



COMMENT



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# Green shoots are coming

### - just don't shoot the greens

**B**old action on the economy from the US and China seems to have prevented a recession from becoming a depression, and the world appears to be climbing out of the worst global downturn since World War II. There are promising signs around us in terms of productivity, growth, and housing, although not yet in employment as job growth continues to suffer. Those in elected office are scouring the landscape for indications that happy days are indeed here again – the much celebrated and sought after ‘green shoots’ of an economy which is awakening from dormancy and showing new signs of life. That is because the political calculus is universal and simplistic – a healthy and growing economy makes for happy voters and a sustainable political future.

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The United States’ US\$787 billion stimulus package (most of which is yet to be spent) included \$37.5 billion targeted for energy initiatives through direct spending and loan guarantees, such as those promoting efficiency, conservation, infrastructure, and smart grid. In China, some four trillion yuan (\$600 billion) of stimulus spending also appears to be working; almost too well. Second quarter growth for China was 7.9%, just short of the official target of 8%.

The danger is that we sacrifice the environment (shoot the greens) as we strive to rev up the economic and produce the ‘green shoots’. Investment in clean technology is often viewed as a luxury item which must be excised from the budget during lean years. Renewable energy projects are suffering as they find it more and more difficult to compete with tumbling natural gas prices which in the US have fallen to below \$3 per MMBtu, levels not seen for over seven years. However, the good news is that US spending on clean energy is up over 70%

in the second quarter compared to the first quarter, driven mainly by the stimulus plan.

There is hope that global leadership on the environment between the US and China may also keep us on a sustainable path to Copenhagen and beyond. In July, China and the US signed a Memorandum of Understanding (MOU) to Enhance Cooperation on Climate Change, Energy and the Environment which essentially recognized the threat of climate change and agreed to cooperate to combat the issue. This includes cooperation on specific topics which sound a lot like decentralized energy – energy efficiency, conservation, clean energy technologies and renewables.

While an MOU is often viewed as a rather tepid step with little formal commitment – more like a first date than a wedding – there is hope that this one is significant. Although there are still broad chasms between the respective positions on climate change, the mere fact that two of the most potent forces on the planet sat down together and agreed on something, albeit with little teeth or commitment, is a step in the right direction.

WADE is working with both the US and Chinese governments to bring about greater deployment of clean, decentralized energy technologies to China through the Asia Pacific Partnership programme. While a small piece of a much larger and more complex puzzle, this too is a step in the right direction of what will be a long and interesting journey, which will permit the ‘green shoots’ and the ‘greens’ to flourish.

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