# *SPPI News Search 10-07-08*

**SIX EU STATES READY TO BLOCK EUROPE'S CLIMATE POLICY**

Reuters, 3 October 2008
http://www.reuters.com/article/environmentNews/idUSTRE4922NT20081003?sp=true

By Gabriela Baczynska

WARSAW (Reuters) - Poland has assembled a blocking minority among the European Union members enabling them to stall Brussels' climate package, Polish officials said.

Poland and Greece reached an agreement late on Thursday, following a similar accord with Hungary, Slovakia, Romania and Bulgaria, that more debate was needed on the EU's package of climate measures.

The European Commission -- EU's executive arm -- aims, among others, to cut carbon dioxide ($CO_2$) emissions by a fifth by 2020 compared to 1990 levels. Building up a blocking minority would now force it to seek a compromise on the plan.

"Poland's Environment Minister Maciej Nowicki signed in Greece an agreement referring to the climate package," Joanna Mackowiak of Nowicki's cabinet, told Reuters late on Thursday. "We have the blocking minority."

Under the EU's voting rules, some decisions may be blocked by a certain number of member states representing enough voting power.

The EC's proposal sets full auctioning of the $CO_2$ emission permits as of 2013. The six states want to delay this, arguing their power plants will not have enough cash to compete with giants like the Germany's E.ON on the free-market auctions.

At present, industry gets some permits for free and companies have to buy additional ones only if they exceed their granted quotas.

"This minority refers only to the auctioning," a source responsible for the negotiations told Reuters on Friday, adding the EC would now try to lure particular countries away from the group.

"It's not the biggest success when you build up a blocking minority. It's when the minority sticks together to the very end."

(Editing by James Jukwey)



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EU CLIMATE POLICY: POLAND LEADS REVOLT OVER RUSSIA FEARS

The Daily Telegraph, 4 October 2008
http://www.telegraph.co.uk/earth/main.jhtml?xml=/earth/2008/10/03/eapoland103.xml

By Michael Levitin in Berlin

Poland has claimed that it has assembled enough votes to block a landmark EU climate change agreement after spearheading a revolt by Eastern European states that fear the package would increase their dependence on Russian natural gas supplies.

A six nation bloc on the EU's eastern fringes signed a pact to fight a proposal designed to cut carbon dioxide ($CO_2$) emissions by a fifth by 2020.

The target represents the EU's landmark initiative to address the pressures of climate change and would return the continent's output of $CO_2$ to 1990 levels.

Poland has led efforts to fend off adoption of the package. An aide to the country's environment minister, Maciej Nowicki said Greece had joined the opposition, alongside Hungary, Slovakia, Romania and Bulgaria,

"Poland's Environment Minister signed in Greece an agreement referring to the climate package," Joanna Mackowiak, a ministry spokeswoman said. "We have the blocking minority."

While viewed in Brussels as a necessary act of leadership in the climate change debate by Europe, the proposal has been criticised for granting an unfair advantage to the richer Western European nations.

In particular introducing a 100 per cent auction of carbon trading quotas by 2013 is likely to force the closure of heavy polluting coal power stations and force the Eastern states to build natural gas facilities that would buy Russian pipeline supplies.

Warsaw has vowed to avoid that prospect at all costs. "It's not the biggest success when you build up a blocking minority" said Miss Mackowiak. "It's when the minority sticks together to the very end."

While Poland currently relies on its domestic coal reserves to meet 90 per cent of its energy needs, other countries in the block fear they will be trapped in permanent dependence on the Kremlin.

"We are dependent on Russia for 97 per cent of our gas and more than 90 per cent of our petrol," said Jan Skoda, Slovakia's foreign ministry spokesman. "We're caught with a double-edged sword.

"We are concerned that dependence of any kind is not good for our or anybody's strategic interests. On the one hand we want to accept the protocol's conclusions, reduce carbon dioxide and proceed toward a healthier climate. On the other hand we have to keep our capacity to compete."

Russia's lightening strike against Georgia in August raised fears of Moscow's strategic dominance over its near neighbours to the top of Europe's agenda.

But the aftermath of the war exposed divisions between Germany and other countries that hope to build alternative pipelines or resource routes and countries to end Russia's stranglehold on the European energy market, and those like Poland that want to stand up to Moscow.

German politicians have condemned the threat to derail the Commission's plan. Renate Künast, chair of the German Green Party said: "Eastern Europe does not need coal, it needs to switch to a sustainable energy supply.

"This switch must be supported by Old Europe, and especially Germany. But using gas does not mean using natural gas from Russia. It means producing biogas. The countries in Eastern Europe have the potential to become biogas exporters."

But an advisor to the dominant Christian Democratic Union in the ruling coalition cautioned against an outright dismissal of the renegades position. "The Russians have used energy for political reasons," said Uwe Täger of the CDU.

"Belorussia had problems. Ukraine had problems. We're watching very carefully what's happening there. We have to help each other to avoid creating a divided energy policy with too much dependence."



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ECONOMIC TURMOIL COULD SCUPPER EU CLIMATE PLANS

New Scientist, 03 October 2008
http://environment.newscientist.com/article/dn14871-economic-turmoil-could-scupper-eu-climate-plans.html?DCMP=ILC-hmts&nsref=news1_head_dn14871

New Scientist staff and Reuters

As if the European Union's attempts to curb carbon dioxide emissions had not drawn enough criticism, the current economic turmoil is bringing further attempts to weaken European climate protection policies.

Global automakers urged EU authorities today to reconsider proposed limits on $CO_2$ emissions from cars, arguing that the current financial crisis is going to make it even harder to meet them.

"You can't pile on regulation on an industry during its worst time in the last 10 years," Fiat Chief Executive Sergio Marchionne told reporters while visiting the Paris Auto Show, which opens to the public on Saturday.

The financial crisis is expected to worsen an already bad situation for US and European car makers, who have seen sales plummet in recent months.

Caps on cars

Car makers have long been critical of the proposal from the European Commission to cap emissions at 130 grams per kilometre per vehicle by 2012, saying it would cost them too much money to upgrade the technology under the hood in such a short period of time. The average current $CO_2$ emission from a car in the EU is 158 g/km.

There had been a move in the European Parliament to lower fines for non-compliance and stagger the timing of the deadline, but it was rejected by the environment committee.

France, which currently holds the rotating presidency of the EU, has proposed phasing in the limits up to 2015, with lower fines for car makers that narrowly miss the target.

Poland, meanwhile, has assembled a blocking minority among EU member states, which could stall Brussels' climate package in an attempt to protect national industries.

Horsepower trading

Poland and Greece reached an agreement late on Thursday, following a similar accord with Hungary, Slovakia, Romania and Bulgaria, insisting that more debate is needed on the EU's proposed climate measures.

The European Commission aims to cut $CO_2$ emissions by a fifth by 2020, compared to 1990 levels. Building up a blocking minority could force it to seek a compromise on the plan.

"Poland's Environment Minister Maciej Nowicki signed in Greece an agreement referring to the climate package," Joanna Mackowiak, of Nowicki's cabinet, told Reuters late on Thursday. "We have the blocking minority."

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Emission auction

The European Commission proposes full auctioning of $CO_2$ emission permits as of 2013. The six states want to delay this, arguing their power plants will not have enough cash to compete with giants like Germany's E.ON on the free-market auctions.

At present, industry gets some permits for free and companies have to buy additional ones only if they exceed their granted quotas.

"This minority refers only to the auctioning," a source responsible for the negotiations told Reuters on Friday, adding the EC would now try to lure particular countries away from the group.

"It's not the biggest success when you build up a blocking minority. It's when the minority sticks together to the very end", said the source.



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EUROPEAN CAR MAKERS CALL FOR £32 BILLION GREEN BAIL-OUT

The Guardian, Saturday October 4 2008
http://www.guardian.co.uk/business/2008/oct/04/automotive.europe

David Gow in Brussels

Carmakers are pushing the European commission for a €40bn (£32bn) "green" bail-out plan to help them meet stringent EU limits on carbon emissions, it emerged yesterday.

