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EuropeanNoise

Special European Business Summit edition
18 May 2011

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This special edition of European Noise is published to mark the 9th European Business Summit, which opens today in Brussels. This year's summit focuses on Europe's place in the global economy: "Europe in the world: leading or lagging?"

Chief executives from Europe's biggest companies and top European decision makers will discuss how to boost Europe's position as a leading economy. In today's difficult and changing climate, they will be seeking opportunities to boost growth and improve competitiveness. European Noise looks at the key players at the summit, examines the role of heavy industry, and asks if Europe, whether leading or lagging, can meet the real challenges the world faces today.

EuropeanNoise.com

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INDUSTRY Leading or lagging?



DOWN TO BUSINESS Leading figures from the EU's business and political spheres meet today and tomorrow in Brussels for the 9th European Business Summit, to discuss the future of industry and Europe's place in the global economy. UWWE HERMANN / WIKIMEDIA COMMONS

Business group rejects climate action

Sue Donym
suedonym@eunoise.com

A leading business lobby group has formally rejected the EU's climate targets in a surprise announcement on the eve of the European Business Summit.

BusinessEurope, which represents major industry groups from across Europe, said that uncertainty over climate targets was jeopardising the future of industry in Europe. As a result the group had decided it could no longer support targets for emission cuts and was calling on the European Commission to abandon its 20% by 2020 target.

The group added that it would no longer speak for companies which continue to push for targets – and that these companies would be expelled.

BusinessEurope director general Phillip de Bull said: "Business cannot operate within such an uncertain framework. There has been continuous talk and speculation within the Commission about changes to the 2020 emissions target and this is damaging competitiveness. We have decided to reject climate action completely."

The surprise shift ahead of the annual summit follows a fierce battle among members of BusinessEurope. Insiders said the decision represents a clear victory for the most energy intensive companies, including the oil, gas, steel, cement and energy producers.

De Bull said Europe's place as a leader in the global economy would be threatened by companies adopting climate-friendly practices. The focus must be on competitiveness and growth at the expense of other considerations, he said.

He added that he expected the European Commission to ensure full 'competitiveness proofing' of all new legislation and to stop bothering business with measures on climate change.

"Europe is lagging in the global economy because too many of our members have been diverted from their core business," he warned. "Their sole aim should be to promote the interests of their shareholders – and that means profits."

"In these times of economic crisis we cannot afford to shed tears over issues like melting

ice-caps, desert islands sinking or a few trees being chopped down. The Commission needs to concentrate on measures to boost consumption, which is the best way to get out of the current crisis."

The announcement has sent shock waves through the European Commission, where BusinessEurope is known to have close links to decision-makers.

Ten European Commissioners are due to address delegates at the European Business Summit over the next two days and many are thought to be sympathetic to BusinessEurope's demands. If the Commission gives in to the demands of business hardliners, this could mean an end to any ambition in the EU's climate change policies.

Climate legislation, including the EU target to reduce emissions by 20% by 2020, regulations on CO2 limits for cars, and controls on emissions from fossil fuel production, has been fiercely opposed by parts of business. While environmental groups assert that Europe must go to at least 40% cuts to deal with the scale of the climate emergency, BusinessEurope

has argued that current environmental legislation is already making too much of a dent in its profits.

"From now on we will say what we really mean. Climate legislation poses too great a burden on industry. Tree huggers think they can make money in a low carbon world, but we know that Europe needs industry, and industry means emissions," De Bull said. "We want to send a clear message to our membership that all business must speak with one voice."

A spokesperson for a major utility, which has previously spoken out in support of higher emission targets, told European Noise he was very disappointed by BusinessEurope's announcement.

"There are clearly differences of opinion over climate policy, but we had hoped BusinessEurope would listen to all its members. Business needs to adapt to a world with climate change – and that means higher targets for cutting carbon. The sooner we realise that targets can be beneficial for the economy, the better it will be for European industry and employment."

CARBON Leakage

Leak reveals truth about carbon leakage scam

CROATIA has announced it is to introduce its own version of the EU's Emissions Trading System to reduce smoking in the country. Under the scheme, citizens will be issued with free packets of cigarettes – and non-smokers will be encouraged to trade with those who smoke more. The government said it consulted smokers, and will ensure they are given a generous cigarette allowance.

EUROPEAN BUSINESS SUMMIT ORGANISERS have responded to criticism from environmentalists that they don't care about the climate by installing a donations box in the foyer. A spokesman said participants would be encouraged to donate their small change, which would be used to fund clean energy in Africa. "Small change for the climate, but a big step for business," he smiled.

AMCHAM EU "This year, we will be everywhere in the summit. If a participant hasn't attended one of our sessions or drunk one of our cocktails, then they just weren't here."

Steel industry lobbyists have been forced to admit that they made up the threat of carbon leakage in an attempt to block tough emissions targets for heavy industry in Europe.

