Clean Air Report  
  
  
                            December 27, 2007  
  
 **BALI DEAL LEAVES ROOM FOR FUTURE U.S. EMISSION-REDUCTION COMMITMENTS**  
  
SECTION: Vol. 10 No. 2  
  
LENGTH: 1437 words  
  
  
BALI, Indonesia -- The agreement here on negotiating a post-2012 climate change  
treaty allows the Bush administration to argue it has not committed to mandatory  
emission targets, while leaving the door open for the next U.S. president to  
accept emission mandates before a final deal must be reached by 2009, according  
to observers here.  
  
  
"The White House can't bring themselves to get on the train, but they have  
allowed the train to start to roll," David Doniger of the Natural Resources  
Defense Council (NRDC) said in an interview.  
  
  
The Bush administration also accepted some concessions in the final text that  
were agreed to by the U.N. Framework Convention on Climate Change after hours of  
delay, including agreeing not to conduct subsequent talks in a "negotiating  
committee" that observers say could have significantly slowed the process toward  
a final treaty.  
  
  
The agreement reached on Dec. 15 for a "road map" on negotiating a successor  
agreement to the Kyoto Protocol, which expires in 2012, creates an outline for  
intense negotiations over the next two years that will include both developed  
and developing nations.  
  
  
However, approval came only after last-minute drama when a plenary session  
convened to approve the road map stalled, with a highly public battle over  
"mitigation actions" by developing countries that left the U.S. isolated. In  
what sources here say is a mix of substance and symbolism, India and other  
nations succeeded in altering language calling for measurable, reportable and  
verifiable actions from developing nations.  
  
  
One longtime observer of climate negotiations says it appeared India was trying  
to create at least a symbolic distinction between the emission-reduction efforts  
of developed and developing nations. The United States opposed calls to change  
the underlying language, but then retreated, allowing formal adoption to  
proceed.  
  
  
Other elements of the agreement create some breathing room for the United  
States--the only developed nation not to have adopted the Kyoto Protocol. For  
example, the portion of the text governing developed countries allows the United  
States to say it has not agreed to binding targets, according to one source here  
who analyzed the final document. The source notes the language calls for  
enhanced activities, but references both "commitments" and "actions" to address  
global warming, allowing for some wiggle room on what steps are counted under  
the agreement.  
  
  
The central U.S. objection to including language calling for 25 to 40 percent  
emission cuts from developed countries by 2020 was resolved by indirectly  
referencing the target in a footnote in the decision document. The decision text  
also deletes earlier references to achieving a 50 percent emissions cut by 2050,  
and instead says "deep cuts in global emissions will be required to achieve the  
ultimate objective of the Convention."  
  
  
But the final language also represents a U.S. concession by referring to the  
scientific underpinnings of the U.N. Intergovernmental Panel on Climate Change  
that essentially calls for the same emissions target.  
  
  
Earlier in the week, the European Union (EU) had threatened to boycott President  
Bush's upcoming major economies meetings on climate change in Hawaii next month  
unless a meaningful road map here was forged that included emission targets.  
  
  
The decision document also states that the subsidiary body formed to negotiate  
the post-2012 treaty for U.N. adoption in 2009 will be called an ad hoc working  
group rather than a negotiating committee, as the United States had sought. The  
distinction is key because a negotiating committee initiates formal processes  
under the Kyoto treaty that allow for procedural moves to be initiated that can  
block progress. An ad hoc working group does not allow for procedural  
maneuvering.  
  
  
The working group language also invites countries to submit their views on the  
work program by February 2008.  
  
  
Additionally, the agreement states that the process going forward will be on two  
tracks: a continuation of talks between countries that are a party to the Kyoto  
Protocol and a second track for negotiating a new treaty. The EU did not want to  
open the Kyoto track to non-Kyoto parties, while the United States had pushed  
for a new agreement to replace the Kyoto process.  
  
  
In a possible concession to the United States, the decision text reinstates an  
earlier reference to the word "national" in calling for quantified emission  
limits. A Dec. 14 compromise floated by the president of the Conference of the  
Parties deleted the reference with the support of the EU, which expressed  
concerns that the word would allow the United States to avoid committing to  
binding international actions.  
  
  
"This is not the strongest agreement that could have come out of these talks,  
but it does set the stage for a reasonable, worldwide emissions goal in a new  
treaty," said Philip Clapp of the Pew Environment Group.  
  
  
NRDC's Doniger concurred, noting that the deal satisfied objectives while also  
acknowledging room for improvement. "It allowed but does not require the outcome  
of a cap for the U.S. to be comparable to other countries," Doniger said.  
  
  
A U.S. industry source attending the Bali talks told Carbon Control News, "It is  
important they are coming out with a road map because it launches the next  
phase, not just post-Kyoto but involving all countries and including the  
building blocks. . . . It is an important signal to the world that everybody is  
moving forward together." The source notes that a deal means the U.N. is on  
track to "end up with something in 2009 that will involve commitments."  
  