Sergio Marchionne, Fiat's chief executive, said in Paris that the European Automobile Manufacturers' Association (ACEA) would approach the commission for a loan. The US Congress last weekend approved a $25bn loan to the American motor industry, which is struggling to compete with smaller, "green" cars imported from Asia, to help it modernise plants and produce environmentally friendly cars.

The ACEA approach, said to have been approved unanimously by its 15 members, comes at a politically highly charged moment over the car industry's contribution to fighting climate change.

Last week the European parliament's environment committee overturned the views of MEPs on the industry committee and voted for a 17% reduction in car emissions by 2012.



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**“Coal's Comeback”**

www.arabianbusiness.com/532894-coals-comeback

*Arabian Business*
Friday, 03 October 2008
by Tom Arnold

The 1984 miners strike signalled the beginning of the end for the British coal industry. One by one the pits closed, ending the dominance of a fossil fuel that had powered the country's factories and heated its homes since the industrial revolution. Two decades on from the miners' strike and the unfashionable fuel is making a comeback on the global stage - starting in the most unlikely region of all.

Oil prices have prompted the boom so as a result industrial growth has accelerated, exacerbating the gas crunch. **Oman last week detailed plans of a study on the viability of using coal to meet its spiralling energy needs**, mainly fuelled by the large industrial projects springing up across the country.

Not to be outdone, the **UAE emirate of Ajman announced its intention at the end of July to build the UAE's first coal-fired power plant, with another emirate, Ras Al Khaimah, also planning to move ahead with the building of its own station.**

**"Gas is the primary source of energy for power plants but for various reasons some of these Gulf countries are now facing potential shortages in gas so they're having to look at other options which include coal,"** says Dubai-based Raja Kiwan, an analyst at PFC Energy International.

Indeed, **it may not be long before Dubai too turns to the black stuff to meet its energy needs.** Dubai Electricity and Water Authority (DEWA) is understood to be considering the construction of a $1.6bn power station to generate electricity using hydrogen extracted from coal.

But the critical environmental question facing governments in the region weighing up the option of coal, is whether they are prepared to further worsen the GCC's already unenviable position of having one of the highest carbon emissions per capita in the world, by opting for a fuel which is a major contributor to climate change.

**The formerly unfashionable fossil fuel is also keeping the world's fastest growing major economy on the move. Over the past three years, China has built each year new coal plants equivalent to the UK's entire electricity-generating capacity. India has given the go-ahead to eight plants which will nearly increase its current generating capacity by half.** Gas price rises mean US utilities firms are building 28 coal-fired plants and in the UK, a new clean-coal power station is being built at Kingsnorth in Kent.

**It may seem incongruous that Gulf states so abundant in oil and gas reserves are considering importing coal, but for a region expanding at a rapid rate, coal provides a cheap and quick-fix solution compared to other alternatives such as nuclear and renewable energy.**

The price of coal is historically high at around $160 to $200 a tonne but in relative terms it is still a cheaper option than oil and gas.

**"Coal-fired plants are a proven technology and there's a ready supply of coal so from an economic point of view it makes sense, it's a cheap energy to keep things running,"** continues Kiwan.

Rising populations and rapid growth in the real estate, commercial and industrial sectors have been driving up electricity demand much faster than forecast before soaring crude prices resulted in a regional economic boom. With the substantial gas reserves of most oil-producing Gulf states not being developed fast enough to keep up with rising domestic demand, the region has been left facing a serious gas crunch, with insufficient supplies to ease pressure on creaking power grids.

**With coal once you've got it you can say 'that's my fuel for the next six months', whereas with gas you can get cut off and have problems because of supply.** Kiwan says: "Oil prices have prompted the boom so as a result industrial growth has accelerated, exacerbating the gas crunch. Governments are sitting on all these projects thinking about how they are going to fuel them, and as a result they are having to look at other sources which include coal."

**Turning to coal to diversify energy sources also makes good economic sense for oil-producing nations**, according to Mohammed Shakeel, an analyst at the Economist Intelligence Unit (EIU).

"Suppose in future we had an oil crash and prices drop heavily? When you're a one-resource and one-commodity country, to stake so much of your economic potential on a single resource is a big gamble," he says.

**In Oman, the government's advisory council, the Majlis Ash'shura, last week launched a study to investigate all uses of coal as a substitute for energy generation and its cost of production**, together with its impact on health and the environment compared to other sources.

Led by Majlis deputy chairman Shaikh Nasser bin Hilal al Ma'awali, the team is expected to enlist the expertise of specialists in the field and examine studies conducted both within and outside the country before submitting its report in December.

**The bidding process closed in August for a contract to build a 1000 MW electricity and water desalination plant in Duqm on the east coast of Oman, which is likely to be the Middle East's first coal-fired plant, and could be operational by 2012.**

"Despite historically being a pretty important gas producer and exporter, Oman's own reserves and production capabilities have been dwindling. At the moment their own gas production is sufficient enough to provide for domestic consumption, but by their own forecasts demand will exceed supply in the not too distant future so they are having to look at alternatives," continues Shakeel at the EIU.

**Another reason why Oman may move to coal energy is to allow the country to inject ever-decreasing gas supplies into its enhanced oil recovery project which aims to step up oil production**, says Shakeel.

**Oman is likey to build the region's first coal-fired power plant, which could be operational by 2012.** Faced by serious delays in the connection of residential and commercial property projects to the power grid, Ajman in the UAE recently signed a $2bn deal with Malaysian power producer MMC to build a coal-fired power station, generating 1 GW of electricity from early 2012.

In a deal with the UK's Independent Power Corporation, Ras Al Khaimah is planning to build a coal-fired power station to enable the emirate to pursue its own growth ambitions. Ras Al Khaimah has launched a mining investment company, RAK Minerals & Metals Investment (RMMI), which is helping to source Indonesian coal for the power plant, along with other mining investments in Armenia and Congo.

On a smaller scale, Fujairah Cement Industries and Gulf Cement Co are both already importing coal from South Africa to power their furnaces to make cement. Ras Al Khaimah Cement Company will have the ability to burn coal from next year to power its cement-making process.

Mike Richardson, general manager of the firm, says: "With coal once you've got it you can say 'that's my fuel for the next six months', whereas with gas you can get cut off and have problems because of supply. "It does increase efficiency as when coal burns you do get some extra clinker come out and you have to put less raw material into the turbine."

But a major problem which could prove critical to some Gulf countries considering whether to choose fossil fuel to power growth plans is coal's contribution to climate change. In an average year, a typical coal plant produces 3.7 million tonnes of carbon dioxide, a primary cause of global warming, as well as 10,000 tonnes of sulphur dioxide, which causes environmentally-harmful acid rain, according to figures from the Union of Concerned Scientists, a US-based scientific non-profit organisation.

This environmental impact could be reduced through carbon capture and storage (CCS), a technology under development which aims to trap carbon emissions from coal plants and bury them underground in disused oil wells and coal seams.

**"For enhanced oil recovery and enhanced gas recovery you will need extra carbon dioxide, and potentially a lot of it can come from the coal-fired power generation**, so if carbon capture can be fitted on new plants they can potentially be used at zero cost to developing enhanced oil recovery or enhanced gas recovery, which could attract Gulf countries," says Sankar Bhattacharya, senior coal analyst at International Energy Agency.

But he warns that **if other GCC states do make the move to developing coal power, it could trigger a surge in global prices.** "If the Gulf countries come in as coal buyers I suspect it may set off a new round of increased coal prices. It would be very interesting to see what that does to the demand of coal from Japan, China and India," adds Bhattacharya.

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**BRUSSELS READIES FOR 'SUPER TUESDAY' CLIMATE VOTE**

EurActiv, 6 October 2008
http://www.euractiv.com/en/climate-change/brussels-readies-super-tuesday-climate-vote/article-176041

MEPs will tomorrow (7 October) vote on key legislation designed to slash the EU's CO2 emissions by 20% by 2020. But the vote comes amidst a worsening economic crisis, with several member states indicating that they want to put the brakes on any rapid adoption of the measures.

Background:
On 23 January 2008, the Commission presented a series of proposals designed to transform into law the political commitments made by EU member states in March 2007 to reduce the EU's emissions of CO2 and related greenhouse gases (GHGs) by 20% by 2020, while boosting the bloc's share of renewable energy use to 20% over the same period.