The revelations follow a series of embarrassing leaked emails between Eurofer director Muffat Gordons and BusinessEurope's climate strategist Campbell Nice discussing the scam.

The emails revealed how the pair agreed to convince the European Commission that heavy industry will be forced out of Europe if tougher carbon targets are introduced – leading to carbon emissions "leaking" elsewhere.

Confronted with the leaked emails, Gordons

admitted to European Noise that there was no evidence to suggest that the steel industry would be forced out of Europe by the cost of the Emissions Trading System.

But, he said the Commission's proposal to auction emissions permits would have affected the industry's profits. Under the current emissions trading rules, the steel industry has benefited from massive windfall profits having received more free permits than required.

"The whole carbon leakage idea was a flash of genius," he said. "Obviously, we don't want to meet tougher standards in Europe. We can't accept measures that might damage our profit margin."

In the emails, Gordons

and Nice congratulate themselves on having successfully persuaded the Commission that 'carbon leakage' posed a genuine threat.

"Basically, we've got them [the Commission] eating out of our hand," Nice wrote to Gordons. "You just have to hint that something might damage European competitiveness and they fall over themselves to make sure it doesn't."

The leaked emails also revealed that Eurofer's recent legal action against the European Emissions Trading System was intended to keep politicians running scared. The group announced it was taking the Commission to court over a decision to introduce a 'benchmark' for

steel production, which Eurofer claims cannot be achieved.

"We acted on legal advice that the rules could easily be challenged," Gordons said.

In an email to Nice, he wrote: "A legal challenge would give the Commission a little reminder as to who is in charge. We probably don't need to do it – we've secured enough free permits to cover us until 2020. But it will increase our bargaining power. DG Climate Action is getting a bit too pushy – I think we need to put them back in their place."

Speaking to European Noise, Gordons justified the scam by saying that in the long run the steel industry was unlikely to stay in Europe, regardless of

EU climate policy.

"The future of the steel industry lies in Asia and South America," he said. "We need to maximise profits to finance that development. So there was no way we were prepared to waste money investing in efficient plants here."

A spokesperson for green group Friends of the Earth Europe said that industry was exploiting the Emissions Trading System, putting profit before the necessary climate action.

"This leak stinks, heavy industry is using the emissions trading system to maximise profits – while continuing with business as usual," the spokesperson said. "The EU's obsession with carbon trading is obstructing real action on climate change."

Evidence on job claims 'lost'

An investigation was launched yesterday after evidence to support business claims of job losses disappeared.

Business groups, including BusinessEurope, have warned the Commission that Europe will face millions of job losses if the Commission pushes ahead with a proposed higher target for carbon cuts.

But the Commission has been unable to find any firm evidence to support the claims.

A Commission spokesperson told European Noise:

"I am sure the evidence exists, but we're having trouble tracking it down. We receive so many submissions from BusinessEurope that sometimes we struggle to keep track of them all."

Questions were raised about business' claims after a respected academic study found that rather than damaging job prospects, tougher action to tackle climate change could in fact help the economy.

Research from some of Europe's top universities, commissioned by the German government, has shown that higher EU

greenhouse gas reduction targets will strengthen the European economy significantly.

Researchers from the Potsdam Institute for Climate Protection, Oxford University and Sorbonne University found that a higher target would increase GDP by 620 billion Euros and create up to six million additional jobs.

The Commission had previously appeared reluctant to accept tougher targets because of fears of the impact on jobs.

An anonymous source within the Commission admitted that the Commission appeared to be ignoring the evidence about economic opportunities created by ambitious climate policies.

"But you know how these things work out" he said. "High level lobbying pays off. Commissioners would rather listen to oil and steel companies. Once they start scaremongering about the loss of existing jobs, they start to get cold feet. It's easier for them to listen to those voices instead of the academics, who they don't know, who are promoting jobs which don't exist yet."

Disclaimer

This newspaper is produced and published by Friends of the Earth Europe. Friends of the Earth Europe assumes full responsibility for the content of this publication.

This newspaper is a parody that aims at raising awareness and engaging business and EU leaders towards bold climate action. All articles are parodies with the exception of page seven: "Society: the effects of climate change in the real world".

This paper was distributed on 18 May 2011

Save the planet

Leave!*

European Business Summit Special Offer
Tickets to another planet - book now!

* Virgin Spaceships exclusive for business leaders and European Commission officials at the European Business Summit
Virgin Spaceships will fly you to another planet where you can continue business as usual, without having to deal with any of the consequences, including climate change

Virgin Spaceships

CHINA Emissions

Breathtaking scheme launched in China

New offsetting scheme
launchedUN approves latest
technologySue Donym
suedonym@eunoise.com

Shares in UK-based carbon trading company, Nadir Ltd., rose sharply this week, following the announcement of plans to launch a carbon offsetting project that will pay schoolchildren in China to hold their breath.