  
The agreement came after the United States won 11th-hour praise from delegates  
and others who cited new-found flexibility by the U.S. delegation that had faced  
harsh criticism through the two-week meeting that it was working behind the  
scenes to block every proposal.  
  
  
German Environment Minister Sigmar Gabriel noted at a Dec. 14 press conference,  
"Of course, we as Europeans feel that this is a good situation that the United  
States changed their attitude . . . and fulfilled the promise of Bush during the  
G8 when he said he wants to bring American initiatives under the umbrella of the  
United Nations negotiations here in Bali. . . . We see that the Americans want  
to fulfill this promise."  
  
  
Additionally, U.N. Framework Convention on Climate Change Executive Secretary  
Yvo de Boer, in response to a question about whether the United States was  
wrecking the talks, said late Dec. 14, "My impression is that the U.S. is  
showing a great deal of flexibility."  
  
  
The decision document includes significant deals going forward on forestry,  
adaptation and technology. For example, environmental groups say the climate  
talks produced historic language paving the way for new negotiations on ways to  
reduce deforestation and forest degradation--a priority of many developing  
nations including Indonesia, the host country for the talks. The language allows  
"positive incentives" to stop such deforestation. The agreement is not explicit  
on the question of whether such incentives should include crediting of such  
environmental activities in carbon markets. The Union of Concerned Scientist's  
Peter Frumhoff said at a Dec. 14 press conference that the issue was left for  
future discussions.  
  
  
On the subject of technology transfers--a longtime priority of developing  
nations--one knowledgeable source says negotiators took steps that include an  
agreement to politically elevate an existing "expert group," with instructions  
to examine issues such as intellectual property rights related to technology  
transfers and mechanisms for overcoming the incremental costs of installing  
cleaner energy alternatives. The language also calls for the group to focus on  
performance indicators for measuring progress on the issue.  
  
  
On the issue of adapting to climate change, negotiators are calling for  
"enhanced action" on efforts, including consideration of risk management and  
disaster reduction strategies, and integration of adaptation action into  
sectoral and national planning. One source tracking the issue, however, says  
that while the language sets up a framework for action, "There is an immense  
amount of work to be done to make it meaningful."  
  
  
Officials earlier in the talks agreed on the structure for an existing  
adaptation fund, financed by a tax on the Clean Development Mechanism of the  
Kyoto Protocol, a move that officials here have indicated could pave the way for  
the first release of funds in 2008. However, environmentalists say the fund is  
only a fraction of what is needed to develop low-emission projects in developing  
countries. -- Dawn Reeves & Doug Obey

Clean Air Report  
  
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**DEAL ON ADAPTATION FUNDS HAILED AS KEY 'BREAKTHROUGH' OF BALI TALKS**  
SECTION: Vol. 10 No. 26  
LENGTH: 474 words  
  
BALI, Indonesia -- Delegates and observers here touted an agreement on the  
structure of a climate change adaptation fund as one of the first concrete  
successes of the negotiations on developing a "road map" for a post-2012  
agreement on climate change that includes both industrialized and developing  
nations.  
  
  
At a Dec. 11 press briefing, European Environment Commissioner Stavos Dimas  
called the agreement a key "breakthrough" of the Bali talks.  
  
  
While the climate change adaptation fund was established prior to the Bali  
negotiations, the agreement reached late Dec. 10 allows it to become operational  
next year, according to United Nations Framework Convention on Climate Change  
Executive Secretary Yvo de Boer.  
  
  
DeBoer outlined the agreement on the structure and governance of the fund. Under  
the plan, the fund will be administered by the Global Environment Facility,  
which provides grants to developing nations, with the World Bank serving as its  
trustee. The deal also creates a 16-member board that will meet twice a year to  
oversee the process. According to de Boer, the plan also retains the fund's  
reliance on a 2 percent levy on transactions under the Clean Development  
Mechanism (CDM). The CDM was created under the Kyoto Protocol to allow  
industrialized countries to achieve their emission targets in part by funding  
emission-reduction projects in developing nations.  
  
  
One environmentalist says the announcement on adaptation was a welcome indicator  
of progress on the issue. But some groups says the announcement represented only  
a fraction of what would be needed to come to a long-term consensus on how to  
address the problem of adaptation -- widely viewed as a prerequisite to more  
aggressive emissions policies by developing nations.  
  
  
During a press conference by the Climate Action Network -- an umbrella  
organization of environmental groups -- Alden Meyer of the Union of Concerned  
Scientists said the fund as currently structured and financed falls far short of  
what is ultimately needed to address the problem of adapting to climate change  
effects, which can include flooding and drought.  
  
