

Excerpt from Climate Spectator (Australia), Sept 28, 2011

<http://www.climatespectator.com.au/commentary/euro-crisis-weighs-clean-energy-stocks>

Euro crisis weighs on clean energy stocks

The economic pain of Europe - and the rest of the world - rippled through the clean energy industry last week and pushed the Wilderhill New Energy Global Innovation Index or NEX back close to its March 2009 lows. The 99-share index, which includes SMA Solar, Acciona and China Ming Yang, was trading below the 137-level on Monday, a decline of almost 35% since January this year.

Securing funding support for clean energy projects could become more challenging if this environment persists. This would also cast a shadow over the next round of climate talks scheduled at Durban later this year. It remains questionable whether the USD 100bn committed by the developed world annually for the developing countries at Copenhagen in 2009, is actually going to materialise.

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Leveraging a limited amount to investment from public resources to mobilise a much larger quantum of private investment is what China is doing for its carbon capture and storage industry. It plans to invest CNY 400m (USD 63m) on such projects in the five years ending 2015. This could lead to private investments of CNY 2.3bn (USD 359m), Minister of Science and Technology Wan Gang said last week. Alstom and China Datang are developing two trial projects to capture carbon dioxide from power plants.

China is moving ahead expeditiously in two other areas - geothermal energy and electric vehicles. General Motors and SAIC Motor announced last week that they would design electric cars and develop components for them at an existing joint venture in China. Boston-Power announced its plan to manufacture lithium-ion batteries in China for which the Beijing government is providing grants, low-interest loans and tax incentives, while the chief of Ford Motor said that that company may make electric cars with its partner in China. The country intends to have 1m electric vehicles on the road by 2015.

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Chinese subsidies have been blamed for the troubles of solar companies in the US. China "frequently provides both zero-cost financing, occasionally free land and other kinds of incentives and subsidies" to its wind and solar companies, to capture a market which will be worth trillions of dollars, Jonathan Silver, executive director of the Energy Department's loan program, told a congressional panel on 14 September.

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