Speaking at the launch in Brussels, Gus Tofwind (CEO of Nadir Ltd.) explained: "The Chinese are responsible for emitting 7 million tons of CO₂ per year, simply by exhaling. By paying Chinese schoolchildren 10 cents per day to hold their breath for up to an hour at a time, we will be able to compensate for the greenhouse gas emissions of a small European city. EU governments and companies purchasing credits from this scheme will be tackling climate change and helping to eradicate poverty in the



Breathing exercises at a primary school in Kunming, China. JEFF KNEZOVICH

developing world."

The credits, generated through the UN's Clean Development Mechanism (CDM), will be awarded for the period during which the schoolchildren are

holding their breath. The methodology, approved by the CDM executive board at its recent meeting in Bonn, will not penalise the project for any subsequent exhalations. Credits are

expected to enter the market during Phase III of the EU-Emissions Trading Scheme, due to start in 2012.

Responding to criticism of the plan by green and

development groups, Tofwind stated: "This scheme is no more damaging than many of the other technologies currently permitted under the CDM."

Infighting revealed at heart of BusinessEurope

A frustrated executive has spoken out against the culture of bullying that he says pervades policy discussions within business lobby group BusinessEurope.

The executive, who asked not to be named but who represents a major utility, contacted European Noise ahead of the opening of the European Business Summit.

He said a significant number of BusinessEurope members supported tougher climate targets, but were silenced in meetings by representatives from heavy industry.

"The dinosaurs dominate the discussion and anyone with a different opinion isn't allowed to speak," he said. "They make jokes about naïve guys who think they can

grow a green business. It sounds juvenile, but their thinking completely dominates lobbying by the group."

He added that a number of groups had discussed leaving BusinessEurope because of their different views, but felt that they had too much to lose in other areas.

"At the end of the day, BusinessEurope has got the ear of the Commis-

sion. If we walk out over this, then we're going to lose out in lots of other areas," he said.

Last year 27 chief executives, including members of BusinessEurope, signed an open letter urging the Commission to adopt a 30% emissions reduction target, directly contradicting demands from the employers' forum that the EU's 2020 target must stay at 20%.

A spokesman for BusinessEurope denied there was any split between its members.

"We need to maintain the status quo," he said. "Our current approach has managed to block higher targets. This is in the interest of our members, they are doing well out of business as usual and changes to the system will put their profits at risk."

NEWS IN BRIEF

OFFSET YOUR TRAVEL TO THE SUMMIT - Participants at the European Business summit are again being offered the opportunity to offset their travel to the event through a summit partner. A BusinessEurope representative commented: "This clearly fits our approach of promoting business as usual for big energy-intensive companies. It's great to plant trees somewhere else, but we need to be able to fly around the world to guarantee our competitiveness and profitability.

He added that proposals for a green travel plan for the summit had been rejected.

"We have to be realistic, Europe can only lead if the biggest companies can keep on making profits, whatever the environmental costs."

VISIONARY GEOENGINEERING PROJECT TO SOLVE CLIMATE WOES - A large geo-engineering consortium is to build a Regional Greenhouse Gas Inhaler (RGGI) to absorb and permanently sequester CO₂ emissions. The RGGI is a €100 trillion project, and the proposal is to install a giant CO₂ absorber - much like a scaled up household vacuum cleaner - in the North Sea. SUCCIT, the European consortium have been contracted to build the Inhaler.

RUMOURS - abound that David Koch - oil billionaire and Tea Party funder - might speak at the summit tomorrow. Organisers are staying schtummm.

EuropeanNoise.com

Read more online



Plans to sell 'poison gas'

German utility company, RWE npower, has revealed plans to use captured carbon dioxide to make sparkling water in response to concerns that underground carbon capture and storage schemes (CCS) might not be secure.

A document released under freedom of information laws reveals concerns that the public will not accept "poison gas" being stored close to towns and villages.

But a company spokesperson said that using the gas to produce sparkling water was the perfect solution, removing any need for underground storage, and creating a profitable product that the company could sell.

"We think that our carbonated water will

attract quite a premium" he said. "It is the ultimate green drink - a pint a day will wash all our carbon dioxide away".

A Commission spokesperson admitted that the Commission was interested in financing a pilot project from its Green Funding Program.

"This technology looks very promising - using captured carbon dioxide to make sparkling water is a win-win solution" the spokesperson said.

Over the last few years, large utility and energy companies have been promoting carbon capture and storage technology as a solution to climate change. The companies promised that carbon dioxide can be captured and stored underground, allowing energy companies to con-

tinue burning fossil fuels.

But the technology has not been proven at a commercial scale and now RWE have revealed they are considering alternatives.