  
"Right now we have tens or hundreds of millions of dollars on the table. We need  
tens or hundreds of billions of dollars" to address the issue, he said.  
  
  
Meyer also argued that the fund's current reliance on the CDM is inequitable.  
Instead, he said there ought to be a tax on mechanisms used by developed  
countries to reduce emissions, such as carbon trading systems. "This is a  
responsibility of the [northern hemisphere] as countries that have largely  
caused this problem to date," Meyer said.  
  
  
In a press statement reacting to calls here for greater participation by  
industrialized nations on the issue of adaptation, the anti-regulatory group  
Civil Society blasted the notion of any "taxpayer funded aid" going to  
developing nations. -- Doug Obey

The Toronto Star  
  
                          December 27, 2007 Thursday  
  
**Government still searching for heir to Kyoto deal;  
Abandoned deal on climate shaped environmental debate**  
BYLINE: Jennifer Ditchburn, THE CANADIAN PRESS  
SECTION: NEWS; Pg. A34  
LENGTH: 600 words  
DATELINE: OTTAWA  
  
The ghosts of Kyoto treaties past and future haunted the beginning and end of  
2007.  
  
  
From the start of the year to Parliament's return in the fall, Canada's failure  
to live up to its obligations under the climate-change deal shaped much of the  
environmental debate in Canada.  
  
  
But as the nights grew cooler, the focus shifted to the next phase of  
anti-global warming negotiation.  
  
  
How was Canada going to pull its weight once Kyoto expired in 2012? United  
Nations talks in Bali, Indonesia, ended mid-December with Canada signing on to  
an agreement that would see it take on even deeper greenhouse emissions cuts in  
the future along with other industrialized countries.  
  
  
The Conservative government started the shift from Kyoto detractor to  
self-described player in the global climate-change debate almost as soon as the  
calendar flipped to 2007.  
  
  
The party had been taking a beating for its proposed Clean Air Act, ridiculed  
for long-term target dates for action, such as 2050.  
  
  
Rona Ambrose, then environment minister, was ridiculed for her performance at a  
UN meeting in Kenya, where she complained about the Liberals for most of an  
important speech.  
  
  
Prime Minister Stephen Harper shuffled Ambrose out of the portfolio on Jan. 4.  
  
  
"We recognize that, particularly when it comes to clean air and climate change,  
Canadians expect a lot more," he said.  
  
  
In Ambrose's place came the media-savvy John Baird, who set about to trash the  
idea that Canada could ever live up to its initial set of reduction targets  
under Kyoto.  
  
  
He released a study backed by well-known economists that suggested Canada would  
be headed toward financial disaster if it attempted to meet Kyoto obligations.  
  
  
Next, the Tories all but abandoned their original Clean Air Act and drafted a  
plan with short-term reduction targets, with the promise of a 20 per cent cut in  
greenhouse gases by 2020 below 2006 levels.  
  
  
Some of the economists who said Canada would be unwise to try to meet Kyoto  
Protocol's targets expressed doubt that the new plan would accomplish all it  
promised.  
  
  
Mark Jaccard, one of the country's leading environmental economists, is  
concerned about carbon offsets - a measure in which industries could buy  
emission reduction credits rather than cut back their own emissions.  
  
  
"We have 20 years of politicians telling us about the tough stuff they're going  
to do the next year. To me, the default is don't believe them, they don't have  
any credibility," said Jaccard, a professor at Simon Fraser University, who said  
he worked behind the scenes with Ambrose on cuts for 2007 that never  
materialized.  
  
  
The Conservatives insist that their plan will go into action in 2008, when  
regulations for big industries will be published.  
  
  
By all accounts, the environment was one of the top political stories of 2007,  
and may be just as big a force in 2008.  
  
  
Will it become the ballot box issue in the next election?  
  
  
Bruce Anderson, president of market research firm Harris-Decima, says it depends  
on how smart the parties are when it comes to understanding what the public is  
waiting to hear.  
  
  
A poll of 5,000 people in August indicated Canadians are deeply concerned about  
their role in the environment, and want to feel optimistic about the planet's  
future.  
  
  
Baby boomers in particular are thinking hard about their legacy on the planet.  
  
  
The party that can tap into the desire to take action will reap huge rewards.  
  
  
Focusing on big picture policy issues - or worse, harping on what can't be done  
- will lose their interest.  
  
  
"People are not holding the government to account, they're holding themselves to  
account, so you're looking to give voice to their instincts."

The Washington Post  
  
  
                          December 27, 2007 Thursday  
                                Met 2 Edition  
  
 **Small-Scale Businesses Forestall a Green India;  
Many Can't Afford Or Grasp Need for Energy Efficiency**  
  
BYLINE: Rama Lakshmi; Washington Post Foreign Servi  
SECTION: A-SECTION; Pg. A0  
LENGTH: 1078 words  
  
FARIDABAD, India -- Ashok Gupta's modest plastic-packaging factory is the oldest  
in town, and its age shows. The root of all his problems is electricity.  
  
