Al Gore shows us the way to make green from being green

Al Gore has made lots of money by lecturing us all about being green. Some say he's become the world's first "carbon billionaire".

By Garry White and Rowena Mason
Published: 5:30PM GMT 13 Dec 2009

Comments 13 (#comments) | Comment on this article (#postComment)

What you can be sure of is that the move toward a more environmentally sustainable future is an unstoppable trend – and Mr Gore is unlikely to be the first to get very rich from environmental policy.

One great business to be in as we move into a greener future is the copper industry. Copper is going to help us cut down on carbon.

Al Gore is said to be the world's first 'carbon billionaire' Photo: AP

Related Articles

Prince Charles on MySpace: how greens are helping to kill the rainforests (http://blogs.telegraph.co.uk/james_delingpole/blog/2009/05/06/prince_charles_on_myspace_how_greens_are_helping_to_kill_the_rainforests)

Greens don't have a monopoly on virtue: just ask Al 'Moneybags' Gore (http://blogs.telegraph.co.uk/james_delingpole/blog/2009/04/27/greens_dont_have_a_monopoly_on_virtue_just_ask_al_moneybags_gore)

Labour financial backer defects to Tories (/news/newstopics/politics/4526688/Labour-financial-backer-defects-to-Tories.html)

UN Climate Change Conference: the roundup (/earth/earthnews/3775041/UN-Climate-Change-Conference-the-roundup.html)

Al Gore: World cares more about Paris Hilton than saving the planet (/earth/3726003/Al-Gore-World-cares-more-about-Paris-Hilton-than-saving-the-planet.html)

In his pre-Budget report last week, Alistair Darling announced that electric vehicles would be made exempt from company car tax from 2010 – and that a 100pc first-year capital allowance would be introduced for electric vans. This means buying such vans would be taxed as an investment in the business, rather than a company vehicle.

Although electric cars are often used by high-profile "green" celebrities to drive to their private jets, they have not really caught on with the wider public.

Despite the recession, more than 900,000 vehicles have been sold to businesses in the UK so far this year, but as little as 50 of these are believed to have been electric.

According to research by the European Copper Institute, hybrid cars need a staggering 33kg of copper in their construction – about the weight of an average 12-year-old child. This compares with 20kg – 25kg of copper in a conventional car.

About 3kg extra is needed for the electric compressor, the converter/rectifier needs 2kg, the lithium-ion battery needs 8kg and high voltage wiring requires a further 8kg.

"2010 could be the year of the electric car," says Harvey Perkins, associate partner at KPMG. "By exempting electric company cars from company car tax and giving them 100pc first year capital allowances, it will encourage fleets to invest and encourage production.

Although the incentive is not huge because of the expense of electric vehicles, Mr Perkins thinks it will "seed the market".

On Tuesday last week, Ford said that it would invest up to $500m (£307m) to assemble hybrid and plug-in hybrid cars, as well as the construction lithium-ion batteries in Michigan, if it received tax credits from the state. Currently only the development of batteries for plug-in vehicles garners these credits in the US.

Lithium is another commodity that should do very well out of the rush to sustainability. The US Department of Energy is supporting the development of lithium batteries, with President Obama President Barack Obama unveiling $2.4bn of funding in March to develop generation plug-in hybrid electric vehicles. Lithium battery development is key to this strategy, although the more immediate beneficiary is likely to be copper.

Fears are growing that a serious shortage of mine capacity across the world will lead to the copper market moving into a serious deficit from 2013 and beyond.

The financial crisis has also led to a lack of investment in finding news sources – and this will takes a long time to reverse. Discovering, obtaining permits and developing a new resource actually takes many years, with five to seven years a reasonable assumption.

Current producing mines are also experiencing a whole range of problems according to Helen Henton, Standard Chartered's head of commodity research.

"In the past, copper supply increases have always been dominated by a handful of large projects, but as the huge Chilean assets mature, the growth burden will increasingly be on Africa," she said in a recent note to clients.

Ore grades are declining, with many mines well into their life cycle, so the highest grades have already been utilised.

Strip ratios are also increasing, which increases the cost of production. This is the ratio of waste to ore produced by the mine. There are also infrastructure issues at existing copper deposits.

Africa has shown string growth in copper mine supply over the past three years, but the location of its reserves has created a headache.

"Zambia and the Democratic Republic of Congo (DRC) account for more than 86pc of Africa's mined output," according to Ms Henton. "However, while the existence of large, feasible reserves in these countries is not in doubt, the ability of the industry to exploit them is subject to significant risks."

There are risks to the bull case for copper, however. Prices have fallen recently as copper inventories worldwide started to rise.

Stocks of copper in London Metals Exchange's (LME) warehouses rose 5,200 tonnes to 458,500 tonnes last week, the highest level since late April.

However, it is likely that the copper price will be supported by strong fundamental factors over the medium term, so recent weakness could represent a good entry point for copper
bulls. **GW**

Water consumption set to double

A serious crisis is building in the most undervalued commodity in the world – water.

In a presentation to the UN last month, Dr Colin Chartres, director general of the International Water Management Institute, said that within the next 40 years the world would have an additional 2.5bn mouths to feed and global food production will have to double.

Given that one litre of water is needed to produce one calorie of food, the Dr Chartres has calculated that, by 2050, the world will need to find another 6,000 cubic kilometres of water each and every year. That's twice the amount of water than is used today. **GW**

Demand for corn

A recovering ethanol sector may boost demand for corn, according to research from brokers at Rabobank.

The Dutch bank is forecasting an average price of $4.00 a bushel in the first quarter of 2010, rising to $4.20 in the second quarter.

The current price is $3.04 ½ a bushel., with March futures rising 5pc last week. Snow and strong winds in the Mid West also prompted fears that the 12pc of crops still to be harvested in the region could be damaged. **GW**

RELATED PARTNERS

Save on your gas and electricity bills (http://energyswitching.telegraph.co.uk/telegraph/)
Trade UK energy equities with E*TRADE (https://uk.etrade.com/e/t/uk/dynamic_content_marketing?screen=3006&headertab=home&refID=1026)

© Copyright of Telegraph Media Group Limited 2009