"These plans show what the industry has always denied. CCS is not safe, and is not a panacea for action on climate change", argued a spokesperson from GreenPlace.

George Peetry from the Carbon, Capture and Safety Organisation said: "Putting carbon dioxide in bottled water is just one option for making use of the gas. We believe storing it underground will be an equally safe alternative. If the gas does leak, it will take such a long time to reach the surface that most people alive today will be dead anyway".

EUROPEAN NOISE

We will accept letters in all EU official languages. Letter-writers by post, fax or email are requested to provide their name, address and telephone numbers. We will consider withholding name and address details, but this information must be provided. Letters may be edited for length and clarity.

Europe can take the lead – with climate action

This special edition of the European Noise was produced by Friends of the Earth Europe to highlight the continued failure of Europe's business leaders and politicians to meet the challenge of climate change.

As the ninth European Business Summit, Brussels' annual lobby forum, opens today, Europe's top decision-makers, chief executives and corporate representatives are gathering to debate "Europe in the world: leading or lagging?". The Summit organisers claim that "high growth and employment require EU decision-makers to put companies first" and that this is "the only way ... for Europe to maintain a leading position in the world."

BusinessEurope, one of the organisers, portrays itself as the voice of the European business community and as a responsible partner that acts in the interests of wider society. Its members benefit from unprecedented access to European decision-makers at the summit – at least 10 European Commissioners

and several government ministers are due to attend.

While BusinessEurope claims to support the EU's climate ambitions, it has repeatedly rejected crucial climate policy proposals and has led industry efforts to block ambitious legislation. Competitiveness and profits alone seem to drive its approach. Their mantra is that climate legislation should only be introduced if it increases profits. They claim that the European Commission should refrain from further action until the rest of the world takes similar steps.

But key members of BusinessEurope are lobbying against action in other parts of the world as well.

BusinessEurope only seems to speak for the companies that have the most to lose from effective action to tackle climate change. Its policies appear to be dictated by steel giants such as ArcelorMittal, oil companies such as Total and Shell, cement producers and energy providers. Companies which see the advantage of early action and support stronger

emissions reduction targets are ignored.

Instead BusinessEurope puts the interest of a small group of powerful fossils above the long term interests of the economy, the survival of our planet and the interests of society. Europe is lagging behind and BusinessEurope is the biggest laggard in this debate.

The world is facing its most severe crisis: our climate is changing and around the world people are already paying the price. Industrialised countries, including Europe, have a historical responsibility for man-made climate change and they need to take action. Never has the world been so much in need of Europe's leadership.

Instead of leading by example and taking bold climate action to put the people and the planet first, EU decision-makers are shying away from their responsibilities. Science says that the EU must cut its domestic emissions by at least 40% from 1990 levels by 2020 in order to stay below a global temperature

increase of two degrees celsius. And yet, BusinessEurope and some of its members, claiming to speak on behalf of European industry as a whole, are calling on EU leaders not to move beyond 20%.

Emission reductions of the scale and speed needed to protect the planet from devastating climate change are achievable. And while the ecological arguments clearly demand such a shift, there are convincing economic arguments as well. Investing in a low-carbon society will create millions of jobs and Europe has more to gain if it bets on technolo-

gies for the future instead of its fossil past.

In order to achieve the transformation, EU leaders must stop falling for the growth and competitiveness arguments put forward by BusinessEurope. The transition to a real low-carbon economy demands the political courage to put an end to business as usual.

Never has Europe had such an opportunity to demonstrate its leadership and set an example to the rest of the world. European decision-makers and businesses must recognise their responsibilities and act now.

Time for a new plan

writes Mark Etshare,
IETA's Chief Carbon Trader

The International Emission Trading Association is one of the leading global advocates of carbon trading.

The European Union Emissions Trading System (EU-ETS) has been under intense scrutiny in recent months, leading to concerns that the system may be overhauled. Here at IETA we believe carbon trading is too valuable to be left to politicians and bureaucrats, even with a Directorate General (DG) practically dedicated to it. For that reason we are planning to launch our own offshore scheme.

It seems that the EU has forgotten that emission trading was originally conceived as a cost-effective way for many of our members – especially those in the financial sector and the energy business – to generate significant profits, while passing on the costs to the public. The threat that the EU will introduce a meaningful cap and abandon free allocation of permits – or even do away with emissions trading entirely in favour of policies which actually reduce emissions – is a risk that our members are not willing to take. Officials in DG Climate Action do not seem to understand our concerns.

A brand new IETA Trading System would mark a return to the original purpose of carbon trading as a lucrative smokescreen for heavy industry. We will use the European Business Summit taking place in Brussels this week to discuss this possibility with our business partners.

With the right partners on-board, a new trading system could also be linked to specific carbon betting shops to ensure the market is liberated from the restrictions planned by the EU.