  
Gupta is stuck with a 32-year-old machine that consumes huge amounts of power,  
while the new machines available in the nearby market produce twice as much  
plastic packaging and use 25 percent less electricity. But his business is too  
small for him to be able to afford the $18,000 energy-efficient model. Gupta's  
problems are compounded by frequent cuts in the electrical supply here in the  
power-starved northern Indian state of Haryana.  
  
  
The machine at Ashoka Plastics Industries "needs to be heated for 1 1/2 hours  
before it can work," said Gupta, 53, whose factory does about $12,000 worth of  
business a year. "We face power cuts every other hour, cooling down the machine,  
and it has to heat all over again. This uses a lot of electricity."  
  
  
Analysts say cash-strapped small industrial operations such as Gupta's pose one  
of the biggest challenges to achieving energy efficiency and curbing carbon  
emissions in this country.  
  
  
With one of the world's fastest-growing economies, India is expected in the  
coming years to produce ever more of the greenhouse gases that contribute to  
global warming. But many business owners in small industries either fail to  
understand the relevance of climate change or are unable to afford the changes  
necessary to become more energy-efficient. According to a World Bank study,  
India's 4.5 million small and medium enterprises, with their obsolete  
technology, produce 70 percent of India's industrial pollution.  
  
  
"Appropriate climate-friendly technology is not available for industrial units  
of smaller size," said Ajay Mathur, who heads the Indian government's Bureau of  
Energy Efficiency. "Their financial constraints and scale of operations limit  
their access to newer technological innovations. A majority of them, in  
textiles, light engineering, glass and foundries, are in smaller towns and less  
aware of climate change issues. Individually, they cannot even afford an  
engineer for an energy audit."  
  
  
In recent years, India's commercial energy consumption has grown by less than 4  
percent annually, a rate it needs to increase to sustain its economic growth  
rate of 9 percent. But India has a huge population of 1.1 billion, and half of  
its energy needs are met by coal. The country is ranked fifth in the world in  
terms of the amount of carbon it emits; according to a recent report by the  
Paris-based International Energy Agency, India will leap to third on that list  
around 2015.  
  
  
India is also one of the few countries where electricity rates for industrial  
users are almost 50 percent higher than for residential users. Policymakers cite  
this imbalance as a strong incentive for industries to shape up.  
  
  
At the international climate change conference in Bali, Indonesia, this month,  
delegates from New Delhi resisted efforts by industrialized nations to set  
mandatory targets for reductions in carbon emissions, arguing that India's  
per-capita emissions are far lower than those of wealthier, developed countries.  
Countries with emerging economies have also argued that climate change goals  
should not be imposed at the cost of growth.  
  
  
India's severe power shortages are already forcing some business owners to look  
for energy-efficient solutions -- both to cut costs and to remain globally  
competitive. In the past two years, the government has introduced  
energy-efficiency labels for some consumer goods and trained architects how to  
meet new, environmentally friendly building codes. The government has also  
mandated energy audits for large factories this year and is proposing tougher  
fuel economy standards.  
  
  
"We have been engaging in energy-efficiency activities on our own because of our  
energy security concerns and the need to be competitive. It is not just a  
response to climate change," said Pradipto Ghosh, a member of the Indian Prime  
Minister's Council on Climate Change and a participant in the Bali summit. "Why  
is India being targeted when even without targets we are doing better than many  
rich nations?"  
  
  
When it comes to curbing pollution in small-scale industries, some officials say  
that the solution lies in what are known as clusters -- groups of factories that  
come together to jointly hire energy auditors, buy new machines in bulk and  
apply for collective loans.  
  
  
But business owners see barriers to that solution as well.  
  
  
"They say, 'We are competing against each other. Why should we come together?' "  
said Harinder Singh of the Confederation of Indian Industry. "We tell them:  
'Your real competition is global. It is China.' We sell it as a money-saving  
drive. We would lose them if we start telling them about global warming."  
  
  
Two years ago, an exorbitant electricity bill landed on the desk of Rajiv  
Chawla, an automobile component manufacturer here. It was almost 50 percent more  
than his usual monthly bill, and it hurt, badly.  
  
  
After a grueling two-day energy audit of his factory by Singh's team, his $2.5  
million business was declared "energy inefficient." He has now replaced his old  
energy-guzzling power motors, installed new timers and meters and changed all  
the light bulbs in his office, factory and home.  
  
  
"Energy efficiency is now a lifestyle choice for me, like being a vegetarian,"  
Chawla said. "My electricity bills dropped, and I recovered my investment in six  
months."  
  
