



350 REASONS

CARBON TRADING WON'T WORK!

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AS we round the corner to the UN climate talks in Copenhagen, it is clear that the discourse on climate solutions has been hijacked by corporate interests. From the boardrooms of major polluters to the offices of the Big Greens we are being fed the lie that the best way, indeed the only way, to solve the climate crisis is to entrust our future to “the market”. Their preferred method is a system called cap and trade. A complex and convoluted system, riddled with loopholes in which companies buy and sell the right to pollute with the end goal of reducing emissions.

Carbon trading isn't some side issue that can we pinch our noses and avoid thinking about, it is the global architecture for climate policy, pushing aside alternative approaches...and it's proving to be a farce.

With so much at stake we cannot afford to leave one of the greatest problems humans have ever faced to the market. Carbon trading is a dangerous distraction from real solutions that promote a rapid and just transition away from fossil fuels and to a sustainable future. As they say, the proof is in the pudding. We've gathered 350 reasons that carbon trading won't work. Here are just a few of them...

- **Carbon Trading means more coal** • 43 new coal plants in the US? Not a problem for carbon capitalism. Under the proposed Waxman-Markey bill before Congress, 43 new coal plants would be grandfathered in, resulting in approximately 150 million tons of carbon emission every year for the next 40-50 years. In Europe, a whole slew of new coal-fired plants are being justified on the basis that the EU Emissions Trading Scheme is taking care of the problem.

- **Carbon trading doesn't work** • Carbon trading has proven to be an utter failure in reducing green-house gas emissions. Both the Kyoto Protocol and the European Union



Emissions Trading Scheme (EU ETS) have resulted in a net INCREASE in emissions. All the while, some of the world's worst polluters have raked in massive profits thanks to the lucrative trading of carbon credits (while still upping prices for their customers).

- **Carbon trading would privatize the air** • Carbon markets seek to put a price on the planet's carbon cycling capacity - our global commons, if you will. Carbon trading has allowed rights to these commons to be allocated to the biggest polluters. We've enshrined the rights of factories and oil companies, but removed entitlements to individuals and marginalized communities! In decades past, many industries and services have been privatized based on an ideological belief that the market is the most effective way to take care of essential human needs. This has caused catastrophic problems in the Global South in the contexts of water, education and health care (as well as cost jobs in industrialized countries).Some things are too important to be left to the market.

- **Carbon trading puts corporate profits above stabilizing the climate** • Carbon trading was initially created to make emissions reductions more affordable for corporations and other big polluters. With over 1 million species' (including humans') futures in question, does it not seem a bit perverse to even have corporate profitability as part of the equation for solving climate change? We need solutions that first and foremost address the climate crisis, not making it easy on those responsible for it.

• **Carbon trading is based on an ideological belief in the omnipotence of the market**

• Markets themselves aren't always a bad thing. But they are when artificially created and overly-complex, based on an ideological commitment to solving every problem through the market rather than a natural evolution of trading in existing commodities. Important decisions, discussions and demands around climate change are being swept aside in favor of "leaving it to the market," despite the fact that the carbon market's parameters and rules have been largely determined by some of the biggest polluters around, teaming up with the same financiers responsible for the 'structured investment vehicles' and 'credit derivative swaps' that have brought economies crashing down.

• **Carbon markets are fundamentally undemocratic** • Instead of governments or communities establishing strict regulations and penalties to reign in carbon emissions, carbon trading hands over regulatory control to corporations, which are in no way accountable to us. Talk about the fox guarding the hen house!

• **Buying their way out of real change** • Carbon trading allows polluters to buy their way out of actually reducing emissions. This is often done by funding dubious offset schemes (more on that later) that do little to reduce emissions, but act greatly to improve a company's image and bottom line. Instead of across-the-board emission reductions, carbon trading leads to the concentration of pollution in certain areas. Not surprisingly, those areas are often inhabited by the poor and people of color.

• **Keeping the oil flowing** • Carbon markets are geared towards prolonging the fossil fuel economy for as long as possible rather than developing strategies for a rapid, just transition away from carbon-based fuels. The complex system of carbon credits and offsets allows for corporations to continue the expansion of fossil fuel infrastructure rather than forcing them to abandon these projects.