Friends of the Earth Europe

Friends of the Earth Europe campaigns for climate justice and ambitious EU commitments in climate policy; we promote sustainable development, including fairer and more democratic decision-making and transparent lobbying in the EU.

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IMPORTANT NOTICE – PRODUCT RECALL

Emissions Trading Scheme (Phases I, II and III)

On January 19th 2011, we found a very serious and fundamental flaw in the way the EU Emissions Trading Scheme is operating. Due to a completely unexpected error in the trading system, large emitters of CO₂ have received generous allocations of permits to pollute, meaning they have no obligation to cut their emissions. A surplus of around 970 million of these allowances from the second phase of the scheme (2008-2012), which can be used in the third phase, means that polluters need take no action domestically until 2017.

Until the Emissions Trading Scheme has been repaired, all emissions trading will be put on hold, effective immediately after you have read this.

Several companies, including Arcelor-Mittal, Lafarge, Corus, and Cemex have been asked to return their excess permits urgently.

The European Commission will seek the help of European companies to identify better and safer ways of trading pollution, and possibly reduce CO₂ emissions.

Alexander Dubiček
Head Security of the European Union Emissions Trading Scheme Office

Different noises

"Business is dragging its heels on climate action more than a cola addict on the way to the dentist."
Jaime Greenie, climate campaigner

"Just because we put the carbon there in the first place doesn't mean we have to clean it up – we can pay other people to do that."
Pedro Leum, oil representative

Climate change – don't make us more competitive

BUSINESSEUROPE speaks for 40 leading national business organisations in 34 European countries. Our members and the companies they represent have impressive track records for making decision makers and the general public believe that they are reducing their greenhouse gas emissions. We market ourselves as champions of innovation, producing

energy saving products you didn't even know you'd need.

Bold climate action would not endanger our businesses, but it would force us to make fewer profits, which is inconceivable. That is why reject the EU's unilateral 20% emission reduction target. Given our excellent track record, we believe, European business should be the last

one to act.

That is why we organise the European Business Summit. It has secured our reputation as a credible partner when it comes to EU policy and everlasting business as usual for our members.

Phillip de Bull on behalf of the Executive Committee, BusinessEurope

Fighting global warming – with your help

As one of the partners of the European Business Summit and one of the foremost energy supply companies in the Benelux countries, I would just like to highlight the importance of the Summit for our public relations campaign, Together for less CO₂.

Energy is the key to our economic and social development and we know that there is pressure to modify our behaviour and reduce our energy consumption. That is why Electrabel has boosted its spending on advertising to promote our strategy, Together for less CO₂. In this way we can persuade you that we are doing something – while we

continue to sell carbon intensive electricity and gas!

Never mind that we're firing our biomass plants on coal and calling it 'green energy'! We can now say we provide 524.000 families with 'green energy', which sounds much better than only 11.5% of Belgian families, and disguises the fact that only 4.2% of this household energy is actually 'green'. Also, by quietly including nuclear energy in our CO₂ production statistics, and by ignoring rising energy consumption levels in our green energy statistics, our Together for less CO₂ strategy sounds more plausible

than ever!

Of course in reality around 3% of our electricity actually comes from renewable sources (a bit less than our 2009 promise of at least 18%), and we continue to build new coal plants and destroy the Brazilian rainforest. This is why we are so happy to work with BusinessEurope as with the help of their lobbying, we are able to continue business as usual, while looking like we really care.

Birk Deeuwsaert, Chief Executive Officer, Electrabel, Vice President, GDF Suez

Solving problems with our energy

A few days ago, Shell published an erratum to our Annual Report 2010 after finding that there had been an internal accounting error. (See http://www.foeeurope.org/corporates/Erratum_Shell_2010_Report.pdf).

The oversight led us to neglect the environmental and societal impacts of our business model. For some years, a glitch in the system meant all data relating to damage to the environment, people's health and the long-term climate impact of our activities was deleted. This made us believe that our operations did not have any negative impacts at all. We want to correct this error today. We commit to stop gas flaring immediately and make no further investments in tar sands. We

will also disengage from biofuels and – last but not least – decrease our CO₂ emissions by 10% per year.

Of course our strategy of 'More upstream, Profitable Downstream' remains on track. As Europe's leading company, we cannot afford to stop making profits. But from now on, we will recognise the damage done. We can assure investors that this will have minimal impact on our profits.

The European Business Summit is an opportunity to share our experience with our partners and check against glitches in moving towards a new sustainable energy business model.

Veter Poser, CEO of Royal Dutch Shell



Negative impacts of tar sands overlooked JIRI REZAC



Woolly jumpers are taxing industry. CHATIRYGIRL / FLICKR

Noises off

Conniving Conduct

Dining in Brussels' most exclusive restaurant Le Clochard Enchanté last night, the EU Commission President Jose "Em" Barroso and BusinessEurope director general Philippe "Pass" de Buck were heard discussing relocation options for Climate Commissioner Connie Hedegaard. Hedegaard seems to have her own relocation plans, however. A source in DG Climate Action said the Commissioner was believed to be buying a retirement home in the now ice-free area of North West Greenland, dismayed at business' refusal to cut carbon emissions.