A proposal to revise and strengthen the EU's Emissions Trading Scheme (ETS), the 'flagship' EU policy to tackle climate change, as well as a proposal that outlines how member states should divide the 'effort' of sharing CO2 reductions in sectors not affected by the ETS between themselves, is the mainstay of the so-called climate and energy package. The Commission and EU leaders had hoped to finalise the proposal before the end of 2008 or, at the latest, by March 2009 in order to strengthen the EU's negotiating mandate in UN-led talks on a global climate change deal to replace the Kyoto Protocol in 2013.

But as the deadline for adopting the measures approaches, many of Europe's heavy industries and several of the EU's newer member states, which are heavily dependent on coal for electricity generation, have launched a campaign to delay the plans and/or to include special exemptions from emissions rules for select industries that fear dramatic increases in operating costs resulting from the EU ETS. The onset of the global economic slowdown, caused by the meltdown of financial markets in the US, has made previously wary industry and member states even more apprehensive about the (real and perceived) costs of tackling climate change.

Three reports will be subject to votes by the Parliament's Environment (ENVI) Committee. The first and most controversial for heavy industry relates to the revision of the EU greenhouse gas emissions trading scheme (by Avril Doyle, an Irish EPP-ED group MEP). The second, prepared by Finnish Green MEP Satu Hassi, will determine how much each EU country should take on of the bloc's "burden" to slash greenhouse gas emissions by 20% by 2020.

The third and final report, prepared by UK Liberal MEP Chris Davies, establishes a legal framework for the geological storage of $CO_2$ captured by coal-fired power plants during electricity generation.

Growth first, climate later?

Following the collapse or bail-out of several key banks in the US and in the EU, the 'usual' controversies surrounding the climate proposals have been eclipsed by concerns about grave economic recession, which overshadow Tuesday's vote and are casting doubt on whether Brussels will be able to push through its ambitious $CO_2$ reduction programme (EurActiv 26/09/08).

The climate and energy package is in "deep trouble", The Economist reported on 4 October. German Chancellor Angela Merkel, a "green champion" in March 2007, "now sounds like a lobbyist for German business," the weekly commented.

Merkel has indeed indicated that she may not support an "ill-advised climate policy," and Germany's foreign minister last week admitted that the economic crisis "changes priorities," the Financial Times reported. "One cannot rule out that interest in protecting the climate will change because of such a crisis," the minister said.

Stern warnings

Advocates of ambitious policies to reduce climate change say this logic is faulty, drawing on findings and recommendations submitted in October 2006 to former UK Prime Minister Tony Blair by Sir Nicholas Stern.

The 'Stern report' argued that keeping global warming under control through massive investment today would cost the global economy far less than coping with the damage it will cause (EurActiv 31/10/06).

But many of Europe's industries say paying too much for emitting $CO_2$ means they cannot stay competitive internationally and will be forced to move production and pollution outside the EU's borders, leading to a 'leakage' of carbon that would be environmentally counter-productive. To prevent such a scenario, they say, certain industrial sectors like aluminium and cement producers should be given up to 100% free emissions allowances.

The issue is the cause of an internal rift in the EP's largest political group, the Christian Democratic European People's Party (EPP-ED) party. Doyle, an EPP-ED member, is fighting to gain support in advance of the vote in the face of opposition from some MEPs, who say a stricter EU ETS would undermine European industries, according to ENDS Europe reports.

The coal equation

Competitiveness concerns are also at the heart of MEP Davies's report on carbon capture and storage (CCS). While the Davies report in itself has not been the focus of extreme controversy, the issue of how to pay for CCS has.

Davies has worked closely with Doyle in recent months to link CCS financing to the ETS proposal. The two rapporteurs have drafted an amendment that, if accepted by other MEPs and by the Council, would see the transfer of massive sums from a special ETS reserve fund to select CCS demonstration projects.

CCS is considered a vital tool in the fight against climate change, including by a number of environmental NGOs (with the exception of Greenpeace). It remains unclear how the expensive technology could be funded and made competitive, though a recent report by the business consulting firm McKinsey indicates that CCS could become commercially viable by 2030 (see EurActiv 24/09/08).

The votes are preliminary and need confirmation by the full plenary of the Parliament. But they will give an indication as to where the package as a whole is headed, and lay the basis for negotiations with the Council.

Positions:
The Commission has given mixed signals on the issue, pointing to what is widely believed to be a significant divergence in views between EU Industry Commissioner Günter Verheugen and EU Environment Commissioner Stavros Dimas.

Dimas has said that while the financial crisis "is here one day and it is gone another day," the "climate crisis will be there always and we must face it". Verheugen, on the other hand, has already given assurances that 100% free CO2 permit allocation "should be possible" for select industries and governments, and the industry commissioner's cabinet has already leaked to the press a Commission 'non-paper' that gives an indication of which sectors could be likely to receive an exemption from the EU ETS (EurActiv 22/09/08).

The Corporate Leaders Group on Climate Change, a grouping of major companies including Philips, Shell, Tesco, Vodafone, Allianz, Holcim, Kingfisher and Skanska, are giving their support to a successful vote in the committee.

"We recognise that issues of European competitiveness and concerns about a global economic downturn will influence the debate, but we are confident that the adoption of a strong and effective climate package will ultimately be good for European business," the group said in a 6 October open letter to MEPs.

Climate Strategies, a European network of climate policy experts, argue that giving some industries a 'free ride' in the EU ETS will be detrimental to the wider economy. "Free allowance allocation creates distortions for the carbon price signal and reduces the efforts of some sectors to reduce emissions which in turn increases the costs for the remaining economy," the network said in a 6 October statement.

The view is backed by Sanjeev Kumar, ETS Coordinator at the WWF in Brussels. "The Environment Committee must not cater to the needs of the polluting few at the expense of the many citizens who wants to improve the long term health of the European economy as well as environment," he said.

Next steps:
7 Oct.: Parliament's Environment Committee to vote on the reports by MEPs Doyle, Hassi and Davies; Dec. 2008: UN climate conference, Poznan, Poland; March 2009: End of current Parliament's legislature; End 2008: French Presidency's original deadline for adoption of climate and energy package; Dec. 2009: UN-led climate talks wrap up in Copenhagen.

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EU: SAVING THE ECONOMY OR SAVING GREEN DREAMS

Financial Times, 6 October 2008
http://www.ft.com/cms/s/0/7d1127b0-932c-11dd-98b5-0000779fd18c.html

By Joshua Chaffin in Brussels

The slowing economy and financial crisis are testing Europe's goal of becoming a world leader in greenhouse gas reduction.

Industry has seized on the slowdown to lobby for delayed or watered down regulations, arguing that directives set out by the European Commission earlier this year would force them to cut jobs or relocate factories outside the European Union.

Some politicians also acknowledge that the financial crisis could hinder efforts to forge international agreements on reducing emissions.

"This crisis changes priorities," Frank-Walter Steinmeier, the German foreign minister, last week told a conference on transatlantic climate and energy cooperation in Berlin. "One cannot rule out that interest in protecting the climate will change because of such a crisis."

On Tuesday the European Parliament's environmental committee is to vote on measures at the heart of the EU's commitment to cut greenhouse gas emissions by 20 per cent by 2020.

Among the proposals are plans to expand emissions trading, accelerate the development of carbon capture and storage and a measure that would ban the construction of power plants that emit more than 350 grams of carbon dioxide per kilowatt hour – essentially ruling out coal-fired plants.

The results of the vote, on what is dubbed "Super Tuesday," will form the basis for negotiations with the EU's 27 member states. With members of parliament facing re-election in the spring, it is seen as a last chance for Europe to pass meaningful climate legislation before an international summit to renegotiate the Kyoto treaty next year.

"It is very important that the EU is ambitious because the EU will have to be a leader if we want to have an international deal that means something," said Delia Villagrasa, the EU climate project co-ordinator at the World Wildlife Fund.

However, the economic environment has deteriorated since the Commission first spelled out its climate change proposals in January. Just last week, France confirmed that it had fallen into recession and Spain reported that unemployment had surged past 11 per cent, while governments were forced to bail out banks amid a growing financial crisis.