• **Carbon trading promotes "clean coal"** • Carbon markets provide incentives for so-called clean coal technology. Even if it were possible to sequester carbon emissions from coal on a large scale (which it is not), the entire coal cycle is a dirty, deadly process for communities and the environment.

• **Carbon credits for extracting more fossil fuels** • Coal bed methane, which is natural gas found in coal seams, is responsible for up to 10% of all methane emissions in the US. The gas is usually just released into the atmosphere as a by-product of coal mining. Logic would dictate that a coal company responsible for releasing those emissions would be solely responsible for stopping them. Thanks to the voluntary offset market, coal companies can now get paid to extract the methane, and then they get to profit again when they sell this valuable fossil fuel as natural gas on the open market. Did it ever occur to anyone that perhaps we should just not mine coal?!

• **Carbon trading has forest peoples seeing REDD** • REDD, or Reduced Emissions from Deforestation and forest Degradation, is supposed to be a scheme by which corporations could earn carbon credits by paying countries not to cut their forests down. Exactly what REDD will be is still being negotiated- but it is most likely that REDD will end up as a subsidy for governments and companies to seize indigenous-owned land and use it for short term profit. The problems are numerous: If REDD money goes to governments, it will be to some of the most corrupt governments in the world. Without adequate third party monitoring- which is almost impossible considering the scope of the forests that would be "protected" under REDD- there is nothing to keep the governments from profiting both from REDD and still cutting down their forests. REDD would also give increased incentive to governments to seize indigenous owned land, land which over 1 billion people rely on to sustain themselves. Under some current REDD proposals, tree plantations would be considered "forest"- real forest could be cut down, replanted with tree plantations, and the company or government



would still receive REDD funding. REDD could also potentially create so many new carbon credits that the price of a credit would plummet, making it absurdly cheap for polluters to buy carbon credits instead of actually reducing emissions.

• **Widespread opposition from indigenous peoples** • In May 2009, the Indigenous Peoples' Global Summit on Climate Change, comprised of over 400 indigenous representatives from around the world, issued a declaration stating in part, "We challenge States to abandon false solutions to climate change that negatively impact Indigenous Peoples' rights, lands, air, oceans, forests, territories and waters. These include nuclear energy, large-scale dams, geo-engineering techniques, "clean coal", agro-fuels, plantations, and

market-based mechanisms such as carbon trading, the Clean Development Mechanism, and forest offsets. The human rights of Indigenous Peoples to protect our forests and forest livelihoods must be recognized, respected and ensured.”

• **Widespread support from polluters** • Alcoa, BP America, Caterpillar, Chrysler, ConocoPhillips, The Dow Chemical Company, Duke Energy, DuPont, Exelon Corporation, Ford Motor Company, FPL Group, General Electric, General Motors Corporation, Johnson & Johnson, NRG Energy, PepsiCo, PG&E Corporation, Rio Tinto, Shell, Siemens Corporation all support carbon trading. No, they haven’t had a miraculous change of heart, these companies know that one way or another greenhouse gas emissions are going to be regulated. They have made the strategic decision to throw their weight behind cap and trade, knowing full well that it is the regime under which they can continue to pollute and profit.

• **Listen to what one of the leading climate scientists, James Hansen, has to say** • “What’s being talked about for Copenhagen is a strengthening of the Kyoto approach, a cap and trade with offsets and escape hatches which will be guaranteed to fail in terms of getting the required rapid reduction in emissions.”

• **Selling out impacted communities** • Imagine you live in Richmond, CA in the shadow of Chevron’s massive oil refinery. The air reeks of sulphur and other putrid

Offsets are an imaginary commodity, created by deducing what you hope happens from what you guess would have happened. - journalist Dan Welsh

chemicals, and several people on your block have died from cancer, while others suffer from asthma. Now imagine that, instead of shutting this refinery down because of carbon emissions, Chevron can actually expand it because they have paid for a timber company to plant a tree plantation in Brazil, thus “offsetting” their emissions. Sound like a bum deal?

• **It perpetuates the dominance of rich countries over poor** • The Kyoto Protocol originally enshrined the historic responsibility of industrialized countries for climate change in possibly the most official acknowledgement to date of ‘ecological debt’ that the North owes to the South. Kyoto commitments include making financial reparations for this debt, but under the guise of benevolent development rhetoric, all the political will and energy in the climate talks have instead been focused on offsetting through the Clean Development Mechanism. The CDM has been profitable for carbon brokers and

industrial elites in Southern countries while allowing Northern companies and countries to carry on business as usual. It is doing nothing to help Southern communities adjust to increasing climate chaos.

