

Panel Discussion on Environment and Natural Resources

“Saving the Earth”

Carbon Finance and Energy Security

How governments, businesses and individuals can help stop climate change was the issue for a panel discussion on the environment and natural resources on 21 January during the Asian Financial Forum 2010 at the Hong Kong Convention and Exhibition Centre.

Cap and Trade

Richard Sandor, Chairman and founder of the Chicago Climate Exchange, who is known as “the father of carbon trading,” predicted that “the next wave of value creation will be the commoditisation of air and water,” which would become the biggest commodities in the world.

The Chicago Climate Exchange already engages in a thriving trade in carbon emissions in the United States. “Carbon trading is unambiguously not the commodity of the future,” he said. “It is the commodity now.”

Once you price something, he said, “it catches your attention. It is possible to align financial incentives with social objectives.”

The Exchange also helped set up the Tianjin Climate Exchange in China, Dr Sandor said. “I thoroughly believe that China can become the pre-eminent market for trading emissions and air and water, and substantially improve not only the quality of its life, but the quality of the planet’s life.”

The Vulnerable Climate

Zhang Yue, Chairman and CEO of Broad Air Conditioning, spoke on “emission rights and human rights” and the issue of climate change.

In the Western ethos, he said, “every individual has the right to have access to public resources [such as] roads and hospitals. For the planet earth, climate is an absolute and, for now, the only public resource.”

Mr Zhang, who for the past decade has promoted carbon reduction and energy conservation, suggested that global carbon trading could result in developed economies that produce more carbon emissions per capita providing income to poorer countries that emit less.

He said people should take climate change into account in everything they do, for example, building smaller homes and buying smaller cars.

Asked if the mainland government was educating the public, he said, “Encouragement of consumption has been given an equal sign with patriotism, but that is against the thousands of years of values of the Chinese. Now, wastage is equivalent to patriotism. There is a contradiction there. What is the problem there? Is it the media, is it the central government, is it the people? Consumerism has been made equal to patriotism. There is something wrong. I think we should be encouraging the raising of living standards and not consumerism.”

The Problem with Sanctions

Mohammad Nahavandian, President of the Iran Chamber of Commerce, Industries and Mines, said the world needed energy security, which meant that the supply of energy had to be adequate, affordable, reliable and sustainable.

Sustainable supply requires massive investment in coal, oil and gas development: an estimated US\$26 trillion between 2007 and 2030, he said. But he noted that investment had declined in the past couple of years, not only in oil and gas but also venture capital investment in clean energy.

China and India would be most affected by instability and shocks in the energy market, he said.

Dr Nahavandian argued against the imposition of economic sanctions. He said they were ineffective 65 per cent of the time and their outcomes were difficult to control.

The energy market was very sensitive to shortages, he said, adding that a mere four per cent undersupply resulted in a 177 per cent price increase in global markets.

“The talk of sanctions due to some political reasons, not economic factors, is harmful to the world economy,” he said. “At a time of crisis we have to think more of

cooperation, dialogue, participation – not to impose a political agenda on the economic situation of the world.”