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Focus Report

Clean Air Rules and Greenhouse Gas Don't Mix

EPA gets no slack from skeptical courts, leaving a regulatory morass.

On 11 July 2008 two landmarks in environmental regulation were reached in the US.

The Environmental Protection Agency issued an "advanced notice of proposed rulemaking" (spoken as a-n-p-r). Nearly 600 pages long, the report lays out various ways the agency might regulate greenhouse gases under the existing Clear Air Act. The Anpr winds through the maze of options and their frighteningly complicated regulatory ramifications. The exercise is necessary because the US Supreme Court ordered the agency to do something about carbon dioxide emissions last year in a momentous case *Massachusetts v EPA* (see Court Tells EPA To Think Rationally About Climate, 3 April 2007).

On the same day, the United States Court of Appeals for the District of Columbia threw out a plan made in 2005 by EPA called the Clean Air Interstate Rule (Cair). The decision in *North Carolina, et al. v. EPA* found "more than several fatal flaws" in the methods EPA imposed to reduce the amount of sulfur dioxide and nitrogen oxide emissions at power plants blowing downwind into states in the East. The federal court said allowing emitters to buy their way out of statutory responsibilities through a cap-and-trade program is not authorized under the Clean Air Act.

The events dramatically confused and upset business in the US. The American Bar Association held a special teleconference lasting more than two hours to discuss the situation. Below is Crosslands Bulletin's transformation of portions of the conversation into a Q&A. The questions are fabricated after the fact, but the answers are comments from three participants virtually word-for-word with only minor editing.

Peter Glaser is the head of the climate change practice at the law firm Troutman Sanders. He represents clients from regulated industry, including those most affected by the Supreme Court case. **Donald Elliott** is the chair of the environmental department at the Willkie Farr & Gallagher law firm. He was the general counsel of EPA during the 1990 Amendments to the Clean Air Act. **Vickie Patton** is deputy general counsel at Environmental Defense Fund. She manages the cap-and-trade non-governmental lobbyist organization's clean air programs. She worked at EPA in the office of the general counsel.

Q: *What relationship do the two events have?*

Glaser: The DC Circuit decision in the Cair case emphasizes the extreme difficulty EPA will have in trying to implement some of the proposals set forth in the Anpr without getting slapped down again. The court was flatly uninterested in any notions of equity and policy that EPA or the public might have. The court told EPA to follow the exact language of the statute and forget about equity and creativity. This is going to have a limiting effect on what EPA can do regarding greenhouse gases and what it possibly thinks it can avoid doing [needlessly regulating hundreds of thousands of small sources] under the Clean Air Act.

Q: *How did we get to a situation where EPA has issued an Anpr for greenhouse gases that the chief administrator of the agency, the president, and several federal agencies do not endorse? They disown it.*

Glaser: *Massachusetts v. EPA* stands. It is the law of the land. The Anpr is remarkable from the point of view of any normal administrative procedure that I am familiar with. In his press conference announcing the Anpr, the EPA administrator himself criticized the concept of regulating greenhouse gases under the Clean Air Act. The White House issued strongly worded remarks criticizing the Anpr, denouncing greenhouse gas regulation under the Clean Air Act, and calling on Congress to take action that preempts EPA authority. Something must be done to respond to the case absent congressional action to preempt the process.

Patton: I have worked on Clean Air Act issues for 18 years and never have I ever seen something quite like this where EPA staff lays out all of their views in a clear, thoughtful, coherent way, and it is prefaced by a highly politicized document. Over the last several years, a lot of the political views have been infused and woven in a way that is inseparable from EPA's own technical analysis. But by separating them out in such a distinct way, the staff gets an unintended boost. EPA's voice is brought to bear in an unvarnished way

on the science. That is so critical in helping policy-makers and stakeholders understand.

Elliott: The reality of the situation is that the Clean Air Act is not perfectly adapted to dealing with global climate change. EPA states that quite clearly in the text [*Editor's Note:* page 78]. I do not think anyone would think that the existing Clean Air Act is a perfect way to address greenhouse gas emissions. I remind everyone that that was one of the primary arguments that the administration and EPA made in the *Massachusetts v. EPA* case: Legislation could be more specifically tailored. The Supreme Court rejected that and held that there is authority under the existing act. So the problem, which the EPA staff draft identifies quite clearly, is to what extent does the agency have flexibility to try to interpret the statute in creative ways to adapt it to deal sensibly with a problem like greenhouse gas emissions. There are substantial problems. There is legal uncertainty under the Cair case whether EPA has the legal authority to do a national trading program for all sectors.

Q: *What is the likelihood that EPA can regulate CO2 under existing law?*

Elliott: I think oftentimes the agency has, by being creative, found techniques, such as general permits, best management practices, and de minimus levels, to deal sensibly with problems that are not precisely the problem that the lawmakers had in mind when they wrote the statute. The question becomes whether or not the courts will give the agency sufficient flexibility. That is something I think the courts should do Increasingly the courts have looked somewhat literally to the text of the statute as I think they did in the recent Cair decision, rather than looking at the statutory purposes. I do not think that Congress in the 1990 amendments really focused on the question whether or not an interstate trading program was or was not permitted under the statute.

In light of the results in the Cair case, one would have to be skeptical about whether or not the courts would uphold a national trading program. Perhaps what we need is narrowly targeted legislation. I mean really a kind of rifle-shot legislation that confirms EPA's ability to do a national trading program for greenhouse gases. I myself am growing increasingly skeptical that the long and very complicated bills that are currently pending in the Congress will ultimately pass.

Q: *So where does this leave greenhouse gas regulation in the US?*

Elliott: Given the fact that a large number of states have already begun dealing with greenhouse gases on their own, it does seem to be increasingly unrealistic to imagine that Congress is simply going to sweep aside those programs rather than build on them. The precedent of mutual recognition and trading among states illustrates that it is possible to achieve a national trading program based on state action.

How to merge the existing provisions of the Clean Air Act with any new legislation is one that has to be confronted. The staff draft (Anpr) has done an excellent job of advancing the dialogue. I think a lot of the problem is being created by the courts, which are adopting an increasingly literally approach to the wording of the statute. If they are going to do that and deny EPA reasonable authority to interpret the statute creatively to deal with problems like greenhouse gases then I think Congress will need to step in and confirm EPA's authority to deal some of these issues.

Q: *What is the prognosis?*

Elliott: In recent years what I would think of as an unholy alliance of very conservative and very literally judges, and somewhat more liberal judges who are very hostile to the Bush administration and some of the positions that the Bush EPA has taken, has formed. It is very difficult for the agency to get the kind of deference in the DC circuit [court] that it has gotten historically in both Democratic and Republican administrations. In a new administration, hopefully the credibility of the agency will be restored. Either Congress will step in an confirm the agency's authority to do some of the things it needs to do as identified in the Anpr or, alternatively, over time the DC circuit will cut it somewhat greater slack.

