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China Overtakes U.S. in Green Investment

China has shown determination to be on the frontline of green technology, while U.S. investors have been put off by uncertainties amid the legislative battle on climate change

Thursday, March 25, 2010

By

A study led by the Pew Charitable Trusts shows that Chinese investment in clean energy soared by more than 50% in 2009 to reach \$34.6 billion, far more than any other country in the Group of 20 major economies.

The report said that China has shown determination to be on the frontline of green technology, while U.S. investors have been put off by uncertainties amid the legislative battle on climate change.

Total U.S. investment was about half that at \$18.6 billion, the first time in five years that the world's largest economy lost the top spot in clean energy, the study said. While the United States dominates technological innovation, its investment in clean energy tumbled 42% last year from 2008 levels.

"China is emerging as the world's clean energy powerhouse," said Phyllis Cuttino, global warming campaign director of the Pew Environment Group. "This represents a dramatic growth when you consider that just five years ago their investment totaled \$2.5 billion," she said.

China has also overtaken the United States as the top emitter of carbon blamed for global warming and came under fire for its role in December's much-criticized UN climate summit in Copenhagen.

But the study found that China had made a strategic decision to invest in wind and solar technologies as it copes with sharply rising demand for energy -- and has set some of the world's most ambitious targets on renewable energy.

The study also found strong investment by Britain, which ranked third with \$11.2 billion for clean energy; Spain, which came in first in green investment when taken as percentage of gross domestic product, and Germany.

Nations seen as struggling in the clean energy competition include the United States, Australia and Japan, the study said. Cuttino said the three nations have "less consistent, clear and long-term policies in place."

President Barack Obama, Australian Prime Minister Kevin Rudd and Japanese Prime Minister Yukio Hatoyama have all championed climate action but none of the countries have set in motion nationwide plans to curb emissions.

But the study noted that Australia had potential in wind energy and said Japan was "one of the G-20's most promising growth markets" if the resource-poor nation carries out plans to ramp up solar and wind power.

The researchers partly blamed the global economic slowdown but also said there was a lack of direction. Climate legislation has been stalled in the Senate, although Obama allies have vowed to push it ahead now that Congress has completed the top priority of expanding health care.

John Woolard, chief executive officer of California-based solar plant builder BrightSource Energy Inc., said that the government needed to take action to create markets. "We have never had certainty or predictability in the United States," Woolard said. "We have not had a thoughtful and coherent energy policy in this country for decades."

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