



[Print this article](#) | [Close this window](#)

Make money and save the planet, carbon traders say

Wed Mar 14, 2007 1:56PM EDT

By Gerard Wynn

COPENHAGEN (Reuters) - Trade in permits to emit greenhouse gases is booming, doubling to more than 20 billion euros (\$26 billion) last year and throwing a spotlight on the role big business can play in fighting climate change.

Carbon markets allow companies and countries to shop around for permits to emit greenhouse gases like carbon dioxide, and are in vogue as politicians set increasingly tough climate change policies and targets.

A trade fair in Copenhagen this week attracted some 1,600 delegates from over 70 countries, many of them banks and specialist carbon trading companies looking to cash in on perceived fat margins.

But doubts have surfaced as to whether a rush, especially into carbon trade between rich and poor countries under the Kyoto Protocol, called the Clean Development Mechanism (CDM), is helping achieve the Kyoto pact's sustainable development goals.

"I don't want to flag that as a major challenge to the integrity of the (CDM) system, but it would become one if it were not attended to, and much work is being focused on that," former U.S. Vice-President Al Gore told the meeting on Tuesday.

Under the CDM, rich countries can keep within their Kyoto emissions limits by funding cuts in poor countries, getting so-called carbon credits in return.

Gore said he'd long been a convert to carbon trading. "You're helping ... serve our global civilization so well," he told assembled traders and investors.

Money invested in carbon markets quadrupled to 4 billion euros in 2006, EDF (Electricite de France)'s Francois Joubert estimated, and the market last year was worth about five times that, according to analysts PointCarbon.

"I think they smell some money to make on this issue," said Dusan Ronec, who is responsible for carbon trading at Hungarian oil and gas company Mol Group, referring to banks and investors.

One concern has been that cutting emissions by big industrial companies, say in India and China, is not the best use of money to tackle global warming.

One conference delegate from Indian oil company ONGC said his business was using CDM money to invest in technology to pump oil out of the ground more efficiently.

By contrast Africa has had slim CDM pickings, attracting less than 2 percent of CDM projects so far, simply because it doesn't have the heavy industry from which to curb greenhouse gas emissions.

DELEGATES CONCERNED

Delegates at the conference, organized by PointCarbon, said climate change was close to their hearts, aside from the money it was helping them make.

"I don't believe people are here for the pure business opportunity, which is huge," said Andrew Ertel, president of emissions brokers Evolution Markets.

"I do believe climate change is happening. New York winters are very different from the winters of my youth. The vast majority of people here feel they are doing good."

"I have two kids, I get concerned," said Tristan Fischer, chief executive at CDM project developer Camco.

Some trading companies are going carbon neutral, for example by offsetting their flights, while acknowledging they have access to especially good value carbon credits.

"We're buying direct from the producers," said Ertel.

The attention from big business is seen as proof that carbon trading is working.

"This conference shows it makes a lot of business sense," said U.N. carbon trading chief Halldor Thorgeirsson.

© Reuters 2006. All rights reserved. Reproduction or redistribution of Reuters content, including by caching, framing or similar means, is expressly prohibited without the prior written consent of Reuters. Reuters and the Reuters sphere logo are registered trademarks and trademarks of the Reuters group of companies around the world.

Reuters journalists are subject to the Reuters Editorial Handbook which requires fair presentation and disclosure of relevant interests.