



Sustainable Finance

Market Performance - Selected Markets for the Week Ended December 4, 2009					Selected Rates (Institutional)	
Market	Dec 31, 2008	04-Dec-09	YTD Change	YTD % Change	Description	Price/Rate Dec 4, 2009
S&P TSX	8,987.70	11,510.80	2,523.10	28.07%	CDN/USF	1.0572
Dow Jones	8,776.39	10,388.90	1,612.51	18.37%	CDN/EURO	1.5654
S&P 500	903.25	1,105.98	202.73	22.44%	CDN/CHF	1.0375
Nasdaq	1,577.03	2,194.35	617.32	39.14%	CDN/YEN	0.0117
Nikkei 225	8,859.56	10,022.59	1,163.03	13.13%	Total CPI -Canada TTM (10/09)	0.10%
FTSE 100	4,434.20	5,322.36	888.16	20.03%	Total CPI - USA TTM (10/09)	-0.20%
Dax	4,810.20	5,817.65	1,007.45	20.94%	Total CPI - Euro TTM (10/09)	-0.10%
Hang Seng	14,387.48	22,498.15	8,110.67	56.37%	GOC 1 Yr T-Bill	0.48%
Shanghai	1,820.81	3,117.04	1,296.23	71.19%	GOC 5 Year	2.38%
DJSI World TR	945.46	1,298.43	352.97	37.33%	GOC 10 Year	3.23%
DJSI North America TR	92.85	119.25	26.40	28.43%	GOC 30 Year	3.87%
Jantzi Social Index TR	128.27	171.96	43.69	34.06%	Gold USF/Oz	1,168.80
FTSE 4Good Global 100	3,384.13	4,276.53	892.40	26.37%	Oil USF/BBL WTI Cushing Spot	75.47

Week in Review

This week the world figured out that the Dubai World debt problem was not going to plunge the world into financial Armageddon. Boy, people get so touchy over \$60 billion US.

However, faced with the previous multi trillion dollar wealth evaporation of the past 18 months, I hardly think that Dubai World would cause the problems that so many had thought it might.

Better to look at what is really happening around the world.

Overall it looks as though world economies are on the mend or at least not getting any worse. And of course as can be expected there are conflicting figures coming out.

It is important to note however the base from which all these numbers are being calculated.

For instance, if we

look at the stock markets we will note that the TSX in Canada is up 28.07% for the year to date. But we are working from a much lower base.

The TSX peaked at 15,154.08 on June 06, 2008 and then proceeded to fall to a low of 7,479.96 on March 06, 2009, a fall of 51%.

At its current level it is still 24% off the high. However, to get back up to the high it

has to gain 32% from its current level.

The NASDAQ in the US provides another good example. Its high was 5,048.62 on March 10, 2000. It has NEVER recovered to that high. On March 09, 2009 it reached a low of 1,265.52 or 75% off its all time high. At its current level it is still 57% off of its all time high. Just to get there it has to earn 130% from its current level.

If you look at its year to date gain figure of 39.14% it may look impressive. However it still has a long way to go. So numbers, economic or otherwise, can be very misleading unless taken in context. We are not out of the woods yet.

Asian markets this week rebounded sharply after Dubai World turned into a non-event. The Japanese Nikkei 225 gained 10.62%, the

Hong Kong market was up 9.48%, and China's Shanghai was in the back of this pack at 1.14% gain.

European markets were up. The FTSE 100 gained 1.77% and the German Dax moved up 2.75%.

North America was also positive. The TSX Composite was up 0.52%, the Dow Jones added 0.90%, the S&P 500 gained 1.60%, and the

NASDAQ tacked on 3.55%.

Sustainable/Socially Responsible indexes were mixed. The DJSI World was up 3.04% while the DJSI North America fell 0.41%. The Jantzi Social index gained 1.59% and the FTSE 4Good was up 2.33%.

Gold touched \$1,212.50 and then backed off. Who would have guessed?

Copenhagen, COP 15, is Here.

The much anticipated Copenhagen or COP 15 (Conference of the Parties 15) round of climate negotiations started December 6th and ends on December 18 of this year.

Representatives from 170 countries and over 8,000 people are expected to attend and at the end of it all there is expected to be a Copenhagen Protocol to replace the Kyoto Protocol which ends in 2012.

With representatives from over 170 countries I expect that it will be like herding cats. And like cats, I expect there will only be agreement if they all think it was their own idea or there is a lot of food (money) on the

plate.

Will an agreement be reached? I would like to think that there will be.

Despite the problems that the Kyoto Protocol has faced, there are a lot of reasons why this will proceed.

First, the global warming debate is all but over. Deniers there are many, but they are the minority in the scientific community and despite some controversies (East Anglia University noted) it is unlikely that anthropogenically caused global warming will be disproved; the Pascalian wager that it is in spite of the science.