  
Mathur, of the Bureau of Energy Efficiency, said that many of India's large  
industries, such as cement, steel and aluminum producers, are already among the  
world's most energy-efficient. As a developing country, he said, India has the  
advantage of being able to incorporate new, cleaner technologies into its  
infrastructure as it grows, while wealthier countries have to supplant existing  
infrastructures.  
  
  
Meanwhile, there are signs that any change in energy habits, whether among  
ordinary Indians or among businesses, could come slowly. Last year, Mathur's  
bureau introduced power-saving labels for refrigerators and air conditioners.  
The consumer response has been tepid.  
  
  
In an upscale household appliance store in southern Delhi, salesman Praveen Jain  
was trying to peddle all manner of products on a recent day, including  
refrigerators with red and yellow tags indicating energy-saving models.  
  
  
"Customers don't seem to be even aware of the labels," Jain said. "It is still  
too early to make an impact."  
  
  
Staff researcher Robert E. Thomason in Washington contributed to this report.

The Washington Post  
  
                         The Globe and Mail (Canada)  
  
                          December 27, 2007 Thursday  
  
**Europe's biofuel bet yields little payoff;  
Industry's future in question due to soaring costs, oversupply and waning public  
support**  
  
BYLINE: JOHN W. MILLE  
SECTION: REPORT ON BUSINESS: THE WALL STREET JOURNAL; ENERGY; Pg. B9  
LENGTH: 1018 word  
DATELINE: BORKEN, GERMANY  
  
The European Union's dream of using vegetable-based diesel fuel in cars to cut  
oil imports and the pollution that causes global warming is turning sour.  
  
  
The bloc made a big bet on "biodiesel" fuels in 2003, agreeing that its  
governments would phase in tax breaks and rules to encourage their production  
and use.  
  
  
The bet seemed to make sense. Most Europeans drive diesel cars, making ethanol -  
the U.S. clean fuel of choice for gasoline-powered cars - impractical.  
  
  
Biodiesel can be mixed with regular diesel fuel and, when blended, doesn't need  
any special pumps or engine design changes.  
  
  
Mirroring the U.S. experience with ethanol, European companies rushed to make  
biodiesel out of everything from rapeseed crops to used McDonald's frying oil.  
Low raw-material costs and generous tax breaks meant margins were wide. By last  
year, Europe's yearly capacity to make the fuel had climbed to 10 million tonnes  
from two million tonnes in 2003.  
  
  
As with ethanol in the U.S., though, Europe now has a glut of biodiesel. The  
world consumed only nine million tonnes of biodiesel last year. Europe's  
producers found buyers for just five million tonnes.  
  
  
The industry is in trouble, under pressure from soaring costs, disappearing tax  
breaks, less-costly imports and waning public support.  
  
  
The trend is at odds with conventional wisdom that rising oil prices make green  
energy more attractive. It also means the EU risks missing the goal it set in  
2003 of replacing 10 per cent of transportation fuel with non-fossil fuels by  
2020.  
  
  
The 27-nation bloc, which claims to lead the world in cutting the carbon-dioxide  
emissions believed to cause global warming, currently uses non-fossil fuels for  
less than 2 per cent of transportation fuel consumed.  
  
  
Since January, prices for the crops that make most biodiesel have doubled,  
driving the cost of a tonne of biodiesel up 50 per cent, to around $1,440 per  
tonne, or about $4.80 (U.S.) a gallon. Prices for regular crude oil-based diesel  
prices have risen sharply, too, but only to $840 per tonne, or $2.80 a gallon.  
Biodiesel has become more expensive for oil companies to buy than fossil fuel,  
and they're cutting back.  
  
  
Green lobbies are also turning against biodiesel. They now say that growing  
crops for biodiesel puts too much pressure on land and food prices.  
  
  
In Europe, 80 per cent of biodiesel is made from rapeseed, a distinctive  
yellow-flowered crop. Environmental groups also oppose imported palm oil-based  
biodiesel from countries such as Malaysia and Indonesia, saying the rush to grow  
more oil palm trees is causing deforestation.  
  
  
The combination of problems has hit producers hard. Petrotec AG, based in  
Germany, makes biodiesel out of used cooking oil from McDonald's, Burger King  
and other restaurants. After going public last year, its market capitalization  
quickly climbed to (EURO)200-million ($288-million). But when the German  
government cancelled a biodiesel tax credit in August, 2006, Petrotec's share  
price halved, and the company shed workers.  
  
  
"How are we meant to invent and develop new technology if we can't make money?"  
asked Petrotec chief executive officer Roger Boeing, who started the firm in  
1998. He helped pioneer a technology for converting recycled oil into biodiesel,  
but it still isn't efficient enough to make biodiesel less expensive than normal  
diesel.  
  
  
A prominent U.K. company, Biofuels Corp., avoided a bankruptcy situation this  
year after Barclays Bank agreed to swap some of its debt outstanding for 94 per  
cent of the equity in the company. The company blamed high commodity prices and  
biodiesel imports from the U.S. for its problems.  
  