Put it on

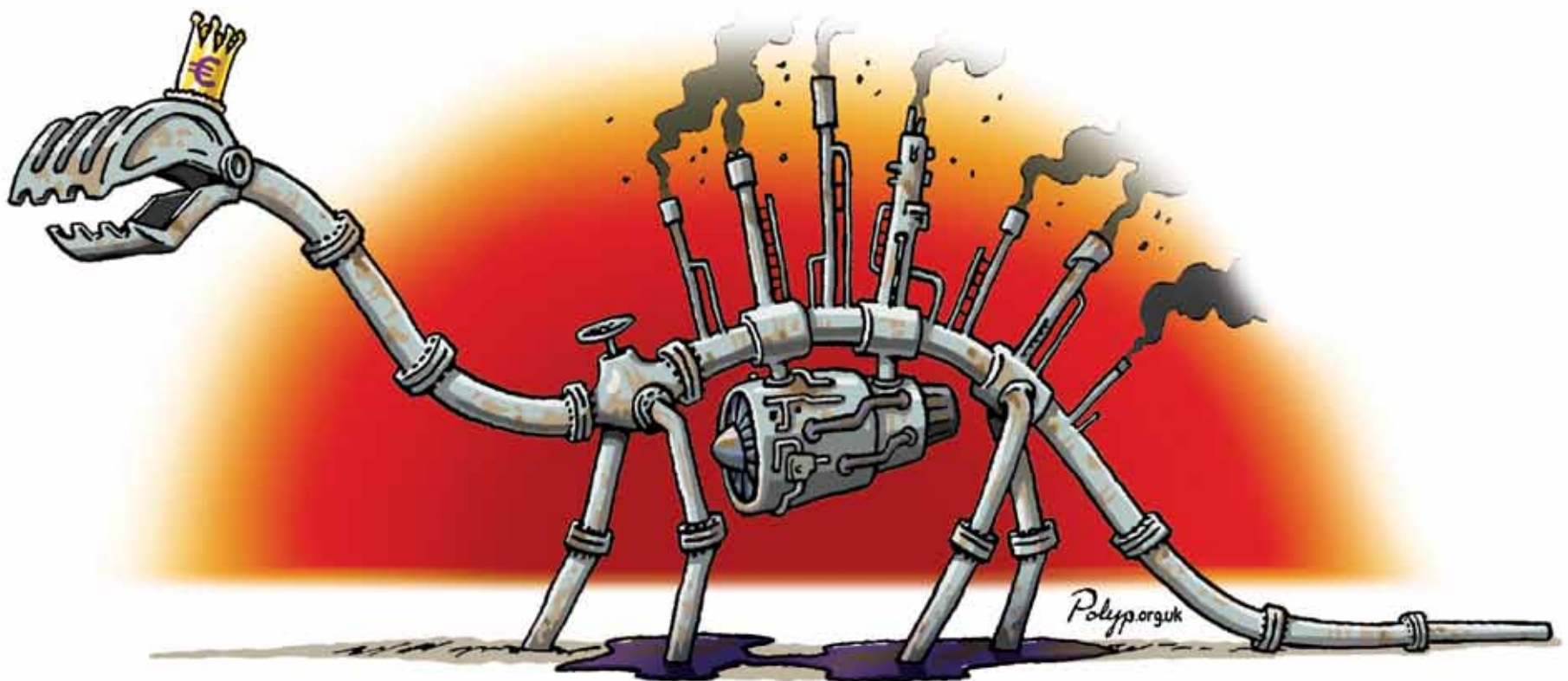
Meanwhile a group of well known oil industry lobbyists are believed to be pushing for a woolly jumper tax (WJT) in northern Europe, after an energy efficiency campaign was said to have hit profits. "What's the point of having a really cold winter, if people are going to insulate their homes and put on an extra jumper," one lobbyist explained. "Every time a customer turns down the thermostat, it hits our bottom line." In the proposal the weight, thickness and wool origin of the jumpers would define the level of the tax. In

warm weather, people wearing a jumper would receive a payment, to stimulate the use of air-conditioning equipment.

Exxon on the mobile

Exxon Mobil's Head of Sustainable Drilling Ken Token appeared red faced on the eve of the European Business Summit after it emerged he had tried to offset an extra-marital affair with the director of International Climate Affairs Mary Saktov. His iPhone inadvertently recorded their rendez-vous and sent the file to his wife.