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Analysis and Opinions

G8 Says Little, Which Tells Alot

The meeting hosted by Japan was neither the place nor the time to make any decisions.

President George Bush and Prime Minister Yasuo Fukuda turn to confer in private during a working session of the G8 meeting on the resort island of Hokkaido. Photo: Ministry of Foreign Affairs of Japan

The statement on climate change from the G8 summit in northern Japan sticks to the path mapped out by the US throughout the Bush administration (see Gleneagles Gives U.S. Breathing Space on Climate Change, 8 July 2005). The recommendations from the world's richest countries are, literally and figuratively 5,000 miles away from the tough mandatory Kyoto-style carbon emission limits then UK Prime Minister Tony Blair wanted the industrial nations to impose on themselves by 2020 when he hosted the G8 in Gleneagles, Scotland, three years ago.

The G8 governments said they will work within the UN Framework Convention on Climate Change (UNFCCC) towards the goal of achieving at least 50% reduction of global emissions by 2050.

"The G8's endorsement of an aspirational long-term climate goal is a positive step but far short of a solution," said President Eileen Claussen in a statement released by the Pew Center on Global Climate Change. "But more important than the long-term goal is actually getting the job started, and there the G8 again failed to deliver."

What she, multinational companies, and now legions of market speculators want to reap from the climate negotiations are binding caps on emissions from the industrial nations. The enforceable targets would begin seamlessly when the current international agreement to cut emissions expires at the end of 2012. Mandatory reductions for 2020 and beyond will guarantee corporations and their investors rewards for pursuing what are otherwise risky alternative technologies in the medium term, while also dangling in front of brokers and analysts a prize fit for monarchs: an annual market in carbon emission reduction credits someday potentially worth $3 trillion.

The G8 statement does not make any promises. Instead it says nothing much can be accomplished to avoid catastrophic climate change without the participation of all the leading economies. The words imply as candidly as diplomacy allows that China and India must act to mitigate their emissions at the same time the developed countries do. The G8 also recognizes the usefulness of cutting emissions in key sectors of the economy — like cement — without regard to national boundaries. With its already highly efficient industries, Japan is especially fond of promoting the concept (see Climate Talks on a Slow Train and a Gravy Train, 7 April 2008).

There is no mystery as to what the multinational businesses want. It is all spelled out in two reports prepared for and delivered to the G8 meeting.

CEOs from the World Business Council on Sustainable Development (WBCSD) and the steering board of the World Economic Forum (WEF) partner companies, with the help of the Pew Center, convened a series of meetings around the world from September 2006 to January 2008. Over 500 business executives, climate specialists, and government and NGO representatives took part. Their opinions helped shape the final version of the report transmitted to Japan's Prime Minister and G8 host Yasuo Fukuda.

The framework calls for a consensus on "realistic intermediate" targets most likely in the range of 14% to 35% reduction in global emissions by 2030 against today's levels (not the arguably impossible 1990 baseline established in the Kyoto Protocol). The strategy for getting there "should allow national governments to employ those market-based domestic policies best suited to their own national circumstances… ."
The ultimate aim is a "deep and liquid" international market for a tradable carbon commodity "to allow for the fullest possible fungibility" among national schemes.

An analysis in the report suggests that about $50

billion of financing over an initial period of five to eight years would help catalyze "a significant number" of clean energy demonstration projects in developing countries before 2020.

The other report given to Fukuda in advance of the G8 meeting is "Breaking the Climate Deadlock." Written by Tony Blair and the Climate Group (a coalition of companies and government agencies he backed in 2004), the report raises questions that need to be resolved by political and business leaders to achieve a successful conclusion at the UNFCCC meeting in Copenhagen, Denmark, in December 2009.

The Blair report is overtly political. It papers over the differences between Number 10 and the White House. It frames today's situation as if both governments were of the same mind toward climate policy — or that their views are fast converging. Whatever conciliation exists stems from the fact that the Bush administration's successes in the climate change negotiations have forced Downing Street to abandon all hope that the Kyoto Protocol would be the model for moving forward.

The framework presented in the Blair report mirrors that found in the WBCSD/WEF statement. It describes 10 critical choices for negotiators to decide from setting the global target to creating new international institutions to implement climate mitigation policies. Together the two reports written independently for this year's G8 meeting leave little to be added in the broadest sense about what industry's well-heeled, global trotting players think should be done.

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Corporate Communications

Stimulus for Suppliers To Try Reporting

More multinationals may be willing to help foster transparency and stakeholder engagement among their premium clients.

The Global Reporting Initiative (GRI) intends to certify consultants to teach small companies and to coach them on how to use its guidelines for disclosing sustainability performance. The new venture is an outgrowth of experience gained during a project with the German Agency for Technical Cooperation (Deutsche Gesellschaft für Technische Zusammenarbeit — GTZ), a federally owned company supporting sustainable development.

In the GTZ study over the past year, four multinational corporations selected three suppliers each to undergo training in sustainability reporting procedures. The Spanish Telefónica Group supported work in Chile. Three German companies participated: Daimler with suppliers in India; Puma in South Africa; and the Otto Group retailers in China, Thailand, and Turkey.

The small businesses were found to be largely unfamiliar with the concept of sustainability and transparency. They wrestled to understand stakeholder engagement as envisioned in the GRI guidelines, and to appreciate what value is gained from the dialogue with the parties.

With the help of consultants, the reporting initiative brought insights to many of the organizations and helped communicate important information to middle management and to workers on the shop floor. Most of the suppliers indicated they would continue to need the help of an expert to report again.

GRI has published Small, Smart and Sustainable describing the project. It lays out the challenges and opportunities for voluntary report in supply-chain management.

The multinationals are willing to attach soft incentives to reporting, for example, by citing them as best practice examples on their Websites. While the clients expect their suppliers to carry the burden, they are committed to building capacity for the top tier of them to take up reporting. GRI is launching what it calls the

Global Action Network for Transparency in the Supply Chain to make that happen.

"It's now time for companies to promote transparency, achieved through publicly available standardized reporting on economic, environmental and social factors, throughout the supply chain" says Nelmara Arbex, director of learning services at GRI.

The program will cost companies €10,000 ($15,800). But one must be an organizational stakeholder with GRI to be eligible (the membership fee depends on turnover, ranging from €100 to €10,000 depending on the size of the company). For their enrollment fee, multinationals will be able to nominate five to 10 of their suppliers in the same region or in different regions. Each supplier will receive 16 hours of face-to-face GRI-certified training. Some coaching is also possible through telephone and E-mail.