  
U.S. biodiesel producers enjoy a big tax credit from the U.S. government. This  
month, Congress voted to extend the tax credit until the end of 2010. EU  
producers recently asked the EU to impose punitive tariffs on biodiesel imports  
from the U.S., citing the subsidies as unfair competition. U.S. producers  
dispute the claim.  
  
  
"We're still working on a big technological breakthrough to bring costs down,"  
said Bruno Reyntjens, a manager at Proviron, a Belgian company that makes  
biodiesel out of rapeseed and soybeans.  
  
  
Scientists say it's likely to be at least 2010 before any breakthrough is made  
on costs, or on producing a biodiesel than can run in regular diesel engines  
effectively at a much higher blend than the current standard of 5 per cent per  
gallon of diesel sold at the pump.  
  
  
Europe's governments are finding it difficult to adjust policy to a new and  
volatile market.  
  
  
In 2006, when commodity prices were low and margins were fat, Germany decided to  
trim the tax breaks it offers to biodiesel producers. Earlier this year, France  
raised taxes on biodiesel. Now that producers are in trouble, governments aren't  
giving the tax breaks back.  
  
  
"It's public finances versus agriculture, and governments need money," said  
Kevin McGeeney, chief executive of Switzerland's Starsupply Renewables SA, a  
biofuels broker. Ten EU countries, including the U.K., so far have delayed  
measures to force oil companies to blend biodiesel with regular fuel.  
  
  
The International Energy Agency, based in Paris, has urged EU governments to cut  
back further on incentives to develop biofuels, saying they are too expensive.  
  
  
Peter Mandelson, the EU's top trade negotiator, said the problem isn't the use  
of biodiesel, but producing it in crowded, high-cost Europe. "Europe should be  
open to accepting that we will import a large part of our biofuel resources,"  
Mr. Mandelson said in a speech this summer.  
  
  
U.S. ethanol producers are facing some similar problems. Buoyed by $7-billion a  
year in subsidies and a tariff on foreign imports, U.S. farmers planted a  
quarter more corn this year, most of it going toward making ethanol. But supply  
of ethanol is outstripping demand, mainly because of the difficulty and cost of  
transporting ethanol, which needs special pipelines. Some U.S. ethanol producers  
are idling production and a debate has begun over whether the pressure that  
ethanol production puts on agricultural land is worth the modest cuts in carbon  
-dioxide emissions it yields.

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Mirroring the U.S. experience with ethanol, European companies rushed to make  
biodiesel out of everything from rapeseed crops to used McDonald's frying oil.  
Low raw-material costs and generous tax breaks meant margins were wide. By last  
year, Europe's yearly capacity to make the fuel had climbed to 10 million tonnes  
from two million tonnes in 2003.  
  
  
As with ethanol in the U.S., though, Europe now has a glut of biodiesel. The  
world consumed only nine million tonnes of biodiesel last year. Europe's  
producers found buyers for just five million tonnes.  
  
  
The industry is in trouble, under pressure from soaring costs, disappearing tax  
breaks, less-costly imports and waning public support.  
  
  
The trend is at odds with conventional wisdom that rising oil prices make green  
energy more attractive. It also means the EU risks missing the goal it set in  
2003 of replacing 10 per cent of transportation fuel with non-fossil fuels by  
2020.  
  
  
The 27-nation bloc, which claims to lead the world in cutting the carbon-dioxide  
emissions believed to cause global warming, currently uses non-fossil fuels for  
less than 2 per cent of transportation fuel consumed.  
  
  
Since January, prices for the crops that make most biodiesel have doubled,  
driving the cost of a tonne of biodiesel up 50 per cent, to around $1,440 per  
tonne, or about $4.80 (U.S.) a gallon. Prices for regular crude oil-based diesel  
prices have risen sharply, too, but only to $840 per tonne, or $2.80 a gallon.  
Biodiesel has become more expensive for oil companies to buy than fossil fuel,  
and they're cutting back.  
  
  
Green lobbies are also turning against biodiesel. They now say that growing  
crops for biodiesel puts too much pressure on land and food prices.  
  
  
In Europe, 80 per cent of biodiesel is made from rapeseed, a distinctive  
yellow-flowered crop. Environmental groups also oppose imported palm oil-based  
biodiesel from countries such as Malaysia and Indonesia, saying the rush to grow  
more oil palm trees is causing deforestation.  
  
  
The combination of problems has hit producers hard. Petrotec AG, based in  
Germany, makes biodiesel out of used cooking oil from McDonald's, Burger King  
and other restaurants. After going public last year, its market capitalization  
quickly climbed to (EURO)200-million ($288-million). But when the German  
government cancelled a biodiesel tax credit in August, 2006, Petrotec's share  
price halved, and the company shed workers.  
  
