

American

NEWS & VIEWS

A Daily Newsletter from Public Affairs, American Embassy

August 13, 2010

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U.S. Delivering Pakistan Flood Aid Through Nongovernmental Groups

U.S. aid commitment now at \$76 million, additional helicopters sent

By Stephen Kaufman
Staff Writer

Washington — The Obama administration, responding to severe flooding in Pakistan, is sending funding and supplies directly to international and nongovernmental organizations (NGOs) already in place in the country, and will be looking to expand its assistance to Pakistani NGOs and other organizations as the flooding spreads to southern parts of the country.

Speaking August 12 in Washington, Mark Ward, the acting director of the Office of U.S. Foreign Disaster Assistance at the U.S. Agency for International Development (USAID), said it was fortunate that the United States already had assistance grants in place with NGOs in Pakistan's Swat Valley before the flooding began and could "very quickly retool what they're doing under those grants so that they could begin to focus more on flood relief."

Using NGOs is "the most effective way" to have an impact during disasters because of their presence on the ground among local communities, he said.

The NGOs had been working in Pakistan to provide assistance to Swat Valley residents who were displaced by 2008-2009 fighting between Pakistani security forces and violent extremists. Ward said grants to those organizations have been supplemented since the flooding with tens of millions of dollars of additional U.S. funding.

Also, "we're putting new grants in place with NGOs, to work in the South, as the flood spreads south," he said, and looking at proposals from Pakistani NGOs that have even greater access to remote or troubled areas.

"The more that we can use Pakistani NGOs, we will make a dent in the overhead and be able to deliver that much more to the Pakistani people," he said. In addition, "we build their capacity to be even stronger and to spread the area where they're able to work effectively, so that in the future we can rely on them more and more."

While focusing on short- and medium-term needs, the Obama administration is also looking ahead to how Pakistani flood victims will be able to restore their livelihoods and recover after the floodwaters have receded.

"They're going to need to get their farms going again, get their livestock replenished, get their shop open again, get

some inventory back in their shop so that we can put the Pakistani economy back together again," Ward said.

At the onset of the relief efforts, the Obama administration contributed nearly \$15 million to the World Food Programme to purchase food supplies inside Pakistan.

"That's exactly the right thing to do," Ward said, because "while all of this is going on, we have to keep the Pakistan economy going, even though it's injured, because it's going to have to be the steam engine that drives this in the future."

Dan Feldman, who is the State Department's deputy special representative for Afghanistan and Pakistan, said assistance to Pakistan through the 2009 Kerry-Lugar-Berman legislation will also be retooled in the wake of the disaster.

The long-term projects planned under that law include infrastructure, energy, clean water, health and agricultural improvements.

Feldman said nearly everything that is currently being affected by the disaster "was part of some of those five or six key areas that we had targeted Kerry-Lugar-Berman money for."

Ward said the United States remains committed to Kerry-Lugar-Berman, and "when you start talking about infrastructure repair and long-term infrastructure improvements, you're talking about jobs. And that kind of work can get started as soon as the floodwaters start to recede."

MORE FUNDING, ADDITIONAL HELICOPTERS ANNOUNCED

Mark Toner, director of the State Department's Press Office, said August 12 that the Obama administration had increased its commitments to Pakistan over the past 24 hours from \$71 million to \$76 million, with \$4.1 million being provided to the international nonprofit group Save the Children to enable flood victims to purchase food in their local markets.

Defense Secretary Robert Gates told reporters August 11 that the U.S. Navy helicopter-landing ship USS Peleliu is now off the coast of Karachi and will be providing 19 helicopters for relief efforts to replace U.S. Army helicopters that have been operating in the country since August 5. In addition, the helicopter-landing ship USS Kearsarge is en route and "we're trying also to get additional capability in there," he said.

According to an August 12 Defense Department news release, the newly dispatched helicopters can each lift 16 tons (14,515 kilos) of food and equipment and can evacuate stranded people on short notice as areas become damaged by floodwaters.

