

Questions over business deals of UN climate change guru Dr Rajendra Pachauri

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The head of the UN's climate change panel - Dr Rajendra Pachauri - is accused of making a fortune from his links with 'carbon trading' companies. Photo: EPA

No one in the world exercised more influence on the events leading up to the Copenhagen conference on global warming than Dr Rajendra Pachauri, chairman of the UN's Intergovernmental Panel on Climate Change and mastermind of its latest report in 2007.

Although Dr Pachauri is often presented as a scientist (he was even once described by the BBC as "the world's top climate scientist"), as a former railway engineer with a PhD in economics he has no qualifications in climate science at all.

What has also almost entirely escaped attention, however, is how Dr Pachauri has established an astonishing worldwide portfolio of business interests with bodies which have been investing billions of dollars in organisations dependent on the IPCC's policy recommendations.

These outfits include banks, oil and energy companies and investment funds heavily involved in 'carbon trading' and 'sustainable technologies', which together make up the fastest-growing commodity market in the world, estimated soon to be worth trillions of dollars a year.

Today, in addition to his role as chairman of the IPCC, Dr Pachauri occupies more than a score of such posts, acting as director or adviser to many of the bodies which play a leading role in what has become known as the international 'climate industry'.

It is remarkable how only very recently has the staggering scale of Dr Pachauri's links to so many of these concerns come to light, inevitably raising questions as to how the world's leading 'climate official' can also be personally involved in so many organisations which stand to benefit from the IPCC's recommendations.

The issue of Dr Pachauri's potential conflict of interest was first publicly raised last Tuesday when, after giving a lecture at Copenhagen University, he was handed a letter by two eminent 'climate sceptics'. One was the Stephen Fielding, the Australian Senator who sparked the revolt which recently led to the defeat of his government's 'cap and trade scheme'. The other, from Britain, was Lord Monckton, a longtime critic of the IPCC's science, who has recently played a key part in stiffening opposition to a cap and trade bill in the US Senate.

Their open letter first challenged the scientific honesty of a graph prominently used in the IPCC's 2007 report, and shown again by Pachauri in his lecture, demanding that he should withdraw it. But they went on to question why the report had not declared Pachauri's personal interest in so many organisations which seemingly stood to profit from its findings.

The letter, which included information first disclosed in last week's Sunday Telegraph, was circulated to all the 192 national conference delegations, calling on them to dismiss Dr Pachauri as IPCC chairman because of recent revelations of his conflicting interests.

The original power base from which Dr Pachauri has built up his worldwide network of influence over the past decade is the Delhi-based Tata Energy Research Institute, of which he became director in 1981 and director-general in 2001. Now renamed The Energy Research Institute, TERI was set up in 1974 by India's largest privately-owned business empire, the Tata Group, with interests ranging from steel, cars and energy to chemicals, telecommunications and insurance (and now best-known in the UK as the owner of Jaguar, Land Rover, Tetley Tea and Corus, Britain's largest steel company).

Although TERI has extended its sponsorship since the name change, the two concerns are still closely linked.

In India, Tata exercises enormous political power, shown not least in the way it has managed to displace hundreds of thousands of poor tribal villagers in the eastern states of Orissa and Jarkhand to make way for large-scale iron mining and steelmaking projects.

Initially, when Dr Pachauri took over the running of TERI in the 1980s, his interests centred on the oil and coal industries, which may now seem odd for a man who has since become best known for his opposition to fossil fuels. He was, for instance, a director until 2003 of India Oil, the country's largest commercial enterprise, and until this year remained as a director of the National Thermal Power Generating Corporation, its largest electricity producer.

In 2005, he set up GloriOil, a Texas firm specialising in technology which allows the last remaining reserves to be extracted from oilfields otherwise at the end of their useful life.

However, since Pachauri became a vice-chairman of the IPCC in 1997, TERI has vastly expanded its interest in every kind of renewable or sustainable technology, in many of which the various divisions of the Tata Group have also become heavily involved, such as its project to invest \$1.5 billion (£930 million) in vast wind farms.

Dr Pachauri's TERI empire has also extended worldwide, with branches in the US, the EU and several countries in Asia. TERI Europe, based in London, of which he is a trustee (along with Sir John Houghton, one of the key players in the early days of the IPCC and formerly head of the UK Met Office) is currently running a project on bio-energy, financed by the EU.

Another project, co-financed by our own Department of Environment, Food and Rural Affairs and the German insurance firm Munich Re, is studying how India's insurance industry, including Tata, can benefit from exploiting the supposed risks of exposure to climate change. Quite why Defra and UK taxpayers should fund a project to increase the profits of Indian insurance firms is not explained.

Even odder is the role of TERI's Washington-based North American offshoot, a non-profit organisation, of which Dr Pachauri is president. Conveniently sited on Pennsylvania Avenue, midway between the White House and the Capitol, this body unashamedly sets out its stall as a lobbying organisation, to "sensitise decision-makers in North America to developing countries' concerns about energy and the environment".

TERI-NA is funded by a galaxy of official and corporate sponsors, including four branches of the UN bureaucracy; four US government agencies; oil giants such as Amoco; two of the leading US defence contractors; Monsanto, the world's largest GM producer; the WWF (the environmentalist campaigning group which derives much of its own funding from the EU) and two world leaders in the international 'carbon market', between them managing more than \$1 trillion (£620 billion) worth of assets.

