

Excerpt from Time, January 22, 2009

<http://www.time.com/time/health/article/0,8599,1873145,00.html>

Will Green Enterprises Survive the Economic Crisis?

Spend a few days prowling the packed exhibition floor of Abu Dhabi's World Future Energy Summit, and you might forget that the global economy is suffering through an existential crisis that has overshadowed just about everything else — including climate change. Booths showing off the technology of Chinese solar companies and German wind businesses buzz with visitors. Conference panels on biofuels or green design are half-empty, but that's only because attendees are busier cutting deals.

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But in reality, the global economic downturn has hardly left the nascent alternative energy sector untouched. Developers here say that financing for new wind farms and solar plants remains all but frozen, halting tentative plans in the U.S. and Europe to expand clean power. The WilderHill New Energy Index — a fund that tracks the stock performance of selected clean tech companies — is down more than 60% since its peak in November of 2007, slammed by the double blow of the loss of venture capital and the reduced urgency for energy alternatives as the price of oil has tumbled. Clean tech startups have already shed jobs, and weaker ones are certain to go under. "The financial crisis has hit us harder than anyone would have imagined," says Marcel Brenninkmeijer, the chairman of Good Energies, a global

clean tech investment fund. "We just can't get financing."

So will low-carbon enterprises be abandoned as capital floods to safer, established industries and the heat goes off global warming, or is it, as Brenninkmeijer still insists, "the business of the century"? The signs from Abu Dhabi say we could see both. For all the excitement generated here by President Barack Obama, who pledged in his inaugural speech to "harness the sun and the winds and the soil," the short-term outlook for renewables is as grim as it is for other capital-intensive industries, if not more so. ([See the 50 best inventions of 2008.](#))

The generous government subsidies that helped support the rapid growth of alternatives in countries like Spain and Germany are being scaled back just as the technologies have taken off. At the moment, Germany has some 60% of the solar panels in the world, thanks in part to the so-called feed-in tariff, which guarantees that utility companies will buy renewably generated power at above market rates. But further growth could stall. Corn ethanol in the U.S. — which many environmentalists believe doesn't deserve the term "renewable" — has cratered, also hurt by rapidly falling gas prices. Most of all, however, clean tech businesses generally lack the political weight to jostle for the bailout funds won by older and bigger industries like the automobile manufacturers. "It's just tough for them to be heard," says Steve Sawyer, the director general of the Global Wind Energy Council.

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