The assistance is designed to get suppliers to the C level of GRI reporting. C is a stripped-down version of the guidelines. Beginner C level reporters do not have all the burdens of management disclosures needed for level A or B. C requires firms to use a minimum of 10 indicators, including at least one in each of the three areas of the triple bottom line: economic, environmental, and social performance.

The network will also comprise other funding sources, including governments and foundations. GRI aims to get the network together once a year to exchange views on making the supply chain more transparent. The network will have a Web page.

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Analysts Fuzzy on Materiality of Climate Strategies

A quarter of equity investment specialists do not think corporate greenhouse gas targets and long-term planning for global warming are really important.

If equity analysts are ever going to take corporate climate change strategy seriously, firms need to switch from declarations about the intangible influence on their operations to some measurable element of the business — for example, a standard measurement of sustainable performance comparable to brand equity.

The conclusion is one of dozens of insights obtained from 50 analysts at 22 investment banks covering 13 different industries. The survey available for a fee is by the London research firm Verdantix and was published at the end of May.

The Verdantix survey reveals that 76% of the analysts consider climate change to be a strategic issue for the sector they cover. The rest disagree. By comparison, in parallel Verdantix interviews with social responsibility and environmental managers, 88% of the corporate leaders said climate change is a strategic issue.

The findings by Verdantix (a play on the names of characters in the comic book Asterix) are reflected in separate work being done at the Society of Investment Professionals in Germany. One of the association's committees is trying to create a set of sustainability indicators because reports published by companies on their environmental and social performance are useless to financial analysts (see Guidelines for Reporting Social Indicators, 18 March 2008).

The director of Verdantix is David Metcalfe who was a senior vp at Forrester Research, the Nasdaq-listed technology analyst firm in Cambridge, Massachusetts. He knows his way around, once managing his own software firm and also having worked on the continent in Brussels and Paris. The multi-talented executive and PhD in game theory is a contributor to "Negotiation Analysis," an award-winning book on the science and art of collaborative decision-making published by Harvard University Press. He also writes a blog for connoisseurs in search of the finest wines from Burgundy.

"What's needed is a holistic approach — to reorganize operations so the people who own the assets are those who pay the bills," Metcalfe says, basically describing what has been the root of all problems.

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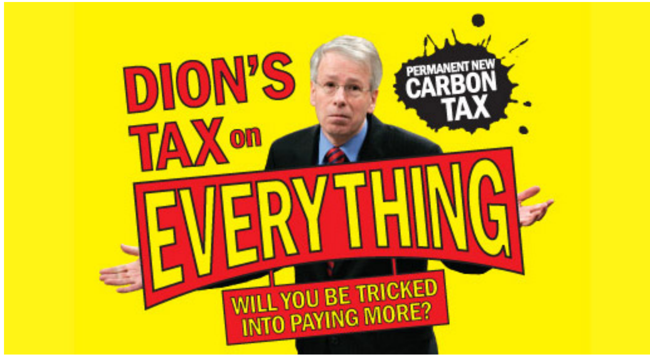
Business Initiatives

Canadian Business Wants To Go Gingerly

Industry leaders support a federal solution to greenhouse gas emission reductions, but one that raises prices only enough to send the right signals.



Canada's Conservatives mock the carbon tax as trick by the Liberals. But political opponent Stéphane Dion says Prime Minister Stephen Harper's ads lie and insult the electorate.

Businesses in Canada are none too happy with either the Conservative government's nor the Liberal Party's position on greenhouse gas mitigation. Speaking in the nation's energy capital to the Calgary Chamber of Commerce, Thomas d'Aquino, president of the Canadian Council of Chief Executives (CCCE), said both plans fail to consider the competitive challenges faced by industry.

"In the current environment, I believe that governments should be careful not to impose substantial additional costs on consumers and businesses that could seriously damage economic growth," d'Aquino said.

Prime Minister Stephen Harper, co-founder of the Conservative Party, wants to target an 18% improvement in greenhouse gas emission intensity over the next three years (just like the goal set for the US by President George Bush), and then 2% every year thereafter. At first, companies unable to make the reductions could pay into a technology fund.

CCCE does not like the fact that the plan imposes no real restraints on the half of the nation's emissions contributed by sectors other than industry. The plan offers mainly incentives and subsidies for consumers. The business leaders say those measures have been tried unsuccessfully in the past.

Liberal Party leader Stéphane Dion wants a broad-based carbon tax applied to fossil fuels according to the amount of CO_2 they emit when burned. The Liberals call the strategy "the green shift." The tax is paid at the wholesale level by companies that purchase fuel from others for consumption domestically. It would start at $10 (US $9.50) per metric ton of carbon dioxide equivalent in year one, and rise to $40 in year four. The carbon tax would be revenue neutral. The proceeds would be offset by tax cuts starting with the marginal rates of personal income tax. In the fourth year, it would include a new tax credit worth $350 per child per year.

The Liberals do not object outright to a cap-and-trade system. Dion says both "are necessary and complementary, but that we can move more quickly on immediately pricing carbon through a green shift, while building a real cap-and-trade system with absolute targets over time that will fit with the emerging plans of the next US administration and what is already underway in Europe."

CCCE finds the Liberals' plan to be indigestible because the revenue raised by the tax will come mainly from Canada's most carbon-intensive industries, and they make up the CCCE's membership. The bulk of the offsetting tax reductions will flow back not to industry but to Canadian households.

D'Aquino told the Calgary business leaders, "The wiser course of action would be to start by placing a relatively modest price on carbon emissions, while making it clear that the levy will rise in the future once Canadians have had time to adjust to higher market prices. This would give governments an opportunity to experiment with different policy tools and approaches without the risk of unintended negative results."

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Electronics Retailers Under New Management

Lobbyist group representing merchants and chain stores gets a makeover on Capitol Hill.

The Consumer Electronics Retailers Coalition (Cerc) has retained e-Copernicus, a public relations and lobbyist firm, to run its offices. Cerc chain-store members include Best Buy, Circuit City, K-Mart, RadioShack, Sears, Target, and Wal-Mart. It also represents retail industry trade associations.

On the sidelines of the product stewardship debate, Cerc managed for the first time to adopt a policy on E-waste last year (see Desire for Bill Has Not Bridged Divide on E-Waste, 12 August 2007). The coalition would support legislation allowing manufacturers to make whatever collection and return arrangements they want to fit the particulars of products and of different business models. That includes charging to take back unwanted products.

The executive director of the new Cerc team is Christopher McLean, a principal partner in e-Copernicus. McLean will be handling the E-waste issue. He was administrator of the Rural Utilities Service, an agency of the U.S. Department of Agriculture that is deeply involved in telecommunications development. The financing services wing of e-Copernicus helps clients win government grants and low-interest loans, and raise private equity to fund broadband extensions.