All of this is doubtless useful to the interests of Tata back in India, which is heavily involved not just in bio-energy, renewables and insurance but also in 'carbon trading', the worldwide market in buying and selling the right to emit CO₂. Much of this is administered at a profit by the UN under the Clean Development Mechanism (CDM) set up under the Kyoto Protocol, which the Copenhagen treaty was designed to replace with an even more lucrative successor.

Under the CDM, firms and consumers in the developed world pay for the right to exceed their 'carbon limits' by buying certificates from those firms in countries such as India and China which rack up 'carbon credits' for every renewable energy source they develop – or by showing that they have in some way reduced their own 'carbon emissions'.

It is one of these deals, reported in last week's Sunday Telegraph, which is enabling Tata to transfer three million tonnes of steel production from its Corus plant in Redcar to a new plant in Orissa, thus gaining a potential £1.2 billion in 'carbon credits' (and putting 1,700 people on Teesside out of work).

More than three-quarters of the world 'carbon' market benefits India and China in this way. India alone has 1,455 CDM projects in operation, worth \$33 billion (£20 billion), many of them facilitated by Tata – and it is perhaps unsurprising that Dr Pachauri also serves on the advisory board of the Chicago Climate Exchange, the largest and most lucrative carbon-trading exchange in the world, which was also assisted by TERI in setting up India's own carbon exchange.

But this is peanuts compared to the numerous other posts to which Dr Pachauri has been appointed in the years since the UN chose him to become the world's top 'climate-change official'.

In 2007, for instance, he was appointed to the advisory board of Siderian, a San Francisco-based venture capital firm specialising in ‘sustainable technologies’, where he was expected to provide the Fund with ‘access, standing and industrial exposure at the highest level’,

In 2008 he was made an adviser on renewable and sustainable energy to the Credit Suisse bank and the Rockefeller Foundation. He joined the board of the Nordic Glitnir Bank, as it launched its Sustainable Future Fund, looking to raise funding of £4 billion. He became chairman of the Indochina Sustainable Infrastructure Fund, whose CEO was confident it could soon raise £100 billion.

In the same year he became a director of the International Risk Governance Council in Geneva, set up by EDF and E.On, two of Europe’s largest electricity firms, to promote ‘bio-energy’. This year Dr Pachauri joined the New York investment fund Pegasus as a ‘strategic adviser’, and was made chairman of the advisory board to the Asian Development Bank, strongly supportive of CDM trading, whose CEO warned that failure to agree a treaty at Copenhagen would lead to a collapse of the carbon market.

The list of posts now held by Dr Pachauri as a result of his new-found world status goes on and on. He has become head of Yale University’s Climate and Energy Institute, which enjoys millions of dollars of US state and corporate funding. He is on the climate change advisory board of Deutsche Bank. He is Director of the Japanese Institute for Global Environmental Strategies and was until recently an adviser to Toyota Motors. Recalling his origins as a railway engineer, he is even a policy adviser to SNCF, France’s state-owned railway company.

Meanwhile, back home in India, he serves on an array of influential government bodies, including the Economic Advisory Committee to the prime minister, holds various academic posts and has somehow found time in his busy life to publish 22 books.

Dr Pachauri never shrinks from giving the world frank advice on all matters relating to the menace of global warming. The latest edition of TERI News quotes him as telling the US Environmental Protection Agency that it must go ahead with regulating US carbon emissions without waiting for Congress to pass its cap and trade bill.

It reports how, in the days before Copenhagen, he called on the developing nations which had been historically responsible for the global warming crisis to make ‘concrete commitments’ to aiding developing countries such as India with funding and technology – while insisting that India could not agree to binding emissions targets. India, he said, must bargain for large-scale subsidies from the West for developing solar power, and Western funds must be made available for geo-engineering projects to suck CO₂ out of the atmosphere.

As a vegetarian Hindu, Dr Pachauri repeated his call for the world to eat less meat to cut down on methane emissions (as usual he made no mention of what was to be done about India’s 400 million sacred cows). He further called for a ban on serving ice in restaurants

and for meters to be fitted to all hotel rooms, so that guests could be charged a carbon tax on their use of heating and air-conditioning.

One subject the talkative Dr Pachauri remains silent on, however, is how much money he is paid for all these important posts, which must run into millions of dollars. Not one of the bodies for which he works publishes his salary or fees, and this notably includes the UN, which refuses to reveal how much we all pay him as one of its most senior officials.

As for TERI itself, Dr Pachauri's main job for nearly 30 years, it is so coy about money that it does not even publish its accounts – the financial statement amounts to two income and expenditure pie charts which contain no detailed figures.

Dr Pachauri is equally coy about TERI's links with Tata, the company which set it up in the 1970s and whose name it continued to bear until 2002, when it was changed to just The Energy Research Institute. A spokesman at the time said 'we have not severed our past relationship with the Tatas, the change is only for convenience'.

But the real question mark over TERI's director-general remains over the relationship between his highly lucrative commercial jobs and his role as chairman of the IPCC.

TERI have, for example, become a preferred bidder for Kuwaiti contracts to clean up the mess left by Saddam Hussein in their oilfields in 1991. The \$3 billion (£1.9 billion) cost of the contracts has been provided by the UN. If successful, this would be tenth time TERI have benefited from a contract financed by the UN.

Certainly no one values the services of TERI more than the EU, which has included Dr Pachauri's institute as a partner in no fewer than 12 projects designed to assist in devising the EU's policies on mitigating the effects of the global warming predicted by the IPCC.

But whether those 1,700 Corus workers on Teesside will next month be so happy to lose their jobs to India, thanks to the workings of that international 'carbon market' about which Dr Pachauri is so enthusiastic, is quite another matter.