• **Carbon trading interferes with positive solutions to the climate crisis** • Many of the carbon offset and Clean Development Mechanism schemes that carbon markets depend on result in the direct disruption of communities living a low-carbon, sustainable lifestyle. For example, a massive dam being built on India’s Bhilangana River is resulting in the displacement of entire villages. For centuries, these villagers have practiced sustainable agriculture using little, if any, fossil fuels and maintaining the integrity of the ecosystem. These are the exact models of sustainability we should be supporting in the fight against climate change. Now these villagers will likely be forced into the cities to enter the market economy. On the other hand, the builders of the dam earned carbon credits which will be sold to energy companies, allowing them to continue spewing carbon emissions into the atmosphere.

• **Jepirachi Wind Project** • Under the Kyoto Protocol, the Jepirachi wind project received financing as a Clean Development Mechanism to construct a windmill farm in Colombia. The only problem was that the land being developed belongs to the indigenous Wayuu people, who did not want it. Over 200 Wayuu are alleged to have been killed in the ensuing land struggle. To add insult to injury, the windmills primarily provide power to the largest open pit coal mine in the world!

• **Not all emissions cuts are equal!** • Carbon trading is based on the notion that a ton of carbon cut here is the same as a ton of carbon cut there. But some emissions cuts are easy ‘one offs’ to make – the ‘low hanging fruit’ -- and some cuts require making profound changes to the way we run our societies. These systemic changes are more lasting, and will continue to have beneficial impacts for years to come. These two types of reductions are not the same! We urgently need to focus on the latter type of emissions cuts in order to make real change, but because carbon trading treats both types as equal, it puts all the focus on just going for the easy cuts at the expense of the more profound changes.

• **Carbon trading cannot be effectively implemented even on its own terms** • It requires a far more sensitive, centralized and powerful system for measurement and enforcement than is needed for conventional regulation. This is at present lacking. Even in most industrialized countries, the emissions measurements needed to underpin trading, or even to detect compliance with Kyoto targets, are not being made, throwing the very existence of the carbon emissions commodity into doubt.

• **If you liked subprime, you'll love carbon trading** • Carbon trading, like the financial system that led to current economic crisis, is characterized by incredibly complicated accounting procedures that very few people really understand. Just like our current financial institutions, it's formed around a profit-driven motivation to make large numbers of transactions regardless of the "sub-prime" nature of those transactions and fundamental problems in asset valuation. The whole concept of carbon trading is based on taking a "real" need (in this case, the need to reduce carbon emissions) and abstracting that need into increasingly complicated financial commodities and derivatives. There is a real parallel with the way a basic human need like housing, was transformed and abstracted through financial markets to "sub-prime mortgages" and eventually "Structured Investment Vehicles." The complexity of this process of creating financial derivatives doesn't serve any human need other than making huge sums of money for small numbers of people, and in doing so, creates enormous instability and turmoil once the house of cards inevitably collapses. We need grassroots control of our needs and communities, not the disastrous instability of market-based "solutions."

• **The carbon market is riddled with conflicts of interest** • A few examples: Barclays Capital is a major investor in the carbon markets and at the same time boasts that "One of our team is a member of the Methodology Panel to the UNFCCC CDM Executive Board". Lex de Jonge is simultaneously head of the carbon offset purchase programme of the Dutch government and vice chair of the Clean Development Mechanism Executive Board. Harald Dovland headed Norway's climate negotiations team for 12 years. He is vice chair of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol. Dovland states that what is needed now is "acceptance of long-term goals on a high political level, further development of markets, and innovative financing solutions". But at the same time, Dovland is an advisor to Econ Pöyry, a company which profits from carbon trading.

• **Offsetting loosens the cap** • While cap and trade in theory limits the availability of pollution permits, "offset" projects are a license to print new ones. When the two systems are brought together, they tend to undermine each other – since one applies a cap and the other lifts it. An offset is essentially a permit to pollute beyond the cap. Most current and proposed "cap and trade" schemes allow offset credits to be traded within them – including the EU Emissions Trading Scheme (EU ETS) and the US cap and trade scheme (proposed in the 2009 American Clean Energy and Security Act, ACESA).