McLean worked on Capitol Hill for 15 years for Democrat Jim Exon, US senator from Nebraska.
Input on E-waste matters will come from James Otto, who will continue as president of the Nebraska Retail Federation. Otto will advise the e-Copernicus team on what's best for merchant members of state retail associations across the country.

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Textiles Still Not Outfitted for Sustainability

Rating agencies find some improvements but not enough to affect performance much.

When he is not racing Puma's yacht Il Mostro, CEO Jochen Zeitz is at the helm of the sporting brand company, which ranks first among its competitors on sustainability.

Change has come to the textile and apparel industry since 2004, but nothing much has moved in sustainability rankings since the independent rating agency Oekom Research last scored companies on their social and environmental performance (see Analyst Rags on Apparel Industry, 26 May 2004).

Puma edges out Adidas (which sold off Salomon and bought Reebok) for the number one spot. Interface, the floor covering manufacturer, creeps into the top three. All the others, including Nike, are still out of the running with ratings on a 12-step letter scale that are not good enough to qualify for consideration by socially responsible investors. Even Puma (B-) and Adidas (C+) are not totally suitable as a sustainable investment, the Munich-based analyst concludes.

The pity and the lingering worry is that some companies have done much in recent years without being able to solve labor problems or environmental impacts conclusively. Seven of nine companies examined have implemented standards for their suppliers, but these vary in quality. Oekom also notes that criticism by non-governmental organizations is changing: Reviews are "concentrating on cross-company issues like the right to form a trade union or incomes which frequently lie below the minimum wage or below subsistence level."

"Corporate Responsibility Industry Report Textiles & Apparel" can be ordered for €2,990 ($4,720).

Bankers' Opinions

Bank Sarasin & Co. has also updated and expanded on its 2006 report of sporting goods manufacturers. Its

sustainability matrix rankings have not changed much and still find Adidas, Puma, Nike, and Timberland out in front. Like Oekom, the bank analysts say there is still much room for improvement even among the leaders. Publishing lists of important suppliers and the results of audits are insufficient.

"That's because environmental and social standards upheld by the branded goods companies are perceived by the suppliers as an additional burden on their general procurement conditions, such as costs and delivery deadlines. When factory inspections take place, the true working conditions are often concealed," the bank says.

The companies are increasingly relying on raw materials which fulfill specific minimum environmental standards or avoid using harmful materials.

The group of non-investable companies includes, as it did in 2006, names such as Hermès, Coach, Luxottica (Ralph Lauren, Versace, Brooks Brothers), VF Corp. (Wrangler, Lee), and the banded footwear manufacturer Yue Yuen. "It is significant that luxury labels perform below average in the rating system, as they have barely addressed the topic of sustainability to date," the bank says.

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Coal Plant Permit Yanked Over CO2

Someone has to step in with a standard way to review carbon dioxide emissions under the Clean Air Act.

Coalition members of Clean Energy for Georgia who won their appeal previously organized a rally against the Longleaf project at a Dynergy shareholders' meeting.

A state court in Georgia has revoked a permit allowing Dynergy and LS Power Group, 50-50 owners, to construct a 1,200 megawatt-coal-fired power plant. The Sierra Club had appealed the approval because the Georgia Department of Natural Resources made no effort to evaluate or apply best available technologies to limit carbon dioxide emissions. In its decision the Georgia Superior Court said that the utility companies' position that CO2 is not a pollutant "subject to regulation" under the federal Clean Air Act "is untenable."

Dynergy, the largest coal plant developer in the country, says it is disappointed in the ruling and will appeal. The court is the first to base its decision on the April 2007 Supreme Court case *Massachusetts v. EPA* (see Court Tells EPA To Think Rationally About Climate, 3 April 2007). The petitioning Sierra Club was jubilant. "Thanks to this decision, coal plants across the country will be forced to live up to their clean coal rhetoric," said Bruce Nilles, director of the environmental group's national coal campaign.

The American Coalition for Clean Coal Electricity, formed in April 2008 by electricity, coal, and energy equipment manufacturing industries, disagrees with the court's ruling. Joe Lucas, the coalition's vice president of communications, says the Georgia case is another example of states making policy on carbon dioxide.

Recently in Arkansas, the state's Commission for Pollution Control and Ecology denied a petition from the Sierra Club asking that CO2 no longer be exempted from a list of air contaminants. The Arkansas decision hinged on the view that there is no consensus on how CO2 should be regulated or even if appropriate technology exists.

"The conflict between the Arkansas and Georgia state rulings speaks directly to the need of a prudent federal climate policy," says Lucas. "Without the certainty of

a federal climate policy, utilities across the country are in limbo in terms of meeting their future energy needs and providing their customers with affordable, reliable electricity."

David Walbert, a lawyer from Parks, Chesin & Walbert with a reputation for trying complex matters in many venues, does not put the Longleaf case in that category. Asked rather late in the proceedings to represent the petitioners, Walbert says that, perhaps, his arms' length knowledge of the climate issue served him well before Fulton County Superior Court Judge Thelma Wyatt Cummings Moore.

"It is a simple, clear-cut issue," Walbert thought. Walbert showed the court a thick notebook containing double-sided pages of legal abstracts dealing with the Clean Air Act. Now following the victory, Walbert tells a reporter, "I am sick of the propaganda from people who say CO2 is 'not subject to regulation.' It is crystal clear that CO2 is regulated all over the place."

Justine Thompson, executive director of GreenLaw, attorneys representing the petitioners, says, "This ruling goes a long way toward protecting the right of Georgians to breathe clean air and sends a message to [the Environmental Protection Division] that it must tighten the standards it uses to approve air pollution permits for companies seeking to build any more coal-fired power plants in this state."

Thompson has been the lead attorney in notable cases and has experience in addressing the problems of pollution from coal-fired power plants. She is unsympathetic about the plight of energy developers in the aftermath of the Longleaf ruling. Thompson would simply have them read any number of texts and guidelines that explain to applicants how to conduct a best available control technology (BACT) analysis.

The assignment is easier to make than to execute. "There is a lot of confusion, and it is hard to figure out how to go forward" with plans to construct coal-fired electric power generating stations or any large industrial source of greenhouse gases at this point, says David Gardiner, a consultant to corporate executives and non-profit organizations alike. Gardiner was a senior official in the Clinton administration for eight years and a member of the US delegation to five UN climate treaty negotiations, including the one in Kyoto, Japan. While at the Environmental Protection Agency, he led climate change efforts.

