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COMBATING CLIMATE CHANGE

These are the best of times and the worst of times for environmental advocates, writes *Kevin Voigt*

Illustrations by Martin Megino

For a snapshot of why environmentalists are excited as never before, examine this scene: Two weeks after the U.S. presidential election last November, hundreds of government, business and non-government organization officials around the world came to Beverly Hills for the Governor's Conference on Climate Change. At the start of the conference, California Governor Arnold Schwarzenegger introduced a taped message from the newly-elected president, Barack Obama.

For the first time, Obama discussed in detail his plans for climate change, saying, "few challenges facing America and the world are more urgent than combating climate change. The science is beyond dispute, and the facts are clear.

"Once I take office you can be sure the United States will once again engage vigorously and help lead the world toward a new era of global cooperation on climate change," Obama said. "Now

is the time to confront this challenge once and for all."

What started as an ordinary welcome message ended with a standing ovation and many participants in tears.

"It was really shocking because I had been listening really carefully throughout the entire campaign about his position on climate change and frankly, hadn't heard a whole lot of very specific commitment," Lucia Green-Weiskel, who attended the conference with the Chinese delegation of the Innovation Centre for Energy and Transportation, a think-tank based in Beijing that promotes low carbon policies, told the U.S.'s *National Public Radio*. Her organization is involved with several projects, including a pilot one in Guangdong called the China Energy and Carbon Registry, modelled after a California programme in which local industries monitor and report emissions according to a uniform accounting standard.

"He didn't spend a lot of time on it [prior to the election] from my perspective and I wanted him to say this was the most important thing, and he didn't say that," she said. "But then all of a sudden, he seemed to be saying that."

For environmentalists, it was like finding water in the desert. Former U.S. President George W. Bush didn't acknowledge the human impact on climate change until 2005 when mounting scientific evidence – and the destruction of Hurricane Katrina – questioned the credibility of a denial policy. Still, Bush blocked efforts of individual states like California to curb greenhouse gas in their own backyard. Obama's speech signalled the end of business as usual concerning climate change.

"It was pretty emotional and pretty stunning," Green-Weiskel said. "Especially in the context of being among this Chinese delegation... all of the sudden, the world felt like a place

where people and countries could come together and be productive again.”

Weathering times

This new emphasis on the environment comes at a time when companies are more concerned about their own survival than the survival of the planet. “Caring company” projects will take a backseat to the bottom line.

Indeed, investment into solar and wind projects worldwide are drying up along with other capital investment projects in the wake of the credit crisis, leading to layoffs in alternative energy manufacturing in the U.S. “I thought if there was any industry that was bulletproof, it was that industry,” Rich Mattern, mayor of West Fargo in North Dakota, told *The New York Times* after a local plant that builds towers for wind turbines cut its workforce by 20 percent.

The share price of greenhouse gas emission permits in the European Union – currently the world leader in “cap-and-trade” practices to cut gases most responsible for climate change – fell to €8 after trading in the mid-30s last summer. The dip of oil prices below US\$40 a barrel – a US\$100 drop from record levels – is one bright spot for the economy but has dulled the public sense of urgency to reduce use, a central tenet of environmental policy.

“Unfortunately, environmental projects are subject to the whims of monetary resources and needs at times,” says Frank DeSafey, vice president of Sequence Staffing, a California-based recruiter that provides staffing advice to environmental projects around the world. “The drivers (for improving the environment) shouldn’t always be monetarily based, but the reality is they often are.”

The Obama administration – exemplified by U.S. Secretary of State Hillary Clinton’s recent trip to China where environmental issues and the credit crisis were at the top of the agenda – is trying to build momentum ahead of the U.N. Climate Change Conference in Copenhagen later this year, where world leaders will try to hammer out a policy aimed at replacing the 1997 Kyoto Protocol. The U.S. walked away from that accord because of disagreements that developing giants like China and India were given a free pass. Such passes are unlikely in a new deal.

Battling the clock

Scientific evidence suggests that the hour is growing late to reverse climate change. Research presented at the American Association for the Advancement of Science shows that carbon released into the environment increased rapidly in the past seven years, fuelled largely by coal-burning China. The fear is that rising temperatures will create a chain reaction from which there is no return – the release of one trillion tonnes of carbon stored in the thawing tundra in the Arctic. “We don’t want to cross a critical threshold where this massive release of carbon starts to run on autopilot,” study co-author Chris Field, a Stanford University scientist, told a press conference.

The U.S. and China are the globe’s twin titans affecting climate change, together accounting for 40 percent of the world’s greenhouse gas emissions. With new evidence showing greater melting of polar glaciers than previously thought, sea levels could rise three to five feet by the next century – an outcome that could be disastrous for Hong Kong.



“We need to start doing something now, not wait until half of Central is covered by water,” says Richard Welford, an environmental researcher at the University of Hong Kong.

The city, located in a subtropical typhoon belt with a dense population, is particularly sensitive to climate change, according to a study sponsored by CSR Asia and Hong Kong University last year. Temperatures here have been rising on average .17 Celsius a decade since 1947, but have accelerated to .34 Celsius a decade since 1989 – not long after the border opened to the exploding manufacturing might of Shenzhen. Per capita carbon dioxide emissions were 5.36 metric tonnes in 2004, higher than mainland China by nearly two tonnes. Increases in extreme weather events, flooding, heat waves and decreasing fresh water supply are inevitable unless action is taken, the



study says – not to mention the already growing health impact of pollution on respiratory disease, which is blamed for 10,000 premature deaths per year.