"You have to keep in mind that only with a good economy can you afford all this," said Heimo Schuch, chief operating office of Wienerberger, the world's largest manufacturer of clay bricks.

Mr Schuch is focused on one of the most contentious proposals, which would adjust Europe's emissions trading scheme so that companies would have to buy emissions allowances at auction beginning in 2013. Until now, they have received them free.

If adopted, that measure would drive up housing prices across Europe, said Mr Schuch, while giving an unfair advantage to other building materials, such as aluminium, that have been exempted from the auction.

Alistair Steel, executive director of Euro Chlor, which represents about 40 European chlorine manufacturers, raised similar concerns.

Electricity accounts for about half the cost of chlorine production. Mr Steel argued that chemical companies would be forced to invest in new plants elsewhere – a dynamic known as “carbon leakage” –- if they were forced to absorb emissions costs passed on by power companies.

As such, he is asking that his member companies receive some emissions allowances to offset those costs.

“All these statements that have been made by Europe up until now have been from the environmental view,” Mr Steel said. “Now the bill is coming due.”

But environmental groups dismiss such claims. “The problem is that we’ve had a lot of scare-mongering from the traditional industries, which are always against change,” said Sanjeev Kumar, the World Wildlife Fund’s emissions trading scheme coordinator.

Mr Kumar argued that some of the industries that have complained the loudest – such as cement and paper – make products that cannot be easily exported and so would not readily leave Europe.

More broadly, environmentalists warn that putting off investments now will only increase costs in future.

Additional reporting Chris Bryant in Berlin



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EVERY COUNTRY FOR ITSELF AS EUROPEAN UNITY COLLAPSES

The Times, 6 October 2008
http://www.timesonline.co.uk/tol/news/world/europe/article4888286.ece

Roger Boyes

Germany shattered any semblance of European unity on the global credit crisis last night by announcing that it was ready to guarantee €568 billion of personal savings in domestic accounts.

The move – which came as Berlin announced a new rescue package for an ailing mortgage bank – is sure to anger France, which, holding the European Union presidency, tried to create the illusion of a common front at a weekend summit in Paris. Instead, the message coming loud and clear from Berlin is that it is every man for himself. Or as President Nicolas Sarkozy would prefer not to say: sauve qui peut.

The massive liquidity crisis in the banking system has already nudged the Irish Republic and Greece into unilateral – and probably illegal under EU law – action to guarantee the deposits in national banks. Faced with a choice between the possible collapse of their banking systems and violating EU competition rules, the two countries opted for what they saw as the lesser evil. Now Germany, which at the weekend rejected French plans for an EU lifeboat fund, has taken the decisive protective step, and it is said to be plain that other European states will have to follow suit.

Early today the Danish Government guaranteed all bank deposits in Denmark as part of a deal with banks to set up a liquidation fund. There had been a ceiling on the guarantee.

Yesterday Peer Steinbrück, the German Finance Minister, said of his own country's move: "This is an important signal to calm the situation and head off disproportionate reactions, and which would make our crisis management or crisis prevention even more difficult."

Berlin insiders say that Angela Merkel, the German Chancellor, did not make a spur-of-the-moment decision but had been pondering the move since the Hypo Real Estate bank first ran into serious trouble. The Munich-based group is the second-largest commercial property lender in Germany and it seemed set to go down ten days ago, hit by the problems of its Irish subsidiary Depfa. Then the Government came up with €35 billion of liquidity to be provided by a consortium of banks and the Bundesbank, while banks and the Government would stump up €35 billion of credit guarantees. The alternative was to see the bank go down and suck the real economy into the maelstrom....

The primary task of the Government is to stop a financial meltdown that destroys all consumer confidence in the economy. "People are asking: what is going to happen to my savings?" says Rüdiger Ditz, economics commentator of Der Spiegel. "Is an investment secure? And what is going to happen to us when there is no backbone to the system any more and the money just evaporates?" It is difficult to deal with the crisis using conventional political instruments, he says.

"It is about the loss of confidence of ordinary people, the fear of fear itself," he says, "and nothing is more irritating than the massive capital flight of the Germans to supposedly safe havens such as Ireland."

The underpinnings of Chancellor Merkel's decision emerged in an interview with the Interior Minister, Wolfgang Schäuble. History had taught Germany, he said, that a sustained economic crisis created political havoc.

"We learnt from the worldwide economic crisis of the 1920s and 1930s that an economic crisis can result in an incredible threat for all of society," he said. "The consequence of that depression was Adolf Hitler." Only one thing trumps German anger at the perceived abuse of taxpayers' money: the fear that the 1930s will return.



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FINANCIAL CRISIS DARKENS OUTLOOK FOR CLIMATE TALKS

AFP, 5 October 2008
http://afp.google.com/article/ALeqM5gpOwABCExnX4nNDzOALFvlCckXMQ

PARIS (AFP) — Wall Street's sickness and its contagiousness for the world economy are bad news for the already faltering effort to craft a new pact to tackle climate change.

Tighter budgets, shrinking corporate profits and worries about jobs could crimp manoeuvering room at upcoming UN talks on toughening curbs on greenhouse-gas emissions, sources say.

But -- so far, at least -- the crisis does not appear to be having an impact on investment in clean technology, say these sources. Indeed, some are confident that spending on wind, solar and other renewables may even rise.

Running in Poznan, Poland, from December 1-12, the talks are a stepping stone towards a treaty to brake emissions from fossil fuels beyond 2012 and support developing countries in climate change's firing line.

But curbing pollution and stumping up money for the poor entails economic sacrifice. And the financial hurricane that swept through New York last month and now buffets the real economy could sap some of the will to make it.

"When growth is strong, it's easier to handle differences [at the negotiating table] than when growth is weak," said Jean-Charles Hourcade, director of a French think thank, the International Centre for Research on the Environment and Development (Cired).

Steve Sawyer, secretary general of a Brussels-based industry group, the Global Wind Energy Council (GWEC), predicted some governments might invoke the crisis to tiptoe away from their commitments.

"Some politicians will try to use the current crisis and seemingly inevitable slowdown to draw attention away from their failure to act on future and current commitments," he said.

"But regardless of what politicians believe at any given moment, global warming is in fact a challenge that cannot be ducked."

Officially, at least, the European Union (EU) -- the most ambitious of the economic powers on climate change -- says it will not weaken on its pledges.

The EU intends to cut its emissions by 20 percent from 1990 levels by 2020, and to deepen this to 30 percent if the United States or other big economy follows suit.

"There is an economic crisis, a financial crisis, an energy crisis and there is a climate crisis," EU Environment Commissioner Stavros Dimas said last Wednesday.

"The climate crisis is permanent. All the other crises today, tomorrow, I hope will pass but the climate crisis is a permanent threat for the globe."

With President George W. Bush's authority seeping away ahead of his departure from office, eyes in Poznan will be on an expected "shadow" US delegation, named by the winner of the November election to the White House.

Both Barack Obama and John McCain have called climate change a priority. Both favour cutting US emissions by 2020 and deepening them by 2050, and want a cap-and-trade system to achieve this, something which Bush has bitterly opposed.

Sawyer said that guiding an emissions bill through Congress will be "a long, protracted battle."

"For the moment, everything is taking a back burner to the credit crisis, which could slow down an already difficult process," he said.

Thirty years ago, a turndown in the world economy drove down the price of oil, sandbagging early hopes for renewable energy, whose fortunes had risen during the second energy shock of the late 1970s.

Several experts questioned by AFP were confident renewables would not repeat this rise and fall.

Renewables have already got a foothold, which may slip a little in the short term but would endure in the long term, they argued.

Demand by Asia's emerging giants and more limited oil supplies would keep oil prices relatively high, thus maintaining an incentive for cleaner sources.

In addition, Europe and the United States were now keen on renewables, which are home-procured, for easing their energy dependence on the Middle East and Russia.

New, cleaner technologies are therefore a good investment, easing geopolitical worries, creating jobs and reducing carbon emissions, according to this argument.

"There is a risk that we might lose a few years. Lots of people think only in the short term," said Oliver Schaefer of the European Renewable Energy Council (EREC).