Gardiner says the decision in the Georgia court demonstrates what investors have worried about since the Supreme Court ruling. Someone needs to define what best available control technology might be for CO2. "Either EPA steps in or Congress does," he says.

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London Bankers Buy New England Climate Business

The purchase epitomizes the migration of emission traders from Europe.

An illuminating move in what has become a headlong rush by cap-and-traders from the EU into the US is the purchase of M.J. Bradley & Associates (MJB&A), air emissions and energy consultants by Climate Change Capital, a London specialist investment bank and fund manager. The price paid for the New England firm is not being disclosed. The UK boutique bankers also opened an office for policy promotion and marketing in Washington, DC.

"The US is at a tipping point in its attitude to climate change and we see the country as a huge growth area in the investment opportunities created by reducing greenhouse gas emissions and addressing pressing issues of energy supply security," said Mark Woodall, Climate Change Capital CEO. He founded the financial company with others, including James Cameron who once headed the Baker & McKenzie law firm's climate change practice (see Carbon Allocation Plans Do Not Ask Much from EU Industry — Not Yet, 23 May 2004).

(*Continued on the next page...*)

Anticipating a reversal of climate policy after the 2008 presidential election, Oslo-based market analyst and advisory company Point Carbon helped set off the stampede two years ago by opening its North American operations in Washington (see Forecaster Bets on US Carbon Trading, 17 September 2006). In June of this year, Point Carbon expanded its US presence with an office in downtown Boston.

Michael Bradley founded the Clean Energy Group of electric generating companies in 1997 to promote policy options related to air quality and greenhouse gases. Since 2002 he has been involved as a stakeholder in the cap-and-trade Northeast Regional Greenhouse Gas Initiative (Reggi). He used to be executive director of Northeast States for Coordinated Air Use Management (Nescaum), the job that Jason Grumet subsequently took. Grumet is now Barack Obama's energy and environment advisor.

The MJB&A staff has wide-ranging experience in greenhouse gas trading and air emissions. Among the consultants is Christopher Van Atten, an environmental economist at MJB&A, who supports the Clean Energy Group of electric utilities. Brian Jones, also a senior consultant at MJB&A, manages the Northeast Regional Greenhouse Coalition of corporations participating in the Reggi program.

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This Bud May Not Be for You

Anheuser-Busch and InBev are not in the league where socially responsible investors are advised to play.

Together they will become the largest brewer in the world. Yet they do not rate high enough on environmental, non-financial economic, and social criteria to make the cut for the Dow Jones Sustainability Index. And both get a dismal C-, three letter grades from the deepest basement and eight ranks from the top of the corporate responsibility ladder in the latest evaluation by the Munich-based Oekom Research.

Granted, Oekom will soon update its analysis of the food and beverage industry. Nonetheless, InBev, which was formed in 2004 by the combination of Interbrew and Companhia de Bebidas Das Amécas, gets a dismal D+ for its environmental profile. Anheuser-Busch drags itself up only one step better, to a C- despite having helped invent modern environmental management in the 1970s under the tutelage of corporation environmental, health and safety director Bill Sugar (see Architect of Corporate Environmental Management Dies, 27 October 2006).

Anheuser Busch has a good, group-wide EHS management system. But its supply chain management is underdeveloped, according to Oekom, and it has no comprehensive policy on sustainable agriculture or water use. InBev has a history of monitoring resource consumption and emissions. But Oekom analysts say the company has underdeveloped social standards in its supply chain and no comprehensive food safety management system.

Neither company quite makes the grade for consideration by socially conscious investors among food and beverage plays.

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Standards

U.S. Says Social Responsibility Standard Is Out of Kilter

The attitude of federal government stakeholders towards the draft ISO guidelines borders on contempt.

As a July 11 deadline approaches for a new round of comments on the most recent working draft of guidelines on social responsibility (ISO 26000), lawyers and experts at federal agencies overseeing the standard-writing process for the US government are rebuking its basic notions about what constitutes proper organizational behavior. The government interest group objected vehemently to ISO 26000 once before (see U.S. Alarm Over ISO 26000 at Level Red, 9 April 2008).

The recent expression of views ratchets the objections up a notch. The government group contends that the expressions "polluter pays" and the word "precautionary" are incorrectly used in the latest version of the ISO document, and the word "principles" should be eradicated from the text.

In its submission to the committee formed in the US to mirror the activities of the Working Group on Social Responsibility (WG SR), the government stakeholder group argues that no international agreement exists on the polluter pays principle. To suggest, as the draft standard does, that organizations abide by it is misleading, the US government group maintains. It prefers to say "that organizations may want to consider a polluter pays concept to help internalize costs."

The US position conflicts with recommendations from the Organization for Economic Cooperation and Development (OECD). The club of the world's richest nations recognized the polluter pays principle almost 25 years ago. (See also the news related to OECD's principles for multinational enterprises at the end of this article.)

While the US government group concedes that "a precautionary approach" is called for in certain cases, it is raising the same objections to calling it a principle in the social responsibility standard. "The EU is using this term in a way that undermines science and risk assessment," the US delegates allege. "In effect the [European Commission] is using precaution as a way to legitimize trade barriers and to discriminate against foreign suppliers."

The EU's 27 member nations actually have a legally recognized precautionary principle on the books. In 2000 the European Commissions laid out guidelines for applying the structured approach to risk management without triggering accusations of protectionism. The Court of First Instance sitting in Luxembourg later elaborated on the conditions that EU institutions must follow when they deal with health or environmental risks that are scientifically uncertain and evidentially unproven (see European Court Reaffirms the Precautionary Principle, 1 December 2002).

Comments on the ISO 26000 draft from the US government group further say that WG SR should not use the word "principles" at all in describing any aspects of social responsibility (except, perhaps, with one exception in an innocuous sentence at one point in the text). The US group says: "… while it may sound like plain English there is a long history on the term which, in intergovernmental venues, means: internationally agreed upon. There are no internationally agreed upon principles of SR and using the term in the document is erroneous. Further, of course, ISO is not the place for agreements between governments to take place."

The US government stakeholders also state, "There is no such thing as international law, either. "Sovereign nations may agree with one another on matters, but that still does not constitute international law. Even trade agreements are only law when a nation ratifies the agreement and adopts it into their national law."

The US government stakeholder group charges the ISO WG SR with specifically ignoring its input on these issues. The group's accusation may relate to the ISO WG SR's previous decision not to overreact to the US government's initial diatribe against the draft standard.

The government stakeholders comprise one of six interest groups given special status in the ISO work plan on social responsibility. The others sectors are industry, labor, consumers, non-governmental organizations, and service, support, research and others (SSRO), a catch-all phrase to define all who have direct monetary interest or opportunities for professional advancement in ISO standards. Partly due to the July 4 Independ-

ence Day national holiday, none of the groups were immediately available to expand or comment on the US government group's position.

