

Economist says world emissions trading market up for grabs

Global warming brings new business opportunities to city

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Hong Kong is a perfect place to create a carbon market for Asia that is crucial to promote innovative solutions to climate change like carbon capture and storage for coal-fired power plants, a leading European economist said yesterday.

Ottmar Edenhofer, chief economist from the Potsdam Institute of Climate Impact Research, was speaking after the start of the three-day International Conference on Climate Change.

He said a global integrated market involving the mainland, the United States, and India that carried a uniform carbon price was needed to push forward new technologies.

Carbon capture and storage is a potential solution for coal-dependent nations as it separates carbon dioxide at source and stores it underground in places like old oil or gas fields or even beneath the ocean, so it does not go directly into the atmosphere.

The concept, which local supplier CLP Power is studying, has been taken seriously as coal is widely distributed, abundant and cheap and will continue to be a mainstream fuel for energy in the next three decades, Dr Edenhofer said.

Studies and trials are planned, including a demonstration plant in Europe to see if carbon capture can be implemented on a large scale.

But the cost of carbon capture remains unknown. "I am not sure if the cost of [carbon capture] will become low enough to become competitive. It all depends on the carbon price," Dr Edenhofer said.

While a higher carbon price might make the option financially feasible, Dr Edenhofer said the lack of a global carbon market offering a uniform price might hinder the development. So far, only Europe has developed a carbon trading market.

Dr Edenhofer said Hong Kong could fill the void by forming a global

carbon market, and suggested economists from Europe, the mainland and Hong Kong should discuss the issue.

"Hong Kong is a perfect place to create a carbon market for Asia and it can play a leading role in implementing the market," he said, adding that the city could also become a platform for dialogue on technology transfer in Asia.

The potential role of Hong Kong as a global emissions trading base was also highlighted by Thomas Roe, European Commission head for Hong Kong and Macau, who said that as an international financial centre, its legal and regulatory system had the required conditions to implement a worldwide trading scheme.

Also speaking at the conference, Andrew Pidden, from Clean Resources Asia, said while carbon capture was costly, it was also difficult to implement speedily on a large scale.

Mr Pidden said countries like China would do better to focus on more effective energy conservation and efficiency.

Qin Dahe (秦大河), of the Chinese Academy of Sciences and the co-chairman of a working group at the Intergovernmental Panel on Climate Change, said the mainland's ecological and agriculture system might be under serious stress as a result of a fluctuation in rainfall and higher temperatures.

He said global warming would cause the number of rainy days to increase, with resultant effects on people's lives and the economy. The continuous increase in temperature attributed to global warming would also see the mainland's crop yield drop by as much as 10 per cent.

British diplomat Sir Crispin Tickell said a recent study forecast that human civilisation might only have a 50 per cent chance of survival if climate change was not abated. He called on people to develop a new mindset to make society more sustainable.



Hong Kong Trade Development Council chairman Peter Woo Kwong-ching gives the opening address at the International Conference on Climate Change at the Convention and Exhibition Centre yesterday. Photo: Dickson Lee

HK told to pay for climate change

Wealthy Hong Kong has a moral responsibility to contribute to a US\$50 billion fund to fight climate change in developing countries, says Oxfam.

Oxfam International is urging the world's rich to reach out to the developing world, which it says is responsible for the least greenhouse gas admissions yet is more susceptible to global warming.

The charity's report "Adaption to Climate Change", ranks nations' responsibility to contribute to the fund based on carbon emissions from 1992 to 2003 and their ability to pay.

The group says wealthy countries have only pledged US\$182 million to international adaption funds, with US\$48 million going to the 49 poorest. Oxfam says this group of struggling

nations needs up to US\$2 billion for their most urgent projects alone.

While Hong Kong had not signed the Kyoto Protocol and was not included in the fund estimation, the city must contribute, said Oxfam Hong Kong director-general John Sayer.

"Hong Kong ranks among the developed territories in terms of GNP per capita, the human development index and greenhouse gas emissions. So we believe HK is morally responsible for and financially capable of helping to finance people in developing countries to adapt to the problems of climate change," Mr Sayer said. "Developing countries cannot foot the bill for the impact of rich countries' emissions."

Rich countries were already making considerable investments at home but

ignoring the rest of the planet, he said. The US topped the charity's list, with close to 44 per cent of the bill, followed by Japan with 13 per cent, Germany with about 7 per cent and Italy, France and Canada with between 4 and 5 per cent.

The US\$50 billion fund is only an estimate and could rise quickly if little action is taken, Oxfam says.

"Hong Kong has a disaster relief fund for helping people hit by humanitarian disasters, including floods and droughts, which may be attributable to the effects of climate change," Mr Sayer said.

"Oxfam hopes, however, that Hong Kong can provide assistance to help people to adapt to climate change."

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