"But I am hopeful, because we have illustrations to show that investing in the environment is now an opportunity rather than a cost. That wasn't the case 10 years ago."

Brice Lalonde, France's ambassador at the climate talks, said the financial crisis "may have an impact on available finance" but also opened the way to an era of smarter economic growth.

"It may have a positive impact, in the sense that, to get out of the crisis, we invest in the fight against climate change, because it leads to a new form of development, a new demand for new technologies, a new generation of towns, cars, and so on."



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OPINION: FOLLOW EUROPE WHERE?

Edmonton Sun, 6 October 2008
http://www.edmontonsun.com/Comment/Commentary/2008/10/05/6989761-sun.html

By LORRIE GOLDSTEIN

How many times in this election have you heard a "green" party leader -- say Elizabeth May, Stephane Dion or Jack Layton argue: It's time Canada followed Europe's example in fighting global warming?

But what "example" do they mean?

It would be helpful if they would tell Canadians, whose votes they're seeking Oct. 14, about what's really going on in Europe with regard to attempts there to reduce carbon emissions.

For starters, how about referencing the article "A changed climate" in the Oct. 2 edition of The Economist?

Among other things, it reveals:

- The 27-member European Union's proclamation of 18 months ago "to save the world from climate change" is in huge trouble, with many countries in danger of missing their Kyoto targets and soaring energy prices hammering their economies.

- German Chancellor Angela Merkel, once regarded as Europe's "green champion," "today ... sounds like a lobbyist for German business, listing the industries that must be shielded from the full costs of her (climate) package."

- Indeed, notes the Economist, "the heroic mood" of the EU last year is long gone while "almost every country has found reasons why the climate change promises may be impossible to meet in their current form."

Ireland wants special protection for its farming industry. Poland and several other former Soviet satellites are worried they may have to import natural gas from Russia to meet their EU targets, especially in light of Russia's war with Georgia.

Meanwhile, in the U.K., the Daily Mail reported Friday, skyrocketing energy prices and fears of increasing instability of supply have created a rapidly growing class of citizens (estimated at 3.5 million to 5.5 million households) living in "fuel poverty," meaning they spend more than 10% of their disposable income on household energy alone.

In light of all this, perhaps our leaders, whenever they talk in future about following Europe's lead in fighting global warming, should at least put out a warning to stop short of the cliff.



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GRIM PROSPECTS FOR CLIMATE PACT, CHINA WARNS

Reuters, 7 October 2008
http://www.planetark.com/dailynewsstory.cfm/newsid/50493/story.htm

CHINA: October 7, 2008

BEIJING - Negotiations seeking a global pact to tackle global warming are troubled and could end in disastrous failure, China's top climate change envoy warned on Monday, saying rich countries are failing to deliver on promises.

China is emerging as the world's top emitter of the greenhouse gases that stoke dangerous global warming and plays a key role in talks to address the threat. These are supposed to culminate in a new deal in Copenhagen, Denmark, late next year.

But Yu Qingtai, China's special representative for climate change talks, told Reuters he was gloomy about the discussions to create a treaty building on commitments laid out in the Kyoto Protocol's first phase, which expires at the end of 2012.

"As far as the Copenhagen process is concerned, my personal assessment is unfortunately fairly pessimistic...things have moved forward in an extremely difficult way and the progress achieved is extremely limited," Yu said in an interview.

In preliminary talks, rich nations had failed to flesh out their promises to give technology and financing help to poorer countries, he said.

The global financial turmoil draining government budgets should not be "used as an excuse by the developed country governments for not meeting their commitments", he added.

China's rising greenhouse gas emissions, which experts believe have already or will soon surpass those of the United States, have prompted many Western politicians and experts to argue that Beijing must accept mandatory caps if the United States and other reluctant countries are to agree to emissions cuts.

Under current agreements, China and other developing countries need not take on greenhouse gas caps under Kyoto.

Yu rejected calls for this to change, instead blaming foot-dragging by richer nations and leaving little doubt that talks leading to Copenhagen will be combative.

But failure to reach agreement by late next year could exact a terrible price, he said. Scientists have warned that growing levels of solar heat held in the atmosphere by a blanket of carbon dioxide and other pollutants are stoking droughts, melting glaciers and intensifying wild weather.

"I would not even try to contemplate," he said. "If we fail, the consequences would be disastrous for everybody."

German Foreign Minister Frank-Walter Steinmeier said last week the market difficulties would make it harder to agree a climate deal, while US Democratic presidential candidate Barack Obama has said he might be forced to scale back his planned investments in energy.

CROSS-BORDER EMISSIONS

Spelling out China's demands, Yu said any final deal must reflect rich countries' responsibility for gases emitted during production of the many Chinese-made goods they consume.

He also firmly rejected calls for global emissions caps across high-polluting industrial sectors, such as steel-making.

These are favoured by Japan and some Western nations as a way of curbing emissions from developing nations without clamping down on more vulnerable sectors of the economy, but Yu said they were little more than an attack on China's competitiveness.

"You don't need to measure the efficiency level of a European country against the efficiency of a developing country. The result would be obvious. It would not be fair to use a so-called benchmark," Yu said.

Technology transfer is a particularly sore issue, with China frustrated by rich nations' attitude towards one element Beijing considers vital for any deal. Yu was dismissive of arguments that Western governments cannot mandate the transfer of patented technology held by companies.

"As national governments, once you make a commitment it is up to you to find the ways and tools to ensure that your commitments are met," he said.

China argues it is owed help to move towards a low-carbon economy.

It says despite high annual emissions, per-capita greenhouse pollution is well below that of rich peers and historically it pumped out much less than rich nations over the past two centuries since the start of the Industrial Revolution.

With little over a year until the negotiators gather to seek final agreement, Yu also said he hoped the United States under a new president would take "a more constructive and positive approach to the fight against climate change".

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RISKS MOUNT FOR GLOBAL WARMING TREATY, DE BOER WARNS

Reuters, 6 Oct 2008
http://africa.reuters.com/top/news/usnJOE4950WX.html

By Gerard Wynn and Alister Doyle

LONDON/BARCELONA (Reuters) - The struggle against climate change must not follow world trade talks into limbo as risks mount that the credit crisis will sap commitment to the fight, the U.N. climate chief said on Monday.

Yvo de Boer said he was worried about the impact of the credit crisis on international action to fight climate change, as U.S. and European governments pour cash into keeping commercial banks afloat.

"You can only spend a dollar or a euro once," he said.

"I certainly think it's a worrying development. It's more a matter of the past couple of days than the past couple of weeks," de Boer told Reuters, referring to a call over the weekend by European automakers for money to help them cope with emissions curbs.

"There's growing pressure ... from the point of view of competitiveness," he said.

De Boer said that U.N. negotiations were still on track but, in the worst case, there were risks of failing to meet an internationally agreed deadline for a new U.N. climate treaty by the end of 2009 in Copenhagen.

"For me there is no Plan B," he said. "I have the sense that it's a huge and daunting task but we're still on track, there's still commitment to reach an agreement in Copenhagen."

"One alternative would be that we don't manage to meet a deadline in Copenhagen and that we slide into a WTO-like process that goes on without a clearly agreed deadline, or perhaps even worse that you get a highly fragmented approach to climate change," he said.

In climate talks so far rich nations had failed to flesh out their promises to give technology and financing help to poorer countries, China's climate change ambassador Yu Qingtai told Reuters in an interview on Monday.

Yu was pessimistic about the prospect for agreement on a new global climate treaty meant to avert more droughts, floods, extinctions of species and rising sea levels.

That split between rich and poor nations resonates with a collapse in July of the World Trade Organisation's (WTO) Doha round of free trade talks -- partly following a dispute between the United States and emerging economies.

FIGHT AGAINST CLIMATE CHANGE

China wants the West to do more to finance the fight against climate change, but financial commitment from the United States and Europe may be diverted by bailouts of the banking sector.

"There's a risk that less public money will be available in the North for cooperation with the South on technology and capacity building," said de Boer. "Taken together there's a risk that short-term concerns will prevail."