• **Carbon offsets lack credibility as a commodity** • To be able to sell something, you need to be pretty sure you know how much of something you have to sell in order to have any credibility in the marketplace. The process of determining how much of a carbon offset "exists" relies on so many speculative exercises that the idea that there are neat little tons of emissions reductions ready to be sold is meaningless.

• **Cap and trade promotes agrofuels** • Agrofuels hold little promise in reducing emissions, and their production often results in a net increase due to carbon released from deforestation, tilling, fossil fuel fertilizers, and the energy used to distill the final product. Agrofuels also put valuable farmland in the business of feeding machines instead of people.

"Not only does the carbon trading mechanism not work, it makes the greedy north feel like they have done something meaningful while we keep drowning. Using the market to solve a problem the market created seems little short of insanity."

- Sandy Gauntlett, Pacific People's Environment Coalition

• **Carbon trading is green...in that glowing, radioactive kind of way** • Carbon markets reward energy companies utilizing nuclear energy, even though when their full life cycle is taken into account, nukes are very carbon intensive. From cradle to grave, nuclear energy is too toxic, too costly, and too dangerous to ever be considered an answer to our climate woes.

• **Additionality is impossible to verify** • A crucial requirement of clean development mechanism projects is that they establish that the planned reductions from the project would not occur without the funding provided by carbon credits, a concept known as "additionality". This is, of course, nearly impossible to verify and largely leaves regulators to trust the good will of companies - a trait generally lacking in a for-profit entity.

• **Expanding the "green desert"** • The planting of monoculture tree plantations is an increasingly popular type of offset. These plantations often result in the expulsion of subsistence farmers from their lands and replace diverse forests with a single type of tree such as eucalyptus, which are notorious for their water consumption and damage to native ecosystems. These projects are so destructive to biodiversity that communities in Brazil have labeled them "green deserts."

• **Carbon trading ignores how the carbon cycle works** • Under the Kyoto Protocol accounting scheme, for every ton of carbon that is stored in a tree, an equivalent ton of carbon from fossil fuels can be released into the atmosphere. The underlying assumption that ‘carbon is carbon’ ignores the different interactions of these carbon pools with the atmosphere. The result is that with every carbon sink credit issued under the CDM, there is an increase of carbon in the active carbon pool - the very pool which shapes our climate - even if, for some time, that overall increase is not apparent because the carbon is temporarily stored in a tree.



• **Carbon markets = neo-colonialism** •

Carbon trading creates new opportunities for conquest by rich nations and corporations. Declaring indigenous and peasant lands as off-limits carbon sinks is the expropriation of a peoples land, just as surely as Christopher Columbus landing on the shores of America. This time, it is being done in the name of saving the planet.

• **Cap and trade promotes natural gas** •

Because it is less carbon intensive than coal and oil, the natural gas industry is poised to profit hand-

somely from the establishment of carbon markets. This is despite the fact that natural gas is responsible for 20% of all energy-related carbon emissions in the US. In addition, the extraction of natural gas is responsible for poisoning groundwater around the world and carving up forests for extensive networks of wells and pipelines. The US already has over 305,000 miles of natural gas pipelines scarring the land.

• **Cap and trade does nothing to address overconsumption** • Carbon trading presumes that we can buy and trade our way to lower emissions without making fundamental changes in our consumption of energy and other resources. Even if cap and trade could get us to a world of windmills (which it can't), we will still overshoot our ecological carrying capacity if we in the industrialized North do not reign in our consumption-based lifestyles. Nor is it desirable to have every acre of land with a bit of a breeze or sun covered in windmills and solar panels in order to maintain this lifestyle.

• **Carbon trading undermines the Clean Air Act** • Under the Waxman-Markey cap and trade system, the EPA would be stripped of its authority to regulate greenhouse gas emissions in favor of “leaving it to the market.”

• **Real solutions exist** • We can't rely on Wall St. to fight climate change; their allegiance will forever be to the almighty dollar. Rather, we need to support the real, community-based solutions that already exist. Of top priority and of greatest ease is reducing our out-of-control consumption in rich countries (the recession has already given us a head start!