

**Work Plan for General Areas of Collaboration
On
Vehicle Emission Control and Transportation Issues
Under the
Strategy for Clean Air and Energy Cooperation between the State Environmental
Protection Administration of the People's Republic of China and the U.S. Environmental
Protection Agency**

1 General Areas of Collaboration

Pursuant to the SEPA-EPA Memorandum of Understanding (MOU) dated December 8, 2003, and guided by the principles of the Strategy developed under the MOU, and the ensuing work plan outlining areas of joint interest, we are pursuing an integrated set of clean fuels and vehicles projects in China:

1.1 *Fuel Quality:* EPA and SEPA will conduct a variety of analyses for lowering sulfur in fuel, which is expected to result in particulate matter (PM) reductions in and of itself, and also enable the use of newer, cleaner engine technologies, and the retrofit of existing heavy-duty diesel vehicles with highly efficient particulate filters.

1.2 *Heavy-Duty Diesel Retrofit:* EPA and SEPA will work together to develop and implement retrofit demonstrations on heavy-duty diesel vehicles.

1.3 *In-Use Vehicle Compliance:* EPA will assist SEPA in establishing an in-use compliance system, which may include durability testing, inspection, recall and emissions testing.

1.4 *New Vehicle Technologies:* EPA and SEPA will cooperate to develop an environmentally friendly vehicle program, and will share technical and policy experiences on current clean technologies, clean vehicle standards, and emerging advanced technologies.

1.5 *Voluntary Programs:* EPA will provide technical and policy support in the development of voluntary programs with private and state-owned companies.

1.6 *Sustainable Transportation:* EPA will assist SEPA in reviewing the air quality aspects of the Environmental Impact Assessments (EIA) for transportation projects, and facilitate SEPA's collaboration with the appropriate U.S. agencies on mass transit and sustainable transportation tools.

1.7 *Non-road standards:* EPA and SEPA will explore potential avenues of collaboration on development and implementation of non-road standards.

1.8 *Fuel efficiency:* EPA and SEPA will share experiences on fuel efficiency requirements, with emphasis on China's stringent light-duty truck and sports utility vehicle (SUV) standards.

2 Short-Term Priorities

2.1 *Fuel Quality:* EPA and SEPA will co-sponsor a project to conduct a variety of analyses for lowering sulfur in fuel, including the development of a low-sulfur fuel plan for China. The first step will be to conduct an early 2005 workshop on low-sulfur fuel in Beijing with key stakeholders. The goal of the workshop is to develop a consensus report for consideration by the State Council of the People's Republic of China on timetables and mechanisms for introducing low-sulfur fuel in China.

2.2 Diesel retrofit demonstration with Beijing city buses or other vehicles, and a diesel retrofit workshop in early 2005 to plan project with key stakeholders (outlined in separate work plan).

2.3 EPA will provide SEPA with policy and technical advice on implementing OBD in new vehicles.

2.4 EPA will provide training to SEPA experts through exchanges, study tours, and seminars.

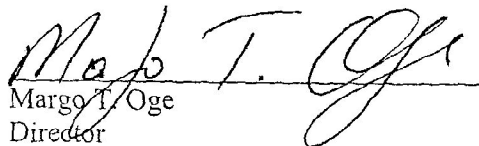
3 Involvement of Other Partners

As SEPA and EPA delve into each of the above areas, we plan to consider collaborating with appropriate external partners with whom we could further the goals of the project.

Signed this day of 17 November, 2004.



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**Beijing Diesel Retrofit Demonstration Project Work Plan
On Vehicle Emission Control and Transportation Issues
Under the
Strategy for Clean Air and Energy Cooperation between the State Environmental
Protection Administration of the People's Republic of China and the U.S.
Environmental Protection Agency**

1 Joint Diesel Retrofit Demonstration Project in Beijing

Pursuant to the SEPA-EPA Memorandum of Understanding (MOU) dated December 8, 2003, and guided by the principles of the Strategy developed under the MOU and the ensuing work plan outlining areas of joint interest, SEPA and EPA plan to collaborate on a diesel retrofit demonstration project in Beijing, in collaboration with the Beijing Environmental Protection Bureau, as well as other potential government, industry, academic and non-governmental organization partners. The goals of the retrofit project are to demonstrate the feasibility of retrofitting existing diesel fleets in Beijing with advanced emissions control technology and cleaner fuel.

2 Procedure for Carrying Out Demonstration Retrofit Project

2.1 The project Steering Committee, under which the Retrofit Team (Team) intends to operate, is expected to be comprised of two persons from SEPA, two persons from EPA, and two persons from BEPB.

2.2 The Team intends to agree and follow through on necessary analyses to determine appropriate candidate fleets for diesel retrofit demonstration.

2.3 SEPA plans to host an early 2005 workshop on diesel retrofit, in which the Team will provide assistance and participate fully.

2.4 EPA plans to award a competitive grant to facilitate the implementation of the retrofit project.

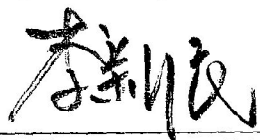
2.5 Beijing Municipal Environmental Protection Bureau (Beijing EPB) will be responsible for organizing the implementation of the pilot project in Beijing.

2.6 The Team intends to ensure efficient and accurate implementation of retrofit demonstration project.

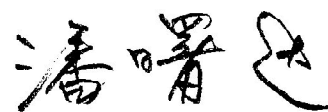
3 Assessment and Potential for Retrofit Expansion

3.1 The Team plans to assess the success of the demonstration project and explore expansion to other fleets, and possibly other cities.

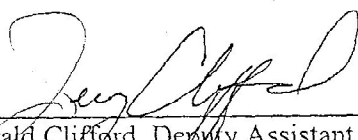
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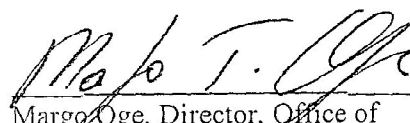
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