



FOCUS: Banks See Green Web Site Triggering Growth



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LONDON -(Dow Jones)- ABN AMRO Holding NV (ABN) and [Citigroup Inc.](#) (C) are backing a green group's Web site in a move that underlines the growing opportunities such banks are associating with environmental trading.

Ecosystem Marketplace is a free online information platform being launched Thursday and developed by the non-profit group Forest Trends. It will offer a one-stop green shop for news, regulatory information, market analysis and price tracking for international eco-system markets, including Europe's burgeoning carbon market.

"We have no doubt that Ecosystem Marketplace will play an important role in addressing global environmental concerns," said Pamela P. Flaherty, Senior Vice President of Global Community Relations at Citigroup, adding that it "will provide significant financial opportunities in the coming decade for large and small businesses globally and for low-income entrepreneurs."

Citigroup has committed \$800,000 to Washington-based Forest Trends for the Ecosystem Marketplace and other projects.

Netherlands-based ABN AMRO declined to say how much it's investing in the enterprise, but said the involvement was strategic

"From a financier's perspective the carbon markets haven't yet come of age - but in next five to seven years, we think they have huge potential," said Richard Burrett, Managing Director of Sustainable Development at [ABN AMRO](#).

"Aligning ourselves with initiatives like this is critical to making sure we don't miss any trends of where the market is going," he added.

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Michael Jenkins, President of Forest Trends said: "The Ecosystem Marketplace will provide much-needed information and transparency that the finance and business community need in order to understand and take full advantage of ecosystem market opportunities."

The Web site will compete against the subscription-based service offered by Norway's carbon market analysts Point Carbon, which covers international carbon and Kyoto Protocol schemes.

Ecosystem Marketplace says it will widen the scope of what is currently available and hopes to tap a broader audience by covering water-related markets such as wetlands mitigation programs in the U.S., river salinity trading schemes in Australia and other similar projects in Mexico, and Costa Rica.

It will also look at conservation easement deals in the U.S., U.S.-state based conservation banking and Australian biodiversity offset programs. The venture aims to expand to include markets for environmentally-certified products, such as timber and coffee as well.

Jenkins said the venture will span "the complete green infrastructure" - 14 separate green markets. Its goal is to enable a Norwegian co-firing plant looking for materials to find a local community in Mexico that could provide them; or conversely allow a seller - such as a Brazilian farm looking for a European investment partner to store and bury carbon dioxide emissions in exchange for tradable credits - to compare a range of offers simultaneously.

But they're not trying to be brokers. "We're thinking of it as the place you go as a buyer or seller to make the marriage yourself," Jenkins said.

The biggest environmental money maker remains Europe's carbon trading market. Carbon transactions have doubled in volume each year from 2001 to 2003, from nearly 13 million tons to more than 70 million tons of CO2 equivalent, according to Forest Trends.

"It's not niche and it's not a bunch of wacky environmentalists anymore - these are real business people," Jenkins said.

Since January this year, the starting month of the European Union's emissions trading scheme, 25 million E.U. allowances have already been traded - at an average price of EUR10 a ton.

ABN AMRO estimates that the total value of the carbon market in Europe alone will be EUR45 billion by 2012. That includes

both market turnover in the trading scheme and the import of carbon credits from abroad under the Kyoto Protocol.

The bank plans to launch new environmental financial products related to the E.U. ETS and climate markets related to Kyoto Protocol.

"The rapid growth we've seen in carbon markets shows that markets for ecosystem services are viable and have great potential, given the right regulatory environment," said ABN Amro's Burrett.

Forest Trends' Jenkins agreed: "Europe's on a carbon kick, but carbon's only the tip of the iceberg; it's an articulation of a set of new environmental markets that are being created that are all related to each other," he added.

Other ecosystem markets are forecast to expand rapidly in the next decade. In the U.S., wetlands mitigation banking - where land owners needing to compensate for harm done to protected wetlands buy credits from approved mitigation banks rather than restoring or creating wetlands on the development site - has more than quadrupled in the last decade, with nearly 400 established mitigation banks in 40 states today, Forest Trends said. Industry insiders estimate that the market is worth \$1 billion a year and is poised for rapid growth.

The Ecosystem Marketplace initiative is also being financially supported by Swiss Re (RUKN.VX), the U.K. Department for International Development, the U.S. Forest Service, the World Conservation Union, Conservation International, The Nature Conservancy, Surdna Foundation, the David and Lucile Packard Foundation, and others.

The service will be launched Thursday at an ecosystems marketplace conference in London.

Organization Web site: www.ecosystemmarketplace.com.

-By Johannah Ladd, Dow Jones Newswires; +44-20-7842-9345; johannah.ladd@ dowjones.com -0-

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