

Sberbank Calls for Carbon Credit Bids

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Vsevolod Gavrilov of Sberbank **Sergei Nikolayev**

Sberbank on Wednesday encouraged the country's industrial powerhouses to apply for carbon credits, a way of rewarding companies for investing in green technologies.

Sberbank opened the latest round of bidding last week, offering as many as 70 million carbon credits that could be worth a total of 630 million euros (\$910 million) at current prices.

"All reasonable bids will be granted," said Vsevolod Gavrilov, who oversees the carbon credit sales at Sberbank, Russia's official broker for the international trade in the credits under a United Nations program to reduce emission of greenhouse gases.

Eligible bidders are Russian companies that invested to operate more environmentally friendly equipment. If their bid to Sberbank gains the approval of Russian and foreign governments, Sberbank will issue them one carbon credit for every 1,000 metric tons of carbon dioxide that they no longer emit due to the investment.

They may then sell one carbon credit to a foreign company — typically in a developed economy such as that of a European Union member state or Japan — at a price that has recently fallen to 9 euros per credit.

Russia has removed the condition that its carbon credits sell for at least 10 euros per metric ton, Gavrillov announced.

Sberbank expects that incoming bids will be worth 60 million credits, Gavrillov said at a news conference. The bidding wraps up Sept. 5.

The two previous tenders had a ceiling of 30 million carbon credits each.

Russia has been slow in embracing the opportunity of selling carbon credits. The Economic Development Ministry has endorsed only 33 projects, of which 14 drew backing from foreign governments. The bank has issued 17.1 million carbon credits to six projects so far.

Sberbank prompted questions about its integrity after issuing almost 75 percent of the Russian credits now in circulation to a chemical company that is linked to Uralchem, which owes more than \$800 million to the bank.

Gavrillov on Wednesday denied any wrongdoing in handing out credits to that company, Halopolymer.

Investors are calling on the government to reduce Sberbank's role in the carbon credit trade. President Dmitry Medvedev in June ordered the government to streamline the procedure of endorsing carbon credit projects.

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