Next, the argument of "you did it in the past

and we should be able to do it now" is losing its punch. It is becoming a "that was then this is now" argument. With tonnes of Chinese generated air pollution reaching the North America coast it is also becoming a global pollution issue. Solve the GHG emissions issues and you solve much of the air pollution issues by default.

It is also becoming a national competitiveness / border taxation issue as well. Europe has adopted very aggressive emission reduction targets and even in the absence of an agreement will continue to do so. Does anyone really think that they will accept foreign made goods from jurisdictions that do not have the same strict emissions targets and laws

to the detriment of European industry?

Think again. Carbon border duties are already being discussed and promulgated as a very sophisticated solution to the problem of non-compliance with GHG reduction agreements.

And really, why would a country accept these products that have cost advantages partially due to lax or unenforced environmental and emissions laws and that contribute to the erosion of domestic manufacturing?

The possibility of border carbon duties is a reality and may actually be the catalyst that gets the Chinese, Americans, and Canadians to the table in a meaningful way.

Can you imagine Canadian tar sands producers having to absorb a 10% carbon duty on their exports? Oil is a commodity and no one is going to pay extra just because it comes from Canada.

So in the context of getting the BRIC countries, US, and Canada on board, there are some very compelling issues at hand.

The next item the parties will have to tackle is the Clean Development Mechanism.

If ever there was a bureaucracy this is one. But it has not occurred for no good reason. There have been some very suspect projects and even though they have resulted in GHG

reductions, they met the additionality test on a very superficial basis. Participants will also have to address programmatic CDM and Portfolio of Domestic Commitments approaches.

No matter what happens it is imperative that hard targets be

maintained. Intensity based targets are a road to nowhere and ultimately reflect head in the sand thinking.

As a species of mammals on this planet, we should all be greatly concerned with the outcome of this meeting.

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Selected News Articles

Canada's image lies in tatters. It is now to climate what Japan is to whaling

The tar barons have held the nation to ransom. This thuggish petro-state is today the greatest obstacle to a deal in Copenhagen

When you think of Canada, which qualities come to mind? The world's peacekeeper, the friendly nation, a liberal counterweight to the harsher pieties of its southern neighbour, decent, civilized, fair, well-governed? Think again. This country's government is now behaving with all the sophistication of a chimpanzee's tea party. So amazingly destructive has Canada become, and so insistent have my Canadian friends been that I weigh into this fight, that I've broken my self-imposed ban on flying and come to Toronto.

So here I am, watching the astonishing spectacle of a beautiful, cultured nation turning itself into a corrupt petro-state. Canada is slipping down the development ladder, retreating from a complex, diverse economy towards dependence on a single primary resource, which happens to be the dirtiest commodity known to man. The price of this transition is the brutalization of the country, and a government campaign against multilateralism as savage as any waged by George Bush.

Until now I believed that the nation that has done most to sabotage a new climate change agreement was the United States. I was wrong. The real villain is Canada. Unless we can stop it, the harm done by Canada in December 2009 will outweigh a century of good works.

In 2006 the new Canadian government announced it was abandoning its targets to cut greenhouse gases under the Kyoto protocol. No other country that had ratified the treaty has done this. Canada was meant to have cut emissions by 6% between 1990 and 2012. Instead they have already risen by 26%.

It is now clear that Canada will refuse to be sanctioned for abandoning its legal obligations. The Kyoto protocol can be enforced only through goodwill: countries must agree to accept punitive future obligations if they miss their current targets. But the future cut Canada has volunteered is smaller than that of any other rich nation. Never mind special measures; it won't accept even an equal share. The Canadian government is testing the international process

to destruction and finding that it breaks all too easily. By demonstrating that climate sanctions aren't worth the paper they're written on, it threatens to render any treaty struck at Copenhagen void.

After giving the finger to Kyoto, Canada then set out to prevent the other nations striking a successor agreement. At the end of 2007, it single-handedly blocked a Commonwealth resolution to support binding targets for industrialized nations. After the Climate talks in Poland in December 2008, it won the Fossil of the Year award, presented by environmental groups to the country that had done most to disrupt the talks. The climate change performance index, which assesses the efforts of the world's 60 richest nations, was published in the same month. Saudi Arabia came 60th. Canada came 59th.

In June this year the media obtained Canadian briefing documents which showed the government was scheming to divide the Europeans. During the meeting in Bangkok in October, almost the entire developing world bloc walked out when the

Canadian delegate was speaking, as they were so revolted by his bullying. Last week the Commonwealth heads of government battled for hours (and eventually won) against Canada's obstructions. A concerted campaign has now begun to expel Canada from the Commonwealth.

In Copenhagen next week, this country will do everything in its power to wreck the talks. The rest of the world must do everything in its power to stop it. But such is the fragile nature of climate agreements that one rich nation – especially a member of the G8, the Commonwealth and the Kyoto group of industrialized countries – could scupper the treaty. Canada now threatens the wellbeing of the world.

