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HD **Morgan Stanley Balks at Financing Australia Coal Port; India's Adani Seeks to Expand Project, Which Has Sparked Environmental Concerns**
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CANBERRA, Australia—Adani Enterprises Ltd. has hired Morgan Stanley to sell part of the Indian conglomerate's **stake** in the Abbot Point **coal** port as part of an expansion plan. Meanwhile, the bank has expressed concern about the project's environmental impact.

Adani plans to build a new terminal to handle **coal** from the **company's** proposed Carmichael **Coal** project, which could become one of the world's biggest new **coal** mines.

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An expanded Abbot Point would likely **lead** to more ships navigating near the Great Barrier Reef, sparking concerns from the United Nations and environmental groups over the potential impact on the reef.

Adani disclosed Morgan Stanley's role after the U.S.-based bank sent a letter to the Rainforest Action Network, saying the bank would "not lend to or invest in the expansion of Abbot Point."

Adani said Morgan Stanley is advising on the potential partial **sale** of the **company's** existing terminal. Any such **sale** would be used to assist in the port's expansion, the **company** said.

Morgan Stanley said the bank is involved only in the existing terminal. "We will not lend to, or invest in, these projects," Morgan Stanley said. "We take environmental issues very seriously and in financing any project, we always examine the potential environmental impacts."

Citigroup Inc., J.P. Morgan Chase & Co. and Goldman Sachs Group Inc., all of the U.S., also have joined a roster of international lenders worried about Abbot Point's environmental impact. Britain's Barclays PLC, HSBC Holdings PLC and Royal Bank of Scotland PLC also have said they were unwilling to get involved. Deutsche Bank AG in May said it wouldn't offer funding for Abbot Point after the U.N. condemned a government plan, since reversed, to allow mud and rock dredged from the sea floor during an expansion to be dumped in waters near the reef.

The Rainforest Action Network commended the banks' decisions not to provide funding. The U.S.-based environmental group is campaigning to stop the Abbot Point expansion.

Abbot Point, on the fringe of the Great Barrier Reef in tropical Queensland, would handle as much as 60 **million** tons of **coal** from the Carmichael mine. It would also handle **coal** from a mine proposed by India's GVK Power & Infrastructure Ltd. and Hancock Prospecting Pty. Ltd., which is owned by Gina Rinehart, Australia's richest person.

A spokesman for GVK and Hancock said the proposed expansion had been through a comprehensive environmental assessment supervised by state and national governments and that work to develop the terminal would "meet all obligations relating to responsible environmental and social management practices."

Adani said the terminal wasn't in a World Heritage area and that its environmental approvals were "among the most rigorous and stringent ever applied in Australia, the U.S.A. or the rest of the world." It said no funding had been sought from Citibank, Goldman Sachs or J.P. Morgan Chase.

The reluctance among banks could complicate the search for funding by Adani and GVK. **Coal** is Australia's second-largest export, after **iron ore**, with much of it shipped through eastern ports to Asia.

The possible expansion of Abbot Point, Australia's northernmost **coal** port, has proved more contentious than other port projects. The United Nations Educational, Scientific and Cultural Organization has voiced concerns about the health of the reef, which is on Unesco's World Heritage List because of the reef's scientific interest.

State and federal government leaders have supported Abbot Point's expansion as they look to rekindle **mining** investment and boost the economy. Prime Minister Tony Abbott said recently that "**coal** is good for humanity," a vote of confidence in an industry that has been hurt as prices of **coal** for steelmaking and power generation have hit multiyear lows.

Mining from northeast Australia's Galilee Basin could push the country past Indonesia as the world's top **coal** exporter. Mr. Abbott, whose conservative government has been rolling back environmental regulations, said this month at the opening of a 3.9 **billion** Australian dollar (US\$3.4 **billion**) **coal-mining** venture in the Bowen Basin that **coal** would remain the world's main **energy** source for decades.

Abbot Point is part of a debate in Australia over investment in resource projects that opponents say run the risk of fueling climate change by supplying steel mills and **coal**-fired power stations, often in countries with weak emissions controls, such as **China** and India. Australian National University this month sold its investment portfolio in several large **energy** and resource companies, citing environmental risks.

CO adexns : Adani Enterprises Ltd | rnfan : Rainforest Action Network | dwitd : Morgan Stanley | hksbc : HSBC Holdings PLC | gvkpoi : GVK Power & Infrastructure Ltd

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