"I hope that this doesn't result in people in the South waiting for (climate change) adaption money having to wait for mortgages and credit card debts to be paid off in the North."

In a "Super Tuesday" vote this week, key European Parliament lawmakers will vote on whether to back ambitious, unilateral goals for the European Union to cut greenhouse gas emissions.

While they are expected to back the overall target to cut greenhouse gases, they are under intense lobby pressure to cut the costs of meeting those goals for industry.

Poland said on Monday that it was assembling a minority of member states sufficient to block cost impacts on coal-fired electricity generation from EU energy and climate proposals -- in growing signs final agreement may be delayed.

"I certainly hope the EU manages to finalise its climate and energy package by the end of the year," said de Boer.

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POLAND LEADS CHARGE TO DELAY EUROPEAN CLIMATE POLICY

The New York Times, 6 October 2008
http://greeninc.blogs.nytimes.com/2008/10/06/poland-leads-charge-to-delay-european-climate-reforms/

By James Kanter

The E.U. created the world's largest emissions trading market in 2005 to force heavy industries to cap their pollution levels. Next on the E.U. agenda: switching to 20 percent renewable energy and cutting greenhouse gases by 20 percent by the end of the next decade.

While the E.U.'s efforts to date have not really helped to cut emissions very much, policymakers in Brussels have been doggedly trying to improve the system by making it even more expensive to burn fossil fuels — and coal in particular.

The most contentious part of the reforms currently under consideration would make the industries covered by the system buy the majority of their permits to pollute by 2013.

Unsurprisingly, European industries for which this would be most costly — like steel manufacturers — have been strenuously lobbying to water down the measures. But what is more ominous for the future of European climate leadership is that some countries, led by Poland, are now putting up a fight themselves.

Poland generates almost all its electricity from highly polluting coal. If the price of emitting goes up dramatically, that would force Polish utilities to spend more on complying with the regulations than utilities in, say, France, where the majority of electricity comes from nuclear power, which produces little $CO_2$.

A week ago, Poland reached an accord with Hungary, Slovakia, Bulgaria and Romania that called for a more gradual approach to the reforms.

In a joint statement, ministers from those five countries said that making it too expensive to use coal (which can be mined domestically in some EU countries) would only serve to weaken their energy security by pushing them to use natural gas. While natural gas may be less polluting than coal, it would make these countries — former Soviet bloc states — more reliant on gas imports from Russia.

Furthermore, the countries said that utilities in their countries would be at a disadvantage to Western European utilities, which are wealthier and could more easily afford to buy their pollution permits. The measures threatened the "external competitiveness of the European industry, labor market and financial situation of households," the ministers warned.

FULL STORY at http://greeninc.blogs.nytimes.com/2008/10/06/poland-leads-charge-to-delay-european-climate-reforms/

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OPINION: BRUSSEL'S SUPER TUESDAY

EU Referendum, 7 October 2008

http://eureferendum.blogspot.com/2008/10/super-tuesday.html

Richard North

Crowding in on an already impossibly burdened news agenda, the greenies, euro-weenies and sundry other "climate vandals" will be out in force today, gathering in the Capital of Darkness (which yesterday, with the rest of Belgium suffered a general strike).

They will be there for what Reuters is calling "Super Tuesday", as the EU parliament in Brussels tries to ram through a record number of environment laws, thus attempting to deliver the coup de grass, so to speak, to the tottering economies of the EU member states.

During the morning session, MEPs will consider the EU parliament position on how the estimated €30 billion (but probably a lot more) from carbon allowances auctioned under the EU's emission trading scheme, should be spent.

Already highly controversial, with many member states – not least the UK – regarding this money as tax income, with each nation putting their take in their own general pots, the MEPs want the money hypothecated and spent on greenie projects like forest conservation, green technology development and funding "climate change" adaptation schemes in developing countries.

Other proposals on the table include partial exemptions of certain industries from the ETS scheme altogether, plus a blocking vote to try to prevent clean development mechanism carbon credits being used to offset EU emissions.

The big bone of contention, though, is how the burden of reducing carbon emissions to the EU's 20 percent level will be shared amongst the different member states. That should keep the gathering throngs entertained for some time.

Then, in the afternoon, if there are any economies left to wreck, the MEPs will move on to deal with the madcap idea of carbon capture, and a proposal to throw public money at trial schemes in a bid to develop this technology for full-scale plants.

Buried in that will be a bid to make the generation of electricity from coal-fired plants conditional on their being fitted with carbon capture equipment, a none too subtle attempt to enforce the Greenpeace agenda and ban coal use altogether – or make its use prohibitively expensive.

The voting, says Reuters is not the parliament's final say, but it will set the tone for negotiations with "EU leaders" ahead of a final agreement seen later this year – they hope.

However, the greenies are not going to get it all their own way. A powerful coalition, led by Poland aims to block the package, not least because it would render Poland dangerously reliant on Russian gas to replace the coal it would not be allowed to use.

The refuseniks are getting some support from Germany with Frank-Walter Steinmeier, the German foreign minister, saying last week, "This [financial] crisis changes priorities ... One cannot rule out that interest in protecting the climate will change because of such a crisis" – and that was before the current meltdown.

Nevertheless, attempts are being made to buy off Poland which, on past form, will make a lot of noise and then cave in. On the other hand though, if the MEPs pause for one moment to listen to what is happening in the real world, they might even back Poland and ditch this whole ridiculous charade.

The chances of that, though, are about as good as our still having a functional economy by the end of the week. However, we are always open to being pleasantly surprised.

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FINANCIAL GLOOM CLOUDS CLIMATE TRUST FUND

Reuters, 6 October 2008
http://www.reuters.com/article/GlobalEnvironment08/idUSTRE49577620081006

By Deborah Zabarenko, Environment Correspondent

WASHINGTON (Reuters) - The world financial crisis could cast a pall on the Global Environment Fund, which uses billions of dollars in government money to tackle ecological problems, the fund's climate change chief said on Monday.

The agency gets money from various governments, but funding has essentially been flat over the 17 years of its existence, barely keeping up with inflation, Robert Dixon told the Reuters Global Environment Summit.

Now, as the science of global warming becomes more conclusive and the predictions for world temperature rise more extreme, Dixon is keenly aware of the tough economic picture that could choke funding.

"We're hopeful for a significant replenishment (a new round of donations)... We'll see," he said. "We're mindful that our money comes from treasuries around the world, public sector treasuries ... it's a gloomy time."

Despite the gloom, Dixon suggested a way forward through public-private partnerships.

"Perhaps the financial crisis reinforces this: maybe we shouldn't necessarily just look to governments to provide the financial solution and to find all the solutions necessary for a sustainable energy future, an environmental future," he said.

GREEN TECH'S "VALLEY OF DEATH"

That is especially true of emerging environmental technologies, he said:

"Let's face it -- the technology's in the private sector, and it's the private sector that holds patents, it's the private sector that creates things, it's not governments."

FULL STORY at
http://www.reuters.com/article/GlobalEnvironment08/idUSTRE49577620081006

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GREEN BAIL-OUT: GREENS TRYING TO SAVE STATE HANDOUTS IN $700 BN RESCUE

Time Magazine, 7 October 2008
http://www.time.com/time/health/article/0,8599,1847409,00.html

By Bryan Walsh

Environmentalists are often accused — not always unfairly — of overplaying the fear card. With apocalyptic references to melting polar ice caps, rising sea levels and widespread species extinction, the driving message of environmentalism is that the future is doomed, unless we act now to save it.

But what happens when another more alarming, more immediate catastrophe co-opts people's fear? That's the predicament greens find themselves in now, with what is potentially the worst financial crisis since the Great Depression scaring Americans out of their wits. With the tanking economy dominating the news, and the government willing to virtually bankrupt itself to bail out the financial sector, it could be hard to push the climate change agenda — and possibly hard to find any money left to support it. "If this crisis consumes all of our attention, it might definitely impact the speed at which [global warming] legislation could be passed," says Wiley Barbour, the founder of the American Carbon Registry.

Already this election season, concerns about the economy have trumped those about the environment. The 2008 Presidential election was supposed to be the first one in which global warming would be the front-and-center issue, but that hasn't been the case. (Though it is worth noting that for the first time, both candidates are on record supporting cap-and-trade legislation for greenhouse gases.)