The dinosaur haunting EU business



CARBOSAURUS REX

Seldom mentioned and rarely seen, the ghost of heavy industry haunts the boardrooms of European companies. He is a cumbersome creature, a remnant of a by-gone age, when Europe's industry was built on steel, coal and gas-guzzling big cars. But although he keeps out of sight, his influence remains persistently strong.

There are rumours that he retains a seat on the board of BusinessEurope - and according to some insiders - his presence haunts the meetings of the employers' forum's climate group. Others say his spirit can regularly be felt in the offices of steel lobby group Eurofer and it has even been suggested that he is regularly entertained at DG Enterprise.

"I've never seen him myself," one industry insider said, "but I've heard that whenever carbon emissions are mentioned, or climate change, you feel an icy chill enter the room."

"The temperature physically drops and people start to shiver. It's as though the whole room has been gripped by fear. Then somebody mentions that climate change might not be really happening and the temperature goes back up again."

Some say that this is not just a spirit, but the embodiment of all that is great about European industry.

Those within the steel industry describe the spirit as a protective force, and there have even been rumours that he is worshipped at secret ceremonies.

"It is important that we do not forget what made Europe great," a retired steel executive said. "Coal fuelled what has become the European Union, and heavy industry created jobs and wealth. Some of the politicians seem to forget where we have come from. All this talk of clean energy and low carbon economies - carbon is what

Those within the steel industry describe the spirit as a protective force

this continent is built on."

Others are less enthusiastic, but hesitate to speak out. One leading figure from the manufacturing sector, speaking on condition of anonymity, said he believed it was time to lay the spirit of heavy industry to rest.

"The world has changed and we have to change with it," he said. "We have to face up to the threat of climate change and find ways of doing things differently. If we want to lead in the global economy, then we have to reduce our energy use. Unless we change, we will find we've been left behind. Our competitors in Asia and South America are already moving ahead with more efficient production methods. We are at risk of becoming the laggards."

Officials within DG Climate Action are also believed to be keen to exorcise the ghost, which they say is a major barrier to EU climate policy.

"Every time we try to move forward on emission cuts, someone from industry comes to visit and starts muttering darkly about costs and competitiveness," an official said. "It's as though they've been brainwashed. They refuse to see that there might be a way of doing things differently, in a way that even creates more jobs."

"It feels like it's a battle between the ghost and us," he added. "And sometimes I think the ghost is winning."

Environmental campaigners offer a solution to the problem.

"These outdated ideas can only survive if they are allowed to remain behind closed doors or hidden in the shadows. The best way to get rid of this ghost is to expose it to the light of day. Then everyone will be able to see just how out of date it is. It's not fit for the challenges we face today" a spokesperson for green group Friends of the Earth Europe said.

CURRICULUM VITAE

About 230 million years ago, late Triassic period: dinosaurs became the dominant species on Earth.

About 65 million years ago: most dinosaur species became extinct at the end of the Cretaceous period, having dominated the Earth for around 165 million years. A widely accepted hypothesis is that they failed to adapt to changing environmental conditions.

Early 19th century: first dinosaur fossils were identified and mounted dinosaur skeletons became major attractions at museums around the world. Several myths about dinosaurs were created, which have fuelled speculation about their behaviour ever since.

1858: the first American dinosaur is discovered, while dinosaurs become increasingly popular in Europe. As a response to public interest in dinosaurs, they are used in the world of culture (movies, advertisements).

20th century: the word "dinosaur" is used to describe things that are impractically large, obsolete, or bound for extinction, reflecting the view that dinosaurs were maladapted creatures that failed to survive. In corporate advertising, it often is used to refer to competitors as slow-moving or outdated.

From mid 2000 onwards: a ghost of a dinosaur has been spotted by numerous witnesses around the boardrooms of several major heavy industry companies in Europe. It has even been seen regularly entering European Commission premises prior to the EU climate negotiations



A salt worker or Agaria in Gujarat, India, collects fire wood. Agarias have little access to safe drinking water, health services, education and residential facilities. PRAKASH HATVALNE

The effects of climate change in the real world

In the Andean foothills of Bolivia, changes in the climate are already altering the way of life for the local people. Hotter, drier weather, has affected their harvest, with yields falling significantly. Pests and diseases have become a problem for farmers and local people also complain that they get more coughs and colds. Farming is simply becoming unviable in this remote rural area, an elderly farmer explains. Around the world, countries are struggling to adapt to climate change. In Guatemala, local people living near the Pacific coast report stronger and more frequent storms, damaging homes and putting people at risk. Scientists say climate change is probably to blame. In Peru, the Pastoruri glacier in the Cordillera Blanca shrank by a fifth