Why? There's a simple answer: Canada is developing the world's second largest reserve of oil. Did I say oil? It's actually a filthy mixture of bitumen, sand, heavy metals and toxic organic chemicals. The tar sands, most of which occur in Alberta, are being extracted by the biggest opencast mining operation on earth. An area the size of England, comprising pris-

tine forests and marshes, will be dug up – unless the Canadians can stop this madness. Already it looks like a scene from the end of the world: the stripminers are creating a churned black hell on an unimaginable scale.

To extract oil from this mess, it needs to be heated and washed. Three barrels of water are used to process one barrel of oil. The contaminated water is held in vast tailing ponds, some so toxic that the tar companies employ people to scoop dead birds off the surface. Most are unlined. They leak organic poisons, arsenic and mercury into the rivers. The First Nations people living downstream have developed a range of exotic cancers and autoimmune diseases.

Refining tar sands requires two to three times as much energy as refining crude oil. The companies exploiting them burn enough natural gas to heat six million homes. Alberta's tar sands operation is the world's biggest single industrial source of carbon emissions. By 2020, if the current growth continues, it will produce more greenhouse gases than Ireland or Den-

mark. Already, thanks in part to the tar mining, Canadians have almost the highest per capita emissions on earth, and the stripping of Alberta has scarcely begun.

Canada hasn't acted alone. The biggest leaseholder in the tar sands is Shell, a company that has spent millions persuading the public that it respects the environment. The other great greenwasher, BP, initially decided to stay out of tar. Now it has invested in plants built to process it. The British bank RBS, 70% of which belongs to you and me (the government's share will soon rise to 84%), has lent or underwritten £8bn for mining the tar sands.

The purpose of Canada's assault on the international talks is to protect this industry. This is not a poor nation. It does not depend for its economic survival on exploiting this resource. But the tar barons of Alberta have been able to hold the whole country to ransom. They have captured Canada's politics and are turning this lovely country into a cruel and thuggish place.

Canada is a cultured, peaceful nation,

which every so often allows a band of Neanderthals to trample over it. Timber firms were licensed to log the old-growth forest in Clayaquot Sound; fishing companies were permitted to destroy the Grand Banks: in both cases these get-rich-quick schemes impoverished Canada and its reputation. But this is much worse, as it affects the whole world. The government's scheming at the climate talks is doing for its national image what whaling has done for Japan.

I will not pretend that this country is the only obstacle to an agreement at Copenhagen. But it is the major one. It feels odd to be writing this. The immediate threat to the global effort to sustain a peaceful and stable world comes not from Saudi Arabia or Iran or China. It comes from Canada. How could that be true?

The Guardian UK
November 30, 2009
By George Monbiot

Atlantis Eyes India's First Marine Energy Project

UK-based marine energy specialist Atlantis Resources Corporation has this week announced plans for a wide-ranging feasibility study that could establish India as a world leader in tidal energy.

The company has signed a deal with Narendra Modi, the Chief Minister of the state of Gujarat, which will see it conduct an economic and technical feasibility study for

sites in the Gulfs of Kutch and Khambhat that are known to have large tidal ranges.

If the results of the study are promising, the company intends to move forward with the deployment of tidal energy devices capable of generating over 100MW – enough power for around 40,000 households.

The project is likely to require millions of dollars in capital in-

vestment, but Atlantis chief executive Timothy Cornelius said there was a strong environmental and economic case for rolling out the technology. "The Gulfs of Kutch and Khambhat are renowned for their extreme daily tidal exchanges," he said. "In harnessing this renewable energy quickly and sustainably, Gujarat can become a world-leader in tidal energy."

He added that the project would fit with

the Indian government's wider plans to increase the country's renewable energy capacity, most recently through the launch of its new Solar Mission strategy.

"Chief Minister Modi has enabled the development of other renewable energies in the State, including plans for the world's largest solar park," he said. "I sincerely hope his commitment to the promotion of sustainable develop-

ment and the adoption of renewable energy is a source of inspiration for other world leaders."

The announcement came as Atlantis - which has already successfully connected two of its tidal stream energy devices to the grid in Australia and is working on plans for a £400m project to build a tidal energy-powered data centre for Morgan Stanley in Scotland's Pentland Firth - revealed it is

to deploy its largest device to date at the European Marine Energy Centre in Orkney next year.

Cornelius told *Reuters* that the company, which has secured financial backing from Norwegian energy giant Statkraft as well as Morgan Stanley, was investing around £15m in testing the giant AK-1000, 1MW-capacity underwater turbine.

"We took everything we had learned over

the past 10 years...to create AK-1000, which we believe to be the best for the North Sea," he said. "This one is built for the harsh marine environment we will get as we go into the North Sea in Orkney. This is one of the harshest environments in the world."

Business Green
November 30, 2009
By James Murray

The global warming scenario is pretty grim. I'm not sure I like the idea of polar bears under a palm tree.

Lenny Henry