As panic over rising gas prices outplayed fears of melting Arctic ice, the Republican call to "drill, baby, drill" got louder and more popular, eventually pushing Democrats, including Barack Obama, to publicly support some amount of offshore drilling. The flip-flopping came on the heels of the Senate's defeat of the Warner-Lieberman bill — the first real attempt to pass federal cap-and-trade legislation — thanks in part to fears raised by Republicans that a carbon cap would further increase energy prices. "America's growing dependence on fossil fuels, once viewed as a Democratic trump card...has become a lodestone instead," wrote the green pollsters Michael Shellenberger and Ted Nordhaus in a recent piece for the Los Angeles Times. The ensuring financial meltdown hasn't helped. Since the climate bill was defeated on June 6, the Dow industrial average has lost some 2,000 points. "I think the financial crisis will strengthen the hand of opponents of carbon trading on both the left and right," says Nordhaus.

The credit crunch is also crunching funding for new clean-energy projects. When the global economy was surging over the past several years, fossil fuel prices were surging as well; the cost of oil exceeded $150 a barrel at one point this year. The economic slowdown has shrunk those prices just as quickly, with oil now dipping below $95 a barrel. That makes renewable energy projects like wind and solar, which have to compete with fossil fuels on straight cost until a carbon price is passed, less attractive. Michael Liebreich, the chairman of the research group New Energy Finance, argued in a recent briefing that the financial crisis might make governments less willing to extend preferential subsidies and incentives for clean power, as a sinking economy makes high energy prices sting a little more. "In country after country, the web of support mechanisms for clean energy is now under review," he wrote.

So what should greens do to avoid irrelevance, now that Hank Paulson is replacing Al Gore as the nation's chief scold? First, tie environmental rescue to economic recovery, by "greening the bailout," as columnist Tom Friedman of the New York Times has put it. As the new Administration — whether Democratic or Republican — searches for ways to stimulate the economy, green infrastructure spending could be the way to go. More money for high-speed rail, tax credits for new solar systems, increased federal funding for renewable energy — these are policies that might not only help stimulate a flagging economy, but directly contribute to slowing the growth in America's carbon emissions. (Not to mention promoting green jobs at a time when unemployment is on the rise.) The challenge will be tactical: convincing Americans that curbing climate change is as much about overhauling a failed economy as it is about limiting carbon emissions. That message didn't get across during the debates over Lieberman-Warner; the next President and Congress will need to do better. "Addressing greenhouse gases and addressing the economy are all part of the same problem," says Barbour. "This is absolutely a top priority. It can't be postponed forever."

The good news is that Congress has already added a tinge of green to the bailout. The bill, which passed the House of Representatives on Oct. 3 and should be signed soon by President George W. Bush, includes a long-awaited extension of tax credits for the clean energy sector, which had been due to expire at the end of the year. But if this really is the Great Depression 2.0 and we all end up on the street selling apples and iPods, well, at least our carbon emissions will fall.

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GREEN STOCKS PLUMMET

http://web.mac.com/sinfonia1/Global_Warming_Politics/A_Hot_Topic_Blog/Entries/2008/10/6_Green_Stocks_Fall_Even_Faster.html

New Energy Finance tracks companies worldwide that claim to focus on 'climate change' stocks involving the generation and use of cleaner energy and efficiency. It hosts the WilderHill New Energy Global Innovation Index, known as NEX [see Graph: the NEX Index since October 2007. For the full graph, enlarged, go here].

In these dark days, the NEX is not having a happy ride, and, according to the latest report in the Scientific American ['Climate change stocks fall more than wider markets', Scientific American, October 3], "shares in companies specializing in curbing greenhouse gas emissions, including energy efficiency and renewable energy technologies, have tumbled faster than wider markets this year." Figures for the last full quarter (June 30 to September 30) show that they fell by 30.3%, and that they are down by as much as 39% over the year so far.

The NEX is a global index of 91 companies listed on 24 stock exchanges whose, and I quote, "innovative technologies and services focus on the generation and use of cleaner energy, conservation, efficiency and the advancement of renewable energy in general" [see: 'NEX Fact Sheet']. It includes companies which claim to adopt lower-carbon approaches that "are relevant to climate change, and whose technologies help reduce emissions relative to traditional fossil fuel use."

Ah well! The bulls and bears of the WilderHill New Energy Global Innovation Index (NEX) may be hunted down [watch out for gun-totin' Sarah Palin] through the NEX Website:

At 5.43 am ET today, the Index stood at 244.91, down 4.54% on the day.

As the Scientific American reports:

"'It would be easy to blame the credit crunch, which certainly has made it more difficult for project developers in wind and solar to raise debt finance,' said Michael Liebreich, chairman and CEO of research firm New Energy Finance on Friday.

Another contributory factor was a correction in high valuations for some renewable energy companies, said Liebreich."

Just so.

What a surprise! It seems that sub-prime 'global warming' science and politics are no more to be trusted than sub-prime mortgages.

Selling hot air was never going to succeed in the long run.

I'm off for an eye test so that I can see that graph more clearly.

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**THERE'S A GOLD MINE IN ENVIRONMENTAL GUILT**

The Washington Post, 6 October 2008
http://www.washingtonpost.com/wp-dyn/content/article/2008/10/05/AR2008100502518_pf.html

By David A. Fahrenthold
Washington Post Staff Writer

This is strange territory. The Dow is down. Wall Street needs a bailout. But in the Washington area and across the country, there is still a bull market in environmental guilt.

Sales of carbon offsets -- whose buyers pay hard cash to make amends for their sins against the climate -- are up. Still. In some cases, the prices have actually been climbing.

In other words, when nearly everything seems to be selling for less, thousands of individuals and businesses are paying more for nothing, or at least nothing tangible.

Experts say this is possible, in part, for economic reasons: The financial crisis has not yet reached those upper-middle-class consumers who are willing to pay $12 to offset a cross-country flight, $80 for a wedding or $400-plus for a year of life.

But there is also a cultural factor, the legacy of a complicated decade defined by a "green" awakening and a national splurge in consumer spending. Many people have learned to pay to lessen their climate shame -- and, at least for now, they don't think of it as a luxury purchase.

"I was feeling really guilty because I was basically traveling to three continents in the last month: 'I've spent basically six days on an airplane. I've got to fix this,' " said Michael Sheets, 27, who lives in the District's Logan Circle neighborhood.

So a few days ago, Sheets paid $240 to a Silver Spring-based vendor, Carbonfund.org, choosing its offsets because they were more than $100 cheaper than a comparable package from another offset seller. He got back an e-mail saying that the 52,920 pounds of greenhouse-gas emissions attributable to him for the entire year, including his trips to Trinidad, Thailand and Argentina, had been canceled out.

"I feel much better about it," said Sheets, human resources director for an online-education company in Northern Virginia. "I don't feel as guilty about flying to Vegas tomorrow for the weekend."

On the surface, offsets sound like a simple transaction. Generally, the buyer uses an online tool to calculate the carbon footprint -- the amount of harmful emissions -- of a car, a flight or a year's activities. Then the buyer pays an offset vendor to cancel out that footprint. This is done through projects that stop emissions from occurring or remove pollutants from the air.

Some offsets are sold like stocks on the Chicago Climate Exchange. Other groups sell them directly to consumers. One study last year found that offset prices ranged from $1.80 per ton of emissions to $300, with most about $6.10.

Watchdog groups say offset vendors sometimes do not deliver what they promise. Some offset projects, such as mass tree plantings aimed at absorbing carbon dioxide, deliver climate benefits that are difficult to measure. In other cases, it is unclear whether offsets funnel money to existing projects or to projects that might have been done anyway.

Despite those concerns -- and despite continuing turmoil in world financial markets -- offset sales are strong. And offsets are selling for more.