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In related news:

• The US government stakeholder group engaged in the ISO initiative on social responsibility fired a warning salvo at the EU regulation on the registration, evaluation, authorization and restriction of chemical substances (Reach). Charging that Reach has "no benefit," the federal government participants say "precaution" is a word that should not be mouthed in connection with the regulation. (The US group incorrectly calls the Reach legislation a directive, which is a legal requirement that must be adopted into national legislation. A regulation is applicable in all EU nations on the date it comes into force.)

• ISO and the Organization for Economic Cooperation and Development have signed a memorandum of understanding governing their mutual interests in social responsibility. The MOU is the third one like it (see ISO Signs MOU with UN Global Compact, 23 November 2006; and ILO Extracts Promises from ISO on Social Responsibility, 26 February 2005). The accord refers to OECD's interest in safeguarding its own Guidelines for Multinational Enterprises, which are "voluntary principles and standards for responsible business conduct" in a variety of areas including the environment.

Eco-Management Scheme Set for an Overhaul

Some big changes are proposed to remedy a host of problems that hinder uptake of the EU's environmental management system.

The European Commission is proposing a revision of the European eco-management and audit scheme (Emas). The changes are supposed to fix problems that have held back growth of the program since it became operative in April 1995. Slightly less than 6,000 sites operated by nearly 4,000 companies and public sector organizations are enrolled (see Notes on Revising EMAS, Version 3, 24 December 2007) 13 years later. By comparison, the voluntary international environmental management system standard boasts of having some 35,000 sites registered in countries where Emas is an option.

While the Commission's intention is to make Emas clearer and less burdensome, the proposals could be seen to do the opposite by setting complicated, inflexible requirements not found in the current version. The revision would introduce an obligation for EU member states to give Emas favorable and preferential treatment in competition for public funds. Governments would need to consider tax breaks for Emas, too. It would be up to the member states to identify the appropriate fiscal measures.

The national authorities in the EU will be obliged to identify — but not necessarily to grant — administrative relief for EMAS-registered companies. A process of regular consultations among EMAS competent bodies in the member states and regulatory authorities will be set up.

Under Emas organizations must demonstrate to verifiers that they fully comply with all requirements of environmental legislation. For interested parties, the guarantee is one of main advantages of the program compared with ISO 14001 — although the real differences are somewhat hard to gauge and controversial. The indisputable point is that companies, especially smaller ones, are not always able to determine their legal obligations. They seem to opt out of Emas because of the compliance terminology.

The revision tries to remove the barrier by ordering member states to assist organizations in the process of Emas registration to know the applicable environmental regulations, to establish contacts with relevant authorities if necessary, and to explain how to give evidence that the legal requirements are met. These tasks may be delegated to Emas competent bodies or any other qualified institution. The ramifications of this clause have yet to be explored and debated in the open. (*Continued next page...*)

Emas requires the publication of an environmental report. Under the current regulation, the contents are not standardized. The reports are not used much for external communication. The revision sets out core performance indicators that must be disclosed in a fashion that will make the reports more comparable.

The Commission believes that the differences among the member nations on rules for accreditation and verification potentially undermines the credibility of Emas, especially with regard to legal compliance. The revision adds clear and specific rules to make the procedure more consistent and reliable across national boundaries.

Under the current regulation, the use of an Emas logo is restricted to few specific cases, for instance on the registered organization's letterheads. The logo is forbidden on products or their packaging. The new rules would ease up on the restrictions about the logo in advertising.

The Commission is also intent on getting participation from outside of the EU. The proposal is to allow an organization outside the EU to register in the member state of its choice and have its environmental management system validated by an accredited Emas verifier. The proposal will be debated this year and next. The revised Emas might take effect in 2010.

Brussels is publicizing the Emas revision as part of a package of voluntary and mandatory measures to improve production in general and the energy efficiency of products in particular. Envisioned to take three years to complete, the sustainable development action plan includes mandatory labeling of a wide range of products, which will be eligible for public procurement incentives set by member countries of the EU. A forum will be created to improve retailers' environmental performance and promote greener purchases. An environmental technology verification program will be established to build confidence in eco-innovation.

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Product Stewardship

Packaging Plans May Discriminate

Law to encourage distribution of goods in non-reusable containers could pose problems.

An interregional agreement in Belgium obliges companies in other countries to submit packaging waste prevention plans as domestic firms must. The plans are supposed to demonstrate with hard data the way companies — or a product category — will increase the amount of reusable packaging and decrease single-use containers. The European Organization for Packaging and the Environment (Europen) maintains that the requirement may discriminate in favor of local producers contrary to EU law.

The Belgian agreement on packaging gives an interregional commission the authority to account for "reasonably acceptable restrictive circumstances" a company may face. But the text is ambiguous in not stating when penalties can be imposed for distributing goods in non-reusable packaging.

"The quality of the plans has improved over time and a vast majority of the more recent plans have been approved without major revisions," says the European Commission in a report in late December 2006. But in the same report, the Commission says that there is not much difference in the nature of packaging waste between countries that have implemented laws demanding plans and those that have not.

Europen has petitioned Brussels arguing that the potential disruption to commerce warrants a opinion from the Commission to the Belgian authorities. The action would add three months to the period when member states can comment the law. Otherwise, the so-called standstill period ends on July 29.

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Options Sought for Unwanted Pharmaceuticals

Although the obstacles are huge, don't count out drug takeback in the U.S. just yet.

Would that it were so easy: a box awaits returns of unwanted, expired medicines in a hilltop town in Marche, Italy (the yellow box is for batteries). An option like this is impossible in the U.S.

The Pharmaceutical Research and Manufacturers of America (Phrma), the industry's leading trading association, believes that giving consumers the opportunity to bring back unused drugs to doctors' offices or drug stores for disposal is not worth the cost. Phrma cites a trial two years ago in the San Francisco Bay area. In that program 1,500 people returned 3,600 pounds of drugs at 40 locations at a cost of about $450 per pound.
Since the vast amount of pharmaceuticals in the environment (90% according to the industry) are excreted after people ingest the drugs, Phrma says takeback programs would prove to be just as ineffective as they are economically wasteful.

"Work will continue within and among the pharmaceutical industry, academia, government laboratories and other scientific organizations to further the science and understanding in this area," promises Phrma Senior Vice President Ken Johnson.

Phrma's stance conflicts with the growing interest by states and public interest groups to foster producer responsibility in the pharmaceutical industry (see Stewardship Eyed for Prescription Drugs, 8 May 2008). Proponents believe takeback programs will protect against unsafe practices in households and long-term care facilities that have resulted in accidental poisonings, thefts, and deaths. They say takeback will reduce the amount of medicines in the environment.