  
"How are we meant to invent and develop new technology if we can't make money?"  
asked Petrotec chief executive officer Roger Boeing, who started the firm in  
1998. He helped pioneer a technology for converting recycled oil into biodiesel,  
but it still isn't efficient enough to make biodiesel less expensive than normal  
diesel.  
  
  
A prominent U.K. company, Biofuels Corp., avoided a bankruptcy situation this  
year after Barclays Bank agreed to swap some of its debt outstanding for 94 per  
cent of the equity in the company. The company blamed high commodity prices and  
biodiesel imports from the U.S. for its problems.  
  
  
U.S. biodiesel producers enjoy a big tax credit from the U.S. government. This  
month, Congress voted to extend the tax credit until the end of 2010. EU  
producers recently asked the EU to impose punitive tariffs on biodiesel imports  
from the U.S., citing the subsidies as unfair competition. U.S. producers  
dispute the claim.  
  
  
"We're still working on a big technological breakthrough to bring costs down,"  
said Bruno Reyntjens, a manager at Proviron, a Belgian company that makes  
biodiesel out of rapeseed and soybeans.  
  
  
Scientists say it's likely to be at least 2010 before any breakthrough is made  
on costs, or on producing a biodiesel than can run in regular diesel engines  
effectively at a much higher blend than the current standard of 5 per cent per  
gallon of diesel sold at the pump.  
  
  
Europe's governments are finding it difficult to adjust policy to a new and  
volatile market.  
  
  
In 2006, when commodity prices were low and margins were fat, Germany decided to  
trim the tax breaks it offers to biodiesel producers. Earlier this year, France  
raised taxes on biodiesel. Now that producers are in trouble, governments aren't  
giving the tax breaks back.  
  
  
"It's public finances versus agriculture, and governments need money," said  
Kevin McGeeney, chief executive of Switzerland's Starsupply Renewables SA, a  
biofuels broker. Ten EU countries, including the U.K., so far have delayed  
measures to force oil companies to blend biodiesel with regular fuel.  
  
  
The International Energy Agency, based in Paris, has urged EU governments to cut  
back further on incentives to develop biofuels, saying they are too expensive.  
  
  
Peter Mandelson, the EU's top trade negotiator, said the problem isn't the use  
of biodiesel, but producing it in crowded, high-cost Europe. "Europe should be  
open to accepting that we will import a large part of our biofuel resources,"  
Mr. Mandelson said in a speech this summer.  
  
  
U.S. ethanol producers are facing some similar problems. Buoyed by $7-billion a  
year in subsidies and a tariff on foreign imports, U.S. farmers planted a  
quarter more corn this year, most of it going toward making ethanol. But supply  
of ethanol is outstripping demand, mainly because of the difficulty and cost of  
transporting ethanol, which needs special pipelines. Some U.S. ethanol producers  
are idling production and a debate has begun over whether the pressure that  
ethanol production puts on agricultural land is worth the modest cuts in carbon  
-dioxide emissions it yields.

  Calgary Sun (Alberta)  
  
                          December 27, 2007 Thursday  
                                FINAL EDITION  
  
**BS alert! BS alert!;  
Notion of carbon offset credits among ideas that will never fly**  
  
BYLINE: BY LORRIE GOLDSTEIN, TORONTO SUN  
  
SECTION: EDITORIAL/OPINION; Pg. 15  
  
LENGTH: 548 words  
  
So much BS was emitted by the 15,000 people attending the recent United Nations  
conference on global warming in Bali, Indonesia, that I was unable to describe  
it all in a recent column.  
  
  
Hence, today's update: The BS in Bali, Part II.  
  
  
First, whoever chose this luxury island resort to host this conference is a  
total BS artist.  
  
  
Bali's primary industry is tourism. The way you get to it is by flying.  
  
  
That means its economy would collapse, as would that of many developing nations  
that have based their economies largely on tourism (and cheap air travel), if  
people ever get serious about fighting global warming.  
  
  
I'll explain why in a moment, but first some media BS -- all that video you saw  
of conference delegates looking hot and sweaty while being interviewed outdoors  
on their way to and from their air-conditioned hotels and meetings, thus  
visually emphasizing the urgency of fighting "global warming."  
  
  
More BS! First, "weather" isn't the same thing as "climate." That a normally hot  
place is ... uh ... hot, tells us nothing about global warming. Second, if the  
theory of global warming is correct, some places will actually get colder.  
  
  
Third, flying (in addition to building energy-hungry luxury hotels in Third  
World countries) is one of the worst things you can do to the planet.  
  
  
Flying injects greenhouse gases (GHG) into the atmosphere at high altitude,  
meaning the effect is up to three times greater than at ground level.  
  
  
As for buying the so-called "carbon offsets" that movie and rock stars and  
"environmental" celebrities are forever telling us they do, thus claiming to  
reduce their "carbon footprint" to "zero" when they fly, that's more BS.  
  
