



China: 3F Zhonghao HFC-23 Destruction Project

Located in Changshu City of Jiangsu Province, Changshu 3F Zhonghao New Chemical Materials Co. Ltd. is a leading fluoro chemical enterprise in China. One of the main products of 3F Zhonghao is HCFC22, which is a gas used as a refrigerant and as a raw material for other products. HFC-23, one of the most potent greenhouse gases affecting climate change, is a waste gas generated in the manufacturing process of HCFC22. HFC-23 has a global warming potential that is 11,700 times that of carbon dioxide.

The project will capture and destroy the HFC-23 generated from the existing HCFC22 production facility at 3F Zhonghao. Since there is no regulation at the national or local level to restrict the emissions of HFC-23 in China, in the absence of the project, this potent gas would be released into the atmosphere in the course of HCFC22 production.

3F Zhonghao has signed an emission reductions purchase agreement with the World Bank's Umbrella Carbon Facility. The project will generate on average emission reductions amounting to nearly 10.5 million tons of carbon dioxide equivalent per year.

China has created a Clean Development Mechanism Fund (CDMF), through which revenues accruing to the government as a result of the sale of emission reductions will be used to support sustainable development activities. The government will retain 65% of all HFC-23 revenues for investing in projects and activities related to climate change. China's Clean Development Mechanism Fund is expected to finance climate mitigation projects in priority sectors such as energy efficiency, renewable energy, coal mine methane recovery and use.

“ *The Government of China attaches a high priority to participation in global efforts under the Kyoto Protocol. We are glad that it has been possible to bring forward this project, which we expect will make a significant contribution to these efforts, with two companies from Jiangsu Province. China has also set up a Clean Development Mechanism Fund to use Clean Development Mechanism revenues for projects and capacity building for managing the effects of climate change.* **”**

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