Ironically, the credit crisis is lending a hand toward cleaning Hong Kong air as hundreds of low-margin cross-border factories that are the biggest polluters close, though numbers are hard to pin down.

“Shenzhen is looking at a fast transit to a cleaner economy. There is definitely an interest for both sides to explore how to work together more,” says Christine Loh, a former Hong Kong legislator and chief executive of Civic Exchange, a non-partisan public think tank.

Still, Loh notes that southern China is getting too much of the blame for the city’s pollution. “The dominant pollution affecting Hong Kong is from our own sources,” she says. “This is something entirely within the control of

the local government.”

While cleaning up roadside pollution will have a big impact on improving public health in Hong Kong, Loh says the city also has to focus on such things as cleaner fuels, new engines, congestion management, urban planning and new vehicle technologies.

Cleaner choices

Local environmentalists say Hong Kong businesses – rather than government policy – are leading the adoption of greener practices here. Indeed, businesses worldwide are joining the environmental agenda. Part of it is out of a sense of survival – they see which way the wind is blowing and want to help shape policy while protecting their interests, as seen by a recent meeting in Hong Kong of the Aviation Global Deal Group. Made up of Air France KLM, British Airways, Cathay Pacific

Airways and Virgin Atlantic, the group is working on its own cap-and-trade carbon plan in part to show that the airline industry can reduce emissions voluntarily rather than through regulation.

The accounting profession is building on what it perceives as a potential boom in services – all of the Big Four accounting firms have portions of their practice dedicated to environmental practices (*see p.34 for sustainability reporting story*).

There is also more collaboration between governments, businesses and non-profit groups to reach low emission standards. Green-Weiskel of the Innovation Centre for Energy and Transportation is a good example – funded by business philanthropies in the U.S., it has offices in Beijing and California. The carbon registry project in Guangdong brings together California

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state officials, provincial and national officials in China, consulting firms in the U.K. and businesses in China, North America and Europe to reduce pollutants in the Chinese transportation industry.

“We see ourselves very much as a broker behind many different stakeholders,” Green-Weiskel tells *A Plus*. “In one way or another, climate change is a global issue requiring a global response, and China as the biggest emitter of greenhouse gases affects us all.”

Regardless of the fits and starts to the economy and changing political winds, work on the environment will become a permanent part of doing business. “It’s clear that things were going to turn eventually, even if [John] McCain was elected,” says Michael Gillenwater, a climate researcher at Princeton University. “The science is very clear... and the climate itself will continue to give us a clearer signal. We’re going to get a policy (of reduced emissions) eventually. The question then becomes, what will that be?”

U.S. vs. China

And therein lay the political battle line for the years to come. Although China and the U.S. are talking about climate change at the highest levels, the battle shaping the upcoming Copenhagen Conference for Climate Change may be a repeat of Kyoto. China’s climate tsar, Gao Guangsheng, suggested the West should pay developing nations US\$350 billion a year for their past environmental damages, which is bound to find little favour in the halls of Washington.

Chinese Premier Wen Jiabao said recently, “it’s difficult for China to take quantified emission reduction quotas at the Copenhagen conference because this country is still at an early stage of development. Europe started its industrialization several hundred years ago, but for China, it has only been dozens of years.”

As Secretary of State Clinton toured a high-tech, low-emitting Chinese power plant, she cautioned China “not to make the same mistakes” as the industrialized West. “We didn’t know any better. Neither did Europe. Now we are smart enough to have the right kind of growth, sustainable growth and clean energy growth.”

Environmentalists in China point out that Western economies share the blame for the ecological havoc wrought by its rapid development. They have a point – a soon-to-be published study by the Oslo’s Centre for International Climate and Environmental Research shows that a third of China’s emissions are a direct result of its massive export industry. Dieter Helm, professor of economics at Oxford University, told *The Guardian* the study provided further evidence that the West had “simply outsourced our production” of carbon emissions. A study by Carnegie Mellon University last year also showed exports are to blame for a third of China’s emissions.

And although the Obama administration is talking tough on the

environment, the outcome of his environmental plans is far from certain. Stiff Republican opposition to his ultimately successful economic stimulus package signalled a tough road ahead for passage of his cap-and-trade carbon emission plan. The Obama administration had hoped for its passage ahead of the Copenhagen talks later this year, but after the stimulus package vote White House officials openly suggested that timetable might be unrealistic.

Still, the long money suggests it’s a good time to invest in green. China’s stimulus package has around 5 percent of its four trillion yuan spending plan earmarked for environmental projects, while 13 percent of President Obama’s stimulus plan will go toward green projects. The middle way in the rift between Washington and Beijing could be ballooning Western sales of clean technology to help feed the growing power and green the large-scale building projects as China increasingly goes urban. Such movement would allow China to use leapfrog technology to emerge as a green giant, just as Japan used new technology to explode as a manufacturing might after World War II.

In the meantime, environmental issues and the credit crisis share one commonality – both show how ties between the U.S. and China will determine the fate of both problems. Or as Premier Wen Jiabao put it during Clinton’s visit: “People should work together like passengers in a boat.” **A+**