a continued exchange of information. The U.S. co-chair noted that a summary report of the meeting would be prepared within two weeks and suggested that the two sides share their written reports and the concrete steps that we can take to implement the

various outcomes that were identified. He also noted that there was a need for correspondence between the two sides on the possible role of various foundations under the Energy and Environmental Cooperation Initiative. He indicated that a number of foundations has expressed interest in participating under the Initiative and had written with specific ideas or proposals. It would be useful to exchange information with China on these proposals.

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U.S.-China Forum on Environment and Development**

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