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http://www.guardian.co.uk/environment/2010/sep/06/hsbc-low-carbon-vehicles-renewables

HSBC predicts bigger growth for low-carbon cars than renewables sector

Low-carbon vehicles, such as electric cars, will be a bigger global market by 2020 than renewable energy, such as wind and solar power, according to a report by HSBC bank.

The report predicts that 8.65m electric vehicles and 9.23m plug-in and hybrid electric vehicles will be sold globally in 2020, up from around 5,000 and 657,000 respectively in 2009.

When fuel-efficiency measures and switches to lower-carbon transport such as trains and coaches are included, the report for investors predicts that the market will be worth $677bn (£440bn) a year in 2020 – up from $113m in 2009. In contrast, HSBC predicts smaller growth in the renewable energy sector, from $203bn in 2009 to $544bn in 2020.

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Angus McCrone, chief editor at Bloomberg New Energy Finance (BNEF) said: "There is a dichotomy between what is happening on the public front and behind that". Clean energy shares, as tracked by the WilderHill New Energy Global Innovation Index, has under-performed the US stock-market overall – as measured by the Standard and Poor's 500 index – by 20% so far this year, he points out. But he also notes that BNEF predicts 2010 will be a record year for cleantech investment at between $180-200bn, a little higher than 2008's $173bn total. He also said that microgeneration – for example domestic solar panels – is "taking off on all sorts of places, including the UK".

The HSBC report predicts the overall low-carbon energy market – both generation and use – will triple to $2.2tn in 2020, under its most likely scenario, but suggest it could be as low as $1.5tn if governments renege on existing climate change and energy commitments or as high as $2.7 trillion if current commitments are exceeded. The report argues that the European Union will remain the largest market but will lose market share from 33% now to 27% in 2020, while China will gain market share, from 17% to 24%, pushing the US into third place.

Officials in Shanghai yesterday underlined China's ambitions in green technology, announcing that they would invest $2.8bn in electric vehicles and charging networks by 2012. China has recently overtaken the US as the world's biggest energy user, become the largest single investor in green energy in the G20 group and has been the biggest emitter of greenhouse gases for several years.

The HSBC report predicts, unlike some other analysts, that the EU will meet its target of 20% renewable energy by 2020 but will fail to meet its 20% increase in energy efficiency by the same date. It plays down the promise of biofuels, suggesting a market of $93bn by 2020, because of concerns over their sustainability. But McCrone says that after two to three years of decline the biofuels market has bottomed out and that the remaining companies can take confidence from the mandated targets for biofuel use in the EU.

Finally, the amount of upfront capital required in the green economy will more than triple to $1.5tn a year in 2020, according to HSBC. This may look large, said Robins, but not compared to the sums already needed to invest in energy. For example, the International Energy Agency predicted in 2009 that investment of $1.1trn a year (PDF) was needed until 2030 to ensure projected energy demand was met.