

UK'S GLOBAL WARMING CHALLENGE HEATS UP ...continued

global temperatures. Much of the investment will focus on biofuels, an alternative to oil-based fuels and made from plants.

The UK government has ordered filling stations to source five per cent of their fuel from renewable energy by 2010. A government spokesman said: "The UK is already leading the way in Europe in reducing our greenhouse gas emissions. We will continue to press for an international agreement to control global emissions in the long run."

UK Environment Secretary David Miliband said: "We are setting hard targets for ourselves. We think that's the right way to set an example for the developing countries, the Chinas and Indias of this world. We have all got to be part of this solution."

One UK organisation that has been working for some time on rainfall and surface pressure monitoring projects with scientists from China and India is the Hadley Centre for Climate Change, part of the UK's Meteorological Office.

Karen Wordsworth, international development partner at the Met Office, said: "Politically, the UK is very strong on climate change and, scientifically, we are strong too, having already provided drought monitoring models in Africa and the SADC [Southern African Development Community] region.

"Recently, we have been working closely with the Chinese Met Authority. One major project that we are involved with is a flood prevention scheme on the banks of the Yangtze river. We have an exchange programme set up and a group of Chinese scientists has already visited the UK to examine how we work at close quarters."

Ms Wordsworth continued: "In India, we have been working with the Indian Met Service, also on flood prevention projects, and in Sri Lanka where we have been helping to build a dam. At the moment we are trying to engage the World Bank to support reconstruction and the impacts of climate change in these areas."

China is the world's second-biggest emitter of greenhouse gases after the US. This has prompted the Chinese government's growing emphasis on the trading of carbon credits.

These credits create a market for reducing greenhouse emissions by giving a monetary value to the cost of polluting the air. A credit gives the owner the right to emit one tonne of carbon dioxide. Credits can be exchanged between businesses or bought and sold in international markets at the market price

China was the most popular location for projects generating carbon credits and took a 63 per cent share of the market

for selling credits in 2006. India generated 12 per cent of credits.

A groundbreaking deal worth up to 400 million pounds to buy 29.5 million tonnes of carbon credits from China was recently announced. The agreement will allow a Chinese chemical company to construct a special system for eliminating a super-greenhouse gas, HFC 23. It, in turn, will sell carbon permits to companies such as Centrica, owner of British Gas, allowing it to meet its carbon reduction targets while continuing with its current rate of emissions

The London-based investment bank Climate Change Capital (www.climatechangeinvestment.com) is behind the deal and has set up a 445 million pounds investment fund specifically aimed at carbon schemes. Ryan McDonagh, senior analyst at London-based Icecap, carbon-credit asset managers and traders, said that the UK has about 40 per cent of the sector's market worldwide.

The Xinfeng household-waste disposal plant in Guangzhou, China, recently signed a contract with Icecap. Icecap will pay about 50 million US dollars to Xinfeng by 2012 for the plant to develop its methane-based power generation projects. In return, Xinfeng is to cut its CO2 emissions by five million tonnes in the coming five years, with the credits given to Icecap. Other Icecap projects include methane capture at coal mines