between 2001 and 2005. Experts say it could disappear completely within a few years. In the Himalaya, melting glaciers are causing flooding, destroying villages and putting lives at risk. But the big fear is that in the future there will be no melt water to feed the rivers, which supply water to the villages below. On Kiribati, a chain of low lying atolls in the Pacific, some of the population have already evacuated to Fiji. "We do not have the money and we do not have the technology to solve the problem. I will accept the fact that the water is rising; I have to. But, just because the water is rising does not mean I have to turn and run; we need to find a solution. We need to face the problem" one inhabitant said. Scientists have reported evidence from across all

continents and from most oceans that changes in the systems are affecting regional climate. There has been evidence of increased tropical cyclone activity, and record heavy rainfall has led to flooding and landslides. International climate negotiations have so far failed to deliver the emission cuts needed to stop dangerous climate change. The agreements reached in Cancun, supported by the European Union, aim to limit global temperature rise to 2 degrees Celsius. A global rise of this level will already mean a 3 degree Celsius warming for Africa and many other countries which are particularly vulnerable to climate change. Agricultural yields could fall by up to 20%, leading to millions more people suffering from hunger in sub-Saharan Africa. In

river deltas higher temperatures mean higher exposure to sea level rise, and increased river flooding. Six hundred million people, living close to coasts and rivers, could be directly affected by flooding and land loss. Emission reduction pledges made so far would put the world on track for a temperature rise of between four and five degrees Celsius threatening dramatic climate change. Many of the world's poorest countries would struggle to adapt. The European Union's

20% target is not enough to keep global average temperature rises within two degrees. Sound science says emission cuts in Europe of at least 40% by 2020 are required. Studies have shown that such cuts are possible – and would even benefit European industry. Worse still, some countries are now calling for the system of binding emission reduction targets included in the Kyoto Protocol to be abandoned. International climate talks will continue in Durban in December.

Friends of the Earth Europe would like to make it clear that all the information on this page is factually accurate. This is what climate change is doing to our world. Business leaders in Europe are making this problem worse. It is time for the European Commission to stop listening to BusinessEurope and introduce a domestic emissions reduction target of at least 40% by 2020.

TAR SANDS COMMUNITIES PROTEST - Indigenous communities affected by BP's tar sands extraction in Alberta, Canada, joined Gulf Coast residents to protest outside the oil company's annual general meeting in London last month. Both communities say the environmental destruction caused by BP has destroyed their livelihoods. A human rights lawyer said more protests and even legal action was likely, unless companies paid more attention to the rights of people locally.

ARCTIC SEA ICE AT ALL-TIME LOW - Arctic-sea ice reached a record low in 2011, according to research from the US National Snow and Ice Data Center. The amount of ice has been declining for 30 years, but scientists say this year is the lowest level yet. The change is thought to accelerate rising ocean temperatures as heat from the sun is absorbed by the water, rather than being reflected by the ice.

SHALE GAS WORSE THAN COAL - A new study into a controversial process to extract gas from shale has found that it leads to higher greenhouse gas emissions than mining coal. "Fracking" to extract the gas involves drilling shale beds, cracking the rock using explosions to create drill shafts and then extracting the gas. Researchers found that the wells leaked substantial amounts of methane, a powerful greenhouse gas.

UK CLIMATE LAW - Since the UK Climate Change Law was passed two years ago, it has transformed the way the UK addresses climate change. A new independent Committee on Climate Change has made strong recommendations for domestic emission cuts, not offsets, and has called for electricity production to be almost carbon-free by the 2020s and urged more action on energy saving. The Government has responded positively so far, although some key decisions are coming up.

BIOFUELS LABELLED 'UN-ETHICAL' - The Nuffield Council on Bioethics has called current EU biofuel policies 'unethical' in a new report, just released. The study criticises current production methods which violate human rights, damage the environment, and contribute to rising food prices and hunger. "The rapid expansion of biofuels production in the developing world has led to problems such as deforestation and the displacement of indigenous people," the Council said.

NEW SCOTTISH LAW - In Scotland, a new climate change law includes a commitment to 42% emission cuts by 2020, with restrictions on the use of offsetting. The legislation, which was campaigned for by Friends of the Earth Scotland, includes Scotland's share of emissions from aviation and shipping in the cuts.

LET US DO WHAT WE DO BEST. LET'S FLARE.

Dear European Commission,

Thank you for not forcing us to reduce our gas flaring. We were initially concerned that gas flaring might be restricted by the EU, due to the fact that it is a major contributor to climate change. It also emits a cocktail of toxic substances and contributes to health problems such as asthma, bronchitis, cancer, blood disorders and skin diseases.

However, thanks to our successful lobbying, the EU decided that the reduction of gas flaring is only a

voluntary measure under the EU Fuel Quality Directive, which aims at reducing greenhouse gas emissions from transport fuels. Now we can flare as much gas as we want.

Last year, we were even able to increase our gas flaring worldwide by 32% while our greenhouse gas emissions rose by 9%. (source: <http://tiny.cc/flare>)

Thank you again for your support,
Yours Sincerely,
Royal Dutch Shell