The Product Stewardship Institute (PSI) kicked off a national dialogue on the subject with a meeting in California in June. The event sets the stage for three more two-day, multi-stakeholder meetings over the course of the next year. The goal is to reach consensus on the top strategies for safely managing pharmaceutical wastes, including additional pilot projects, regulatory changes, or other measures.

PSI leads a network of 44 states, 50 local governments, and a dozen members from business and non-profit organizations.

Leslie Wood, director of state policy at Phrma, joined the Sacramento PSI meeting over the telephone while waiting for a plane connection. Wood explained the industry's position on drug takeback, which boils down to "no." Since then PSI has enlisted the participation of representatives of King Pharmaceuticals, a company that began in 1994 by making products for brand-name drug firms. PSI expects some Phrma members at the second national pharmaceutical takeback meeting.

The federal Drug Enforcement Administration (DEA) says "environmentally sound protocols to collect unwanted substances from consumers is a significant and complex matter." Many scenarios for collecting certain compounds violate the Controlled Substances Act. Responding to an inquiry from the National Association of Chain Drug Stores, Mark Caverly, chief of the Liaison and Policy Section in DEA's Office of Diversion Control, said consumers are allowed to surrender their unwanted pharmaceuticals to a police officer for disposal, but many local law enforcement organizations do not want to incur the responsibility or the expense. DEA is drafting regulations to enable users to bring back controlled substances in other ways.

Sego Jackson, a planner with Snohomish County, Washington, solid waste division, says it should not be harder to take back medicines than it is to get them. Most people (84%) in a survey conducted King County in 2005 said a local pharmacy is the most convenient location. Only 4% would find a police office handy.

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Policy and Trends

Obama's Environmental Team

Green Democrats in the presidential campaign.

The Democratic Party and the Obama presidential campaign have assembled a team of environmental and energy experts.

Here is the new roster of environmentalists on the 2008 presidential campaign for Barack Obama:

Jason Grumet, Barack Obama's senior environment and energy advisor, is the founder and president of the Bipartisan Policy Center. (Some special credential must enable Grumet to continue to pass as a bipartisan). Grumet used to be with Nescaum, the Northeast States for Coordinated Air Use Management, the group of chief air pollution regulators in the region. Grumet is a Ivy Leaguer with degrees from Brown and Harvard law.

Obama is Ivy trained through-and-through, too. His undergraduate degree is from Columbia University. His law degree is Harvard.

Heather Zichal is newly appointed to head the environmental campaign staff. She is a Rutgers graduate and formerly Sen. John Kerry's $80,000-a-year Capitol Hill aide who was head environmental and energy advisor for the unsuccessful 2004 presidential campaign. The rest of the team includes some youngsters and decorated veterans of environmental activism.

Dealing with outreach to key states are **Julie Anderson**, **Mark Van Putten**, and **Kelly Mazeski**. Anderson is an executive at Grumet's so-called Bipartisan Policy Center. She was manager of climate change for the Cambridge-based Harvard neighbor Union of Concerned Scientists and a special assistant on energy and environment in Bill Clinton's White House. She is a lawyer and graduate of George Washington University. Van Putten spent more than 20 years at the National Wildlife Federation, including eight years as president and CEO. He founded the environmental clinic at the University of Michigan School of Law. Kelly Mazeski is an animal rights, anti-hunting activist from the Midwest.

The policy resources advisors are **Amy Salzman**, **Lauren Rosenthal**, and **Frank Loy**. Salzman worked at the US Department of Justice Environment and Natural Resources division and more recently at the Wallace Global Fund, overseeing the distribution of grant money for climate and energy projects. Her law degree is from New York University. Like Grument, she graduated from Brown. Lauren Rosenthal is an attorney and environmental activist. She is married to Howard Learner (see below). Frank Loy was under secretary of state for global affairs and lead US climate negotiator for Bill Clinton. He was a corporate lawyer (Harvard law graduate) and served on many business and NGO boards of directors.

To deal with rapid responses to policy issues, Obama has **Howard Leaner** and **Karen Bridges**. Leaner is executive director of the Environmental and Policy Law Center, a public interest organization for the Midwest based in Chicago. Karen Bridges is a Minnesota conservationist.

Bob Sussman and **Elgie Holstein** are assigned to policy analysis and development. Sussman is a former deputy administer for the Environmental Protection Agency during Bill Clinton's first two years in office. He was EPA's senior official on Nafta free-trade implementation. He chaired the environmental practice for the Latham & Watkins law firm for a decade ending in 2006. Sussman is a Yale law school alumnus.

Another environmental veteran is Elgie (Elwood) Holstein. Once a congressional aide, he was chief of staff at the Department of Energy during the Clinton Administration. He dealt with Clean Air Act revisions, climate change, and utility deregulation. Holstein also served in the White House at the Office of Management and Budget.

Luke Knowles, who was vp for College Democrats at the University of Wisconsin in Eau Claire, is dealing with general environmental affairs.

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Airline Emissions Capped in Europe

The compromise does not ask much but maybe enough to ignite an international dispute.

The European Parliament swept in a measure to include aviation in the EU's carbon emission trading system. Although planes contribute just 5% of all greenhouse gases worldwide (industry sometimes claims 2% using 1992 data), their output has risen 87% since 1990. According to at least one study, in 2000 air transport accounted for a range of 4% to 9% of climate change effects from human activities.

The compromise agreement with member state governments would cover all flights starting from or landing in Europe (including intercontinental flights) from 2012. Parliament wanted 2011. Free emission rights will be allocated for 85% of the allowances. Parliament initially wanted 75% given away; the ministers sought 90% free.

Like all compromises, the solution falls far short of what environmental campaign groups feel is necessary. Richard Dyer, aviation campaigner for Friends of the Earth Europe, says the final deal is too weak to have much impact. The strategy now is to try to include international aviation and shipping emissions in any climate change treaty adopted in UN negotiations.

The reduction target will be calculated on the basis of airlines' average annual emissions from 2004 through 2006. In the first year, airline emissions will be cut by 3% and by 5% in the second period (2013). The cap may be changed when the emission trading program is normally reviewed.

Dyer notes that the cap is approximately 90% higher than 1990 levels. He believes airlines will get windfall profits just as the European power sector got when utilities received a surfeit of carbon emission certificates for free.

Companies with fewer than 243 flights for three consecutive four-month periods are exempt — equal to one round trip flight a day. Airlines whose total annual emissions are lower than 10,000 metric tons per year are also excluded.

The proceeds generated from an auction of the remaining 15% of emissions allowances should be used for the special purpose of reducing greenhouse gas emissions. The ministers did not want any earmarks for spending the revenue.