  
Some GHG emissions remain in the atmosphere for thousands of years. The most  
common one, carbon dioxide, (from burning oil, coal and natural gas) lasts 50 to  
200 years.  
  
  
Thus, paying someone to plant a few trees to "offset" your GHG emissions caused  
by flying today 40 to 50 years from now, assuming the trees don't die from  
disease or fire, thus releasing their stored carbon dioxide back into the  
atmosphere, is total BS.  
  
  
Even so-called "gold standard" projects to offset GHG emissions are BS.  
  
  
The best thing to do is not to fly, period. Hold a teleconference instead.  
  
  
Besides, if what Al Gore is preaching is true, we have two or three decades to  
dramatically cut GHG emissions or risk global catastrophe. Removing GHG going  
into the atmosphere today 50 years from now will be too late.  
  
  
(For a hilarious satirical website mocking carbon offsetting, visit  
"[cheatneutral.com](http://cheatneutral.com)" the brainchild of two Brits, Alex Randall and Christian Hunt.  
It offers people who cheat on their spouses a way to "offset" their cheating by  
paying someone else not to cheat, thus making their own cheating "neutral."  
Randall and Hunt, who are not BSers and are serious about fighting global  
warming, came up with their inspired idea in a pub.)  
  
  
EXEMPT UNDER KYOTO  
  
  
Finally, if idiot celebrities jetting around the world claiming they are "carbon  
neutral" because they buy carbon offsets understood the Kyoto Accord, they  
wouldn't bother, considering what hypocrites they already are.  
  
  
That's because Kyoto doesn't count GHG emissions caused by flying, although it's  
one of the world's fastest-growing sources of GHG.  
  
  
Which concludes today's report on The BS in Bali, Part II.

 The Dominion Post (Wellington, New Zealand)  
  
                          December 27, 2007 Thursday  
  
**Climate intentions must translate**  
SECTION: FEATURES; EDITORIAL; Pg. 4  
  
LENGTH: 539 words  
  
THE hot air has evaporated from the United Nations Bali climate change  
conference and the good, the great and the gurus have jetted away in a cloud of  
carbon emissions. According to a Bloomberg report, delegates and activists  
flying to Bali generated as much greenhouse gas as 20,000 cars in a year, with  
each delegate producing an average of 4.07 tonnes of carbon dioxide.  
  
  
Indonesia promised to plant 79 million trees to offset all the emissions, and  
some of those attending were promising to buy carbon credits on top of that. New  
Zealand Climate Change Minister David Parker offset his emissions through the  
Landcare carbon credit scheme. Whether the carbon dioxide emitted ends up being  
worth it will not be clear till the intentions are followed with concrete  
actions.  
  
  
The optimists will say that the glass is half full, that a road map for moving  
beyond the Kyoto Protocol has been agreed on, and that the journey to save the  
world from the perils of global warming can now begin in earnest. There are now  
pledges to consider "policy approaches and positive incentives" to cut  
deforestation, estimated to be responsible for around 20 per cent of carbon  
dioxide emissions.  
  
  
The pessimists will say there is a complete lack of agreement on how to carry  
out that journey. There was a failure in Bali to get important parts of the  
developed industrial world -- including the United States, Japan and Canada --  
to sign up to firm cuts in greenhouse gases. Nor did it prove possible to get  
the big emitters of the developing world -- China, India, Brazil and South Korea  
-- to fully accept that they will have to contribute through measurable cuts as  
well. There is no sign either of how deforestation -- which makes Indonesia the  
world's third-largest contributor to greenhouse gases -- would be slowed. Like  
much else to emerge from Bali, the policy approaches and positive incentives  
promised remain theoretical.  
  
  
What is clear is that the debate about whether climate change is occurring is  
over. The evidence is too strong. For example, the amount of ice in the arctic  
cap has shrunk from 7.8 million square kilometres in 1980 to 4.2 million square  
kilometres now. Climate change has occurred before, with evidence suggesting  
average temperatures have ranged from 7 degrees to 27 degrees across history  
(the average now is 16 degrees). How much of the change that is now under way is  
natural, and how much is the product of man's activities can be quibbled over,  
but the fact is that since 1850 humans have increased atmospheric concentrations  
of carbon dioxide, which traps heat in the atmosphere, by about a third.  
  
  
New Zealand has set itself an ambitious programme for reductions, principally  
the gradual introduction of a carbon emissions trading scheme covering all  
sectors of the economy, and restrictions on new fossil fuelled electricity  
generation. However, New Zealand is also well behind on meeting its Kyoto target  
of reducing emissions to 1990 levels. According to the latest UN figures, New  
Zealand has exceeded that target by 23 per cent since the framework convention  
on climate change was established. The reality is that like the rest of the  
world, New Zealand must now match its climate change intentions with  
achievement.