The seven U.S. helicopters currently in the country have evacuated 3,089 people and delivered 322,340 pounds (146,211 kilos) of relief supplies since they first arrived August 5, according to an August 12 State Department fact sheet.

The fact sheet says the Obama administration so far has provided a month's ration of food to about 191,000 people through the World Food Programme. U.S.-funded food rations are reaching about 20,000 people per day and include 440,928 halal meals.

The United States has also provided 12 prefabricated steel bridges as temporary replacements for those that have washed out, 18 Zodiac rescue boats, six water filtration units that each can produce enough clean water for 10,000 people per day, a 25-kilowatt electric generator, 10 water storage bladders and 30 concrete-cutting saws.

U.S. officials have been urging American citizens to join the relief effort. By texting "SWAT" to the number 50555, U.S.-based callers can make a \$10 contribution that will help the United Nations provide tents, clothing, food, drinking water and medicine to the Pakistani people displaced by the floods. Those wishing to donate also can find more information and lists of organizations on the ground through the State Department website (<http://www.state.gov/p/sca/ci/pk/flood/index.htm>).

African Agribusiness Leaders Network with Counterparts in U.S.

Attend AGOA Forum as part of U.S. tour of manufacturers and farms

By Charles W. Corey
Staff Writer

Kansas City, Missouri – Nine African agribusiness leaders included the AGOA Forum in their schedule as they traveled across the United States on a tour of U.S. agricultural sites and equipment manufacturers.

The group is looking for ways to improve agricultural irrigation, productivity and storage, as well as add value to agricultural commodities, by using state-of-the-art equipment, technologies and other inputs.

Their stop in Kansas City for the AGOA Forum – also known as the U.S.-Sub-Saharan Africa Trade and Economic Cooperation Forum – enabled them to network with U.S. private sector companies. Their tour

also took them to Idaho, Iowa, Kansas, Minnesota, Missouri and North Dakota as part of a reverse trade mission to the United States sponsored by the U.S. Trade and Development Agency.

Four members of the delegation talked with America.gov August 5 at the forum after touring farms in Idaho. While at AGOA, the delegation also met with U.S. government agency representatives to learn about U.S. government-sponsored financing programs for agribusiness development.

Anthony Poorter of Emvest, South Africa, said his company, which does agricultural management, currently operates in Zambia, Mozambique, Swaziland, South Africa and Botswana. "We believe there is a shortage of good agricultural land in the world and that Africa is the last untapped resource of good land. We believe that the cost of land globally is going to increase," he said.

"Southern Africa has very close geographic conditions to South America, and consequently we can replicate the South American large grain-producing plains in southern Africa."

Of his experience at the AGOA Forum and in Idaho, Poorter said the trade mission was a "fantastically positive initiative. From my perspective, I have met a number of people that will develop into relationships not only in the U.S. but in Africa. ... Our challenge out there in Africa is that we are to a large extent not directly exposed to the ultra-modern techniques that are deployed in the U.S. – but it is something that we are striving to do. We in our organization are consciously always looking at new technologies, and this has been a very good platform to try to address that."

Poorter said he wants to establish markets for macadamia nuts and chilies, and wants to explore growing and exporting garlic. "Where the synergies come in, we are on opposite sides of the equator and hence can explore the seasonal differential." What is also important to his company, he said, is establishing infrastructure in Africa. "Projects that we identify become unviable if the infrastructure is not there." To illustrate his point, he said his company has 4,000 hectares of land in Africa on which it wants to grow bananas for export, but a dam would have to be built to make the project viable.

Another member of the delegation, Wilma E. Aguele of Wilbahi Investments Ltd. in Nigeria, said her company produces cashews, pineapples, palm oil, maize and cassava and also does property development. She said a highlight of her visit has been visiting the fields to see planting and harvesting and seeing the importance of value-addition. She called value-addition "extremely important in Nigeria because ... only 2 percent of all crops

harvested and shipped out of Nigeria are value-added."