FULL STORY at http://www.washingtonpost.com/wp-dyn/content/article/2008/10/05/AR2008100502518_pf.html

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**ITALIAN MINISTER SAYS EU CO2 TARGETS TOO COSTLY**

Forbes, 7 October 2008
http://www.forbes.com/afxnewslimited/feeds/afx/2008/10/07/afx5517633.html

MILAN, Oct 7 (Reuters) - The global financial turmoil has made European plans to cut carbon emissions steeply by 2020 too costly and its burden should be shared with other countries, Italy's Environment Minister was on Tuesday quoted as saying.

By 2020 the European Union aims to cut greenhouse gases emissions by 20 percent from 1990 levels and have 20 percent of energy coming from renewable sources with overall costs estimated at about 0.5 percent of gross domestic product a year.

'In this period of international economic difficulties it is absurd that Europe alone should take on a heavy burden of costs to achieve very modest environmental benefits,' Stefania Prestigiacomo told Italian newspaper Il Sole 24 Ore in an interview.

Meeting the EU targets, including debated car emission reductions, would cost Italy 'unsustainable' 20-25 billion euros ($27.18 billion to $33.98 billion) a year, while its contribution to the overall carbon dioxide reduction goal was a tiny 0.3 percent, Prestigiacomo said.

Italy would like to 'improve' the EU package by scrapping binding mechanisms and clarifying criteria on how target burden is distributed among the countries, she said.

The EU also should get the world biggest polluters, such as the United States, China and India, involved more actively in fighting climate change to make it really efficient, she added.

'We are ready to accept sacrifices if they bring real benefits, not virtual,' she said ahead of European ministers' meeting on climate change and energy policy on Oct. 15.



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**PART 1 OF CLIMATE U-TURN: EU LAWMAKERS SAVE FACTORIES FROM CARBON COST (Part 2 to follow soon)**

Reuters, 7 October 2008
http://www.reuters.com/article/rbssIndustryMaterialsUtilitiesNews/idUSL711408420081007?sp=true

By Pete Harrison

BRUSSELS, Oct 7 (Reuters) - Influential EU lawmakers sought in a key vote on Tuesday to ease the cost for factories of meeting greenhouse gas emissions limits from 2013 as much of Europe heads for recession.

But the European Parliament's environment committee backed an EU executive Commission plan to wipe out utility windfall profits from carbon trading and transfer up to 30 billion euros ($40.76 billion) to member state coffers.

Factories and power plants participating in the EU emissions trading scheme (ETS) get most of their carbon permits free now.

The committee backed a phased-in approach for energy-intensive sectors vulnerable to competition, and staring at a global economic slowdown to pay for just from 15 percent of carbon permits in 2013 rising to 100 percent in 2020.

"The clear political message from us to the (EU executive) Commission is we want these energy-intensive industries looked after," Avril Doyle, the MEP steering EU ETS legislation for the European Parliament, told Reuters.

Tuesday's vote set the legislature's position in energy and climate negotiations with EU leaders ahead of a final agreement expected later this year or early in 2009.

"The greens weren't very happy and those on the side of industry weren't very happy, so I reckon I got it somewhere right in the middle," Doyle added.

The panel backed full auctioning for power plants from 2013, meaning generators would have to pay for every tonne of carbon dioxide emissions, a move likely to dent coal plant profits.

"One hundred percent auctioning for power generators was not contested here at all," said Doyle.

"Some of our Polish colleagues were nervous, we have to show solidarity, if there are real problems for some of our newer member states I think they'll be looked after," she said.

Coal-dependent Poland has tried to assemble a blocking minority to delay adoption of the step.

Climate change could cause more heatwaves, floods, droughts and higher sea levels, the U.N. Climate Panel says.

SILVER BULLET

In a surprise move, the EU lawmakers backed billions of euros of aid to fit carbon capture technology to power plants, in what would be the world's biggest backing for a fix many scientists see as the nearest thing to a climate silver bullet.

The European Parliament member in charge of legislation on carbon capture and storage (CCS), Chris Davies, has previously estimated that could raise up to 10 billion euros ($13.59 billion) to **fund 10 to 12 CCS test plants by 2015**.

The EU lawmakers also threw the spotlight on more domestic action to fight climate change, **cutting import limits on carbon offsets from developing countries through 2020**.

Carbon offsets are generated from funding emissions cuts in developing nations, for example through projects to improve energy efficiency or destroy greenhouse gases, and are a cheaper alternative from doing the same in Europe.

The panel vote cut the cap on industry imports of offsets compared to the European Commission's proposals in January, a Commission spokeswoman said. But Doyle said that "I was prepared to be more generous than the Commission's proposal."

The lawmakers also backed more domestic climate action by member states, voting to cut their import limits, too. (Additional reporting by Nina Chestney and Dan Fineren in London; writing by Gerard Wynn; editing by James Jukwey)



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**GREEN BAIL-OUT: CARMAKERS ASK EU FOR $55 BILLION CO2-LOAN**

Financial Times, 7 October 2008
http://www.ft.com/cms/s/0/1a60ed86-9407-11dd-b277-0000779fd18c.html

By Joshua Chaffin in Brussels and John Reed in London

**Carmakers facing falling sales asked Brussels for a €40bn ($55bn, £31bn) loan package yesterday.**

But the request from Acea, the European carmakers' lobby group, for low-interest loans to help fund investment in lower-emission technology and incentives to scrap vehicles more than eight years old, drew a cool response from policymakers.

The US Congress last month approved a $25bn (€18bn, £14bn) loan package for green car investments, prompting European manufacturers to call for similar help from Brussels.

Incentives to scrap old vehicles introduced by EU states such as Spain and Italy have provided a short-term boost to car sales.

Acea said that replacing cars eight years old or more would have a "clear environmental benefit" by saving 20 megatonnes of carbon dioxide a year, or 4.5 per cent of total car emissions.

The European Commission declined to comment on the proposal. But an official, speaking anonymously, said the EU was "not a bank". The official took issue with the industry's numbers and said carmakers were in lobbying mode after last month's European parliament vote on carbon dioxide targets for cars.

Carmakers are still smarting from parliament's decision to hold them to a four-year timetable of emissions cuts, which they say is unrealistic and will cost the industry jobs.

After seeing vehicle sales fall as petrol prices rose this year, carmakers worry that collapsing consumer confidence could further imperil their businesses. "Carmakers face increasingly hesitant consumers and call on governments to respond, stimulate the economy, relieve the credit crunch and restore consumer confidence," Acea said.

Car sales in western Europe fell 9.2 per cent in September to an annualised rate of 12.75m, JD Power and Associates, the industry consultancy, said yesterday.

The soft-loan request from carmakers comes at a time when corporate lobbies are citing the slowing economy and financial crisis as reasons to water down or delay environmental regulations.

Britain's Society of Motor Manufacturers and Traders yesterday called on Gordon Brown, the prime minister, to ease CO 2 -based car taxes after news that UK car sales had slid 21.2 per cent in September.

The weight of those arguments could become clear today, when the European parliament's environmental committee votes on proposals that form the pillars of the EU's efforts to claim global leadership in reducing greenhouse gas emissions.

The measures include expanding Europe's emissions trading scheme, accelerating the deployment of carbon capture and storage technology, and setting emissions levels for member states.



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**OPEL, BMW CALL TEMPORARY HALT TO GERMAN CAR PRODUCTION**

Deutsche Presse Agentur, 7 October 2008
http://www.earthtimes.org/articles/show/235777,opel-bmw-call-temporary-halt-to-production.html

Berlin - German carmakers Opel and BMW said Tuesday they were calling a temporary halt to production, following a fall-off in demand triggered by the global credit squeeze. Opel announced it was halting production in nearly all its European plants for periods of up to three weeks from October 13.

Luxury carmaker BMW said production at its Leipzig plant in the eastern part of Germany would stop for four days in the last week of October, affecting 2,800 vehicles.

Opel said it would halt production at its plant in Bochum for two weeks from Monday and at Eisenach for three weeks from the same day.

**Some 6,800 workers** are affected by the move, which the company said was part of a plan to slash vehicle production by 40,000 up to the end of the year.

Opel sold 1.74 million vehicles in Europe in 2007, but this year there has been a dramatic slump in sales, particularly in Spain, Britain and Germany.

FULL STORY at http://www.earthtimes.org/articles/show/235777,opel-bmw-call-temporary-halt-to-production.html