

Green redemption for economic crisis

January 23, 2009

The buzz around green energy could lift the world out of the current financial predicament, the President of the prestigious Massachusetts Institute of Technology (MIT) said this week in Abu Dhabi.

Susan Hockfield, who was addressing business leaders at an energy summit, is banking on the spark for an economic renewal coming from the lecture halls and laboratories of the Cambridge university town in the US and UAE's capital.

MIT and Masdar – Abu Dhabi's green city – this week signed a historic pact to work together on the MIT Technology Energy Initiative.

For Hockfield, it could be the catalyst the global economy has been waiting for since the crisis took hold.

"We need to focus on alternative energies because reviving the economies of the world requires a return to fundamental economic growth. I'm convinced that the next wave of economic growth will rise from the same source that powered the information and bio-technology revolutions, from innovation," said Hockfield.

"Today, by far the most powerful potential for immediate innovation is in alternative energy. As with previous revolutions this will spring from some of the world's leading universities."

With an avalanche of thoughts, ideas and inventiveness around alternatives comes the generation of new jobs.

Latest estimates put the figure at one million people likely to find employment in the world wind-power industry alone by the end of the decade. This figure could jump to three million by 2050, according to the Global Wind Energy Council.

The UAE's specialism would unquestionably be solar. As Sultan Al Jaber, Chief Executive of Masdar, said plainly this week: "We don't have enough wind to be a large scale player in wind." The target of generating seven per cent of Abu Dhabi's power from renewables by 2020 will be made up mainly by solar, Al Jaber said.

This will count in the UAE's favour, as it lays out plans to become the world's leading manufacturer – and seller – of alternative technologies.

Farouk Al Baz, Director of the Space Research Institute at Boston University, said the Gulf region as a whole is capable of securing energy for the whole world with the use of solar and wind power and will make profits better than those of oil. "The Gulf has a vast and so far untapped energy source; its bright sun. And if the strong sun rays are to be stored in solar compounds and strong wind gathered in several valleys of the Arabian Peninsula, we would obtain a clean energy for the Arab region and the world at very cheap prices."

The need to stimulate slumping world economies through a green brand of innovation has never been more pressing, this week's summit heard. But as the financial storm engulfs more major industries – and the credit remains tight to fund research – experts predicted only the strongest players would survive in the burgeoning green energy sector.

"Clearly we're facing stormy weather economically and this has had an impact on the renewables sector so we see the dramatic slowdown in the amount of money available for the sector," Vivienne Cox, Head of Alternative Energy at BP.

"It's extraordinary that there is still hesitation out there about the realities of climate change – we see all around the world projects being delayed and cancelled because of this shortage of debt financing," she added.

Investment in the alternative energy sector is struggling under the strain of the financial crisis. The amount of money invested grew by just five per cent last year, compared to 50 per cent in the three years previous, according to figures from BP.

Connie Hedegaard, Danish Minister for Climate and Energy urged delegates not to let the financial crisis deter efforts to develop green technologies. "We've woken to a sober reality with empty pockets. After years of heightened spending we're facing a bleak future with concern to our economies – particularly our energy situation.

"The financial crisis should not take our attention away from our climate change and energy challenges. On the contrary, our economic challenges give us with a unique opportunity to reinvent business as usual, to rethink and reform energy systems," she added.

Denmark has a major presence in wind power technology, which now represents nine per cent of its total exports. Its total alternative energy sector employs over 60,000 professionals.

Abu Dhabi's reputation as a petro-dollar economy was not lost amid the talk of going green at the summit, but most delegates highlighted how the income from oil could be used for good.

Cox said: "The reality in this part of the world is that yes, there's a lot of hydrocarbon and a lot of emissions with the development of the region, but there are also more opportunities given the huge resource of the sun. This is one of the regions that will be impacted physically by climate change – whether its sea level rises or the need for clean water or the need to diversify energy – so they have a need to invest in it."

The general conclusion from the summit of the UAE capital's efforts was: "If Abu Dhabi can do it then anyone can."

The summit was also reminded of the difficulty of the task ahead – to cut global carbon emissions in half by 2050. One senior economist said the bill to achieve this goal would amount to \$2 trillion (Dh7.34trn) a year.

{Emirates Business 24/7}