"Because of that [the lack of value-addition]," she explained, "the farmers do not have a living wage. They do not have an income. So we have been exposed to the fact that we can do vertical integration from primary production, value-addition, even the logistics of moving the commodities."

With regard to pineapples, Aguele said her company wants to extract the juice and then sell concentrate in bulk to companies that are making juice packs. Additionally, she said, she was in Idaho with the rest of the delegation, prior to attending AGOA, to learn about potatoes. Her company, she said, is soon will be growing 1,000 hectares of Idaho potatoes in Nigeria and wants to earn value-added income by turning those raw potatoes into potato chips, flakes or powder form for retail sale.

It is very important, she said, that farmers have proper warehouse space to store their products and protect those crops from spoilage. Aguele said her company is currently farming 800 hectares of oil palm and 100 hectares of cashews. Ultimately, the company has access to 14,000 hectares, she added.

INTRA-AFRICA TRADE

Wainaina Kung'u of Export Trading Company Ltd. in Kenya said that while it is important to learn about trading with the United States, intra-African trade is important as well. "There is so much that we can do between us, but we have not done it. So I have found it very beneficial, meeting the other delegates in this mission." Second, he said, it can be "extremely exhilarating" to contemplate agriculture's potential in Africa because it provides a goal to work toward.

"We spent three exciting days in Idaho. We watched potatoes grow ... visited dealerships in irrigation equipment. In that process, when you look at the kind of support that the manufacturers in the United States give to their customers, it is exemplary," Kung'u said.

"When you have got that kind of support, he added, you have no choice but to be successful. What would be your excuse? If you are going to fail and you have that kind of support, you have no business being in agriculture."

Kung'u said his company trades in dry commodities and buys from small-scale farmers who often sell two bags of maize each and who join together in collectives to sell en masse. Kung'u said those crops then need to be graded, cleaned and warehoused – so he is interested in looking in those areas for partners. Africa is a net importer of food, he said, so "it is going to be a long while" before Africa can hope to export maize to the United States.

Nasir Giwa, chairman of Giwa Farms Ltd. of Nigeria, called the trade mission and trip to the AGOA Forum an "eye-opener. We have been farming, but I have just realized that we have not really been participants in agricultural science. The trip so far has actually opened my eyes to the difference between farming in Nigeria and agriculture in the United States."

Giwa said that with what he has seen in the United States so far, with the right equipment, "we can actually do a lot" to improve agricultural yields in Africa. "A lot of people in my country go into farming and within a short period of time they abandon it because" of poor yields. American farmers are using precision planters, he said, while in Nigeria the planters often destroy the seeds before they are planted or discharge the wrong quantity.

"We have also seen combine-harvesters in action" that have been quite successful, he added.

Currently, there are 150 million people in Nigeria and that is expected to double in the next 30 years, "so you can imagine that agriculture in our country is very critical if we are going to be able to feed this large population," he said.

Giwa said his company is farming vegetables, rice, plantains, bananas and cassava. His favorite part of the trade mission has been the visit to the AGOA Forum. "This meeting has given me the assurance that we can do it. We have seen a lot of technology and a lot of things being put into use, but we need collaboration with experienced companies and that is what this meeting has provided. I can tell you I have met with a good number of companies here and ... we already have a timeline on how we are going to follow up our discussions," especially on farm equipment purchases.

Giwa said his company now is farming only 2,500 of its 27,000 acres (10,927 hectares) of farmland, so, as he said, "we have great potential" to be a large-scale farming and food production company in West Africa, which is hungry for all the food they can produce.

Delegates from 175 Nations in Bonn Labor Toward Climate Progress

Talks to continue at high-level September meetings, negotiations in October

By Cheryl Pellerin
Science Writer

Washington – Countries made progress during the latest climate change negotiations in Bonn, Germany, August 2–6, the United Nations' top climate change official says, but much work remains to ensure a successful outcome at the next U.N. Climate Change Conference in Cancún, Mexico.

This third round of talks sought to determine the negotiating points that delegates will address beginning November 29 at the 16th conference of the parties (COP-16) to the U.N. Framework Convention on Climate Change (UNFCCC).

