Conference advocates ecological investing

Markets | Activists join officials in a Portland meeting to foster trading to benefit the environment

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PORTLAND — You might not think of buying a couple of tons of carbon dioxide emissions or a breeding pair of red-cockaded woodpeckers for your retirement accounts.

But for some investors, those might look like good investments — which some environmentalists, financiers and government officials say is a good thing for the planet.

The idea is to create markets for environmental benefits, for example by imposing limits on emissions of carbon dioxide or wetlands development and then allowing players in the market to trade development rights. A group of activists and others, including a Goldman Sachs executive and a Bush administration official, gathered in Portland on Wednesday to consider ways to create more such markets in the Northwest.

Advocates say such schemes could benefit Oregon’s Willamette River, expected to be subject to new regulations intended to cool water temperatures to improve fish habitat. A market mechanism could allow cities and industries to pay farmers to plant trees to shade upstream reaches and tributaries of the river.

The markets in such benefits are small. Bettina von Hagen, a leader of the Portland-based Ecotrust organization, said volumes are measured in a few millions of dollars but ought to be in the billions, trillions and “bazillions.”

Nevertheless, the markets have attracted big players. Last year, two global financial institutions, the European group ABN Amro and U.S.-based Citigroup, said they were backing an online site — Ecosystem Marketplace — that tracks prices and developments in environmental markets.

The site was developed by a nonprofit conservation group, Forest Trends, the leader of which, Michael Jenkins, has nurtured the idea of trading in environmental benefits since a 1999 conference in Katoomba, Australia.

Even though the site tracks some markets that haven’t recorded any transactions for months, Jenkins said it has begun to supply one of the prerequisites for public trading: transparency, or a common pool of information for investors.

“We’re trying to build this brick by brick,” he said in an interview at the beginning of the meeting.

For environmentalists, he said, there’s urgency in trying new tactics. Measures of environmental benchmarks from climate change to habitat loss show “we’re not winning,” he said.

“It’s been kind of a difficult pill for many in the environmental community to accept,” he said. “Historically, the market has not been good for the environment, just as it has not been good for poor people.”

From Wall Street, Mark Tercek, a managing director at Goldman Sachs, told conference participants that many corporations are eager to make a mark in environmental issues.

“Who cares what their motives are?” he said. “It’s their actions that count.”

Mark Rey, undersecretary of agriculture for natural resources and environment, said the Bush administration looks with favor on the idea of environmental markets.

And, he said, the underlying principles of using market forces and collaborative programs would play a role when the administration makes recommendations on the farm bill for 2007.

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