The deal awaits a rubber stamp by the Council of member state environment ministers. It has already been approved by transport ministers from the EU countries.

Half way around the world, the rich G8 nations meeting in Japan issued a statement on climate change that mentioned aviation. The heads of state emphasized the importance of "expeditious discussions" in the International Civil Aviation Organization for limiting or reducing emissions (ICAO). With the EU law looming, the reference could be taken as a cynical remark by the G8 since the leaders know full well that ICAO has procrastinated for years on the climate problem. The US and some other governments want to fight the EU regulation of airlines in their countries by claiming it violates the ICAO treaty.

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LCA of No Use for Green Packaging

Industry wants to strangle the idea. But the political will to give tax breaks to "environmentally advantageous" types of packaging materials dies slowly in the EU.

Any attempt to reduce the value added tax in Europe on certain types of packaging will meet with constant legal and political challenges, says Europen, industry's trade association in Brussels.

The possibility arose earlier this year when British Prime Minister Gordon Brown and French President Nicholas Sarkozy wrote a letter to EU Commission President Jose Manuel Barroso calling for action on climate change through tax reforms. The two leaders

said the EU should continue to look at economic instruments to encourage the purchase of green products by businesses and consumers. On July 1 France assumed command of rotating EU presidency for six months.

Apart from slashing the VAT on products such as energy-saving refrigerators, washing machines, and dishwashers, the heads of state singled out packaging among other areas where economic instruments could have a role to play in member state policies.

Changing tax rates based on calculations made in lifecycle analysis(LCA) is "an imprecise science unsuitable for policy-making," Europen says. "LCAs based on different assumptions will produce different results and there are no universally valid values for certain key factors in the manufacture of packaging. In other words, it is not clear how 'green' packaging could be defined for the purposes of applying reduced VAT rates to certain types and not to others."

Europen has consistently opposed the use of LCA for public policy purposes (see Lifecycle Assessment a Casualty of Germany's Can Conflicts, 16 May 2004; and Most Experts Say LCA Is Not Fit for Public Policy Decisions, 1 September 2002).

Europen says any marginal differences in the resource-efficiency of the packaging used are unlikely to be great enough to enable one packaged product to be classified as "environmentally friendly" while a competing product is not. Packaging typically accounts for no more than 8% to 10% of the resources embedded in packaged goods used in the household.

"Market pressures ensure that packaging producers adopt a policy of continuous improvement, so any assessment of relative environmental performance will be out of date as soon as it has been completed," Europen maintains.

On a different point Europen argues that taxing packaging separately from the product it contains may be misleading. Environmental impacts may depend much less on the properties of the packaging than on how and where packaging or the packed products are used. The trade association takes shampoo as an example — 90% of the carbon footprint of shampoos comes from the hot water consumed when the product is used, but the amount of hot water used varies from one person to another.

Ironically, carbon footprints are usually tracked using LCA.

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Major Economies Issue Climate Declaration

Heads of state of the world's major economies meet to discuss climate change policy in a forum originated and masterminded by President George Bush, seated left.

Following the G8 meeting in northern Japan, the leaders of Australia, Brazil, Canada, China, the EU, France, Germany, India, Indonesia, Italy, Japan, the Republic of Korea, Mexico, Russia, South Africa, the UK, and the US met as the world's major economies in Toyako on the island of Hokkaido. The group issued a declaration on energy security and climate change.

The statement does not move the ball forward other than to say climate change is one of the greatest global challenges of our times. The parties promise to work together constructively to come up with plans for mitigation and adaptation by the end of 2009.

President George Bush convened the talking group of Major Economies Meeting on Energy Security and Climate Change, which met first in September 2007 in Washington, DC. The idea was to look for a new ar-

chitecture for climate change policy outside the Kyoto Protocol and with a smaller number participants, including the largest greenhouse gas emitters among the developing countries (see U.S. Orients Major Economies on Climate Policy, 6 February 2008).

Daniel Mittler, the climate expert for Greenpeace International, said: "President Bush's Major Economies Meeting has been a useless diversion from real action on climate change all along; the meaningless statement released today proves that for all to see."

Daniel Price, since December 2007 the assistant to the president for international economic affairs, was the White House sherpa for the meeting. Like the chair of the White House Council on Environmental Quality, James Connaughton, who was also present in Hokkaido, Price is a former lawyer at Sidley Austin. "Though this series of major economies meetings we've had focus and really good discussions at the highest levels, and this has enabled us, we believe, to move beyond many of the artificial as well as divisive distinctions of the past. All of the leaders now understand that the progress we make this year is essential to making possible broad international agreement in the UN at the end of next year."

The G-5 comprised of Brazil, China, India, Mexico, and South Africa issued its own statement for the major economies meeting. It called for a Kyoto-type commitment by the industrial nations to cut their emissions by 25% to 40% by 2020 below 1990 levels. That demand has proven to be a non-starter.
For their part the five nations said they were prepared take "nationally appropriate" mitigation actions if the developed nations accepted the quantitative targets. The five say they would try to deviate from business-as-usual if they were "supported and enabled by financing, technology, and capacity-building."

Japanese Prime Minister Yasuo Fukuda who chaired the meeting suggested the group of 16 meet again at the G8 summit in Italy. His proposal was accepted.

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Environmental Economist Heads for DC Think-Tank

Business and law professor Mark Cohen will take a sabbatical from Vanderbilt University to be vice president of research for Resources for the Future. Starting 1 September 2008, Cohen will lead a team of 40 researchers in Washington, DC. In the newly created position, he will oversee all research programs and guide efforts to align the independent think-tank's mission with environmental and natural resource issues.

Cohen has been in various positions at Vanderbilt since 1986. He is co-director of the Vanderbilt Center for Environmental Management Studies and is on a team investigating greenhouse gases and individual behavior through Vanderbilt's Climate Change Research Network.

Cohen's expertise is the enforcement of environmental regulations and corporate crime and punishment. He is a member of the stakeholder council of the Global Reporting Initiative. He served as a member of the then General Accounting Office Expert Panel on Disclosure of Environmental Information in SEC filings. He has worked as a staff economist at the U.S. Environmental Protection Agency and the Federal Trade Commission.

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New Zealand and the U.S. have signed terms of agreement for the **International Partnership for Energy Development in Island Nations**. No money is budgeted for the program. Using energy agency technical and managerial expertise, the two countries will try to install as much efficient and renewable technology as possible in countries that join up. No targets are set. The initiative will be aimed primarily at forming collaborations with local developers and financiers for specific projects. It will not get started until at least one other nation signs the agreement. The US Department of Energy anticipates additional nations will be invited to join the partnership at the first steering committee meeting, which will take place in late August. ■