"This week," UNFCCC Executive Secretary Christiana Figueres said in an August 6 briefing in Bonn, "governments have made progress toward deciding the shape of a successful result in Cancún." More than 1,650 participants from 175 countries attended the meeting.

Negotiations in Bonn built on decisions made at the 2009 U.N. Climate Change Conference in Copenhagen, where developed countries agreed to take on economy-wide targets and provide financial support for developing countries. Major developing countries agreed to undertake actions that they would stand behind in a transparent manner.

Jonathan Pershing, head of the U.S. delegation in Bonn, cautioned that not enough progress was being made.

"What we have seen over and over again this week is that some countries are walking back from the progress made in Copenhagen and what was agreed to there," Pershing, deputy special envoy for climate change, said at an August 6 briefing.

"Instead, what we need is to move forward," he said. "We need to be ambitious and we need to be pragmatic. If we do so, agreement at Cancún is within reach."

ACHIEVABLE OUTCOME

Many governments, according to the U.N. meeting summary, said an achievable outcome in Cancún could involve quickly making operational the key elements of the Bali Action Plan, agreed to in 2007.

Mechanisms are needed to ensure that technological and financial elements of the plan are able to be carried out, Figueres said.

"This means," she said, "countries could agree to take accountable action to, for example, manage and deploy climate finance, boost technology transfer, build skills and capacity to do this and deal with adaptation, especially in the poorest and most vulnerable countries."

Progress at Cancún, Figueres said, "would also include a mandate to take the process inexorably forward toward an encompassing agreement with legally binding status, which would take more time."

NEXT STEPS

The next climate change negotiation will be held October 4-9 at the Tianjin Meijiang Convention and Exhibition Center in Tianjin, China. Also in preparation for COP-16, high-level meetings will take place in New York and Geneva.

In Switzerland, the informal meeting of climate ministers, to be held September 1-3, is co-organized by the governments of Switzerland and Mexico. According to the Swiss Federal Office for the Environment, about 30 countries from all continents and negotiating groups will be invited to discuss how funds for climate change mitigation and adaptation should be mobilized, managed and allocated from 2020 onward.

"The United States is committed to achieving a successful outcome in Cancún that builds on the progress made in Copenhagen on all six of the major issues: mitigation, transparency, finance, technology and REDD+ [the U.N. Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries]," Pershing said.

"The U.S. stands by the commitments our president made in Copenhagen," he added. "We are moving forward with our fast-start funding commitment, and President Obama has made it clear that he remains committed to taking bold action to address the growing threat of climate change."

"Whatever governments decide to call the Cancún result, it has to deliver clear and unmistakable progress," Figueres said.

"Political promises are on the table for the world to see, to cut and limit the growth in their emissions and to provide finance for developing country action," she said. "Governments say these promises will be honored. Their best chance to do that is in Cancún."

Staring Down Financial Risks to Build Nuclear Power

By Andrzej Zwanecki
Staff Writer

Washington — Nuclear plants are cheap to operate but expensive to build. Electricity generated by existing nuclear plants is cheaper to produce than power from coal- or natural-gas-fired plants. But the upfront construction costs of a new nuclear plant can be staggering: up to 100 percent of the market capitalization of a utility — the value of all of its shares of stock.

This means that few U.S. power companies have the size, financing capability or financial resources to build a new

nuclear plant on their own.

“Any time you do an industrial project as big as a nuclear plant, you want to develop business structures, and perhaps form a joint venture, to help spread out financial risk,” said Christopher Hansen of IHS Cambridge Energy Research Associates. Indeed, energy companies have formed joint ventures or consortia such as UniStar Nuclear Energy and NuStart Energy, or have sold shares in their project to other companies to deal with the financing challenge.

NUCLEAR AND CARBON DIOXIDE EMISSION CHARGES

Capital costs are a key factor in nuclear power’s competitiveness compared with other power-generation technologies. Estimates of those costs, however, vary widely – from \$4 billion for a single plant if it were to be built today to \$22.5 billion in 2022 for a complete two-reactor project. These disparities are due to different assumptions, the lack of recent experience in large industrial construction, and uncertainty about wages and commodity prices.

“Not only are we out of practice [building nuclear plants], but we also are using new plant designs and new regulatory process,” Hansen said.

Congress has authorized \$18.5 billion in federal loan guarantees, approved separate insurance against regulatory delays and offered production credits for the first few new nuclear building projects approved by regulators to help energy companies clear the financing hurdle. In June, the first recipient of such guarantees – Southern Company – signed an agreement with the government related to the Vogtle 3 and 4 reactors the company plans to build at its existing nuclear facility in Georgia.

President Obama has asked Congress for a \$36 billion increase in loan guarantees for new nuclear projects.

For new projects, most studies agree that electricity from a nuclear plant will be cheaper than power from a coal plant with carbon dioxide capture and storage, and on par with, slightly cheaper or more expensive than electricity from a gas plant depending on the price of natural gas. (That is why the industry is watching natural gas prices closely.)

Nuclear plants become increasingly competitive as the price of greenhouse gases or carbon dioxide emissions (set either through a legislated cap-and-trade mechanism or regulation) goes up. No legislation or regulation making the power industry pay for such emissions is imminent, but the industry expects it sooner or later.

There is reason to believe that construction costs will become more predictable. In the 1980s and early 1990s, the costs of building nuclear plants in the United States were far higher than had been projected, but the reasons won’t necessarily be repeated: bad planning, a cumbersome regulatory process, public protests and high interest rates. Delays and cost overruns hurt utilities financially to the point that some went bankrupt. Today, a major challenge for the U.S. nuclear industry and the Nuclear Regulatory Commission (NRC), its main regulator, is to shed this unfortunate legacy by proving that the risk of delays and cost overruns has been reduced, according to a 2009 study by the Massachusetts Institute of Technology.

“The first few U.S. units will be watched very closely to see whether engineering and construction firms can deliver them on time and on budget,” Hansen said. If they do, the cost of capital will go down and bring down the cost of electricity from nuclear plants, he said.

The experience from overseas, where more than 50 reactors are being built, is mixed. In South Korea, Japan and China, the projects are mostly on schedule. In Finland, however, the Olkiluoto unit is running more than two years behind schedule and about 40 percent over initial cost estimates.

For the U.S. power industry, being a follower rather than a leader has its advantages: As construction experience accumulates, nuclear construction costs are likely to decline. For example, the building of a reactor in Finland has been drawn out because little pre-construction work and design engineering was completed before actual construction, according to George Vanderheyden, president of UniStar. For the third unit at the Calvert Cliffs plant in Maryland – the first of four U.S. Evolutionary Power Reactors (U.S. EPR) UniStar plans to build in the United States – the company has a more ambitious goal: It aims to complete 65 percent of the reactor’s design engineering before construction. UniStar captures the lessons learned from EPR projects in France, Finland and China and incorporates that experience into the design, planning and construction of Calvert Cliffs 3. Once this plant is complete, its design engineering will be used for future U.S. EPR reactors.

WILL NUCLEAR MAKE MONEY?

Energy companies appear ready to assume the financial risks associated with the construction of nuclear plants.

“Because of their proven performance, demonstrated cost stability, and proven clean-air attributes,” said Steve Kerekes, a spokesman for the Nuclear Energy Institute, in explaining the reasons.

An industry observer puts it more bluntly: Having been fine-tuned, nuclear plants have become “cash cows.” For example, in 2007, Entergy, which owns 11 nuclear plants, saw its income jump 45 percent compared to the previous year, according to news reports. (Since then profits of most power-generation companies have declined due to the recession.)

“We happen to believe that nuclear capacity is going to be a profitable enterprise going forward, and this is the reason we are pursuing it,” Vanderheyden said. “Nuclear always covers its costs,” he said. For new nuclear plants, Vanderheyden said, the question is: Will you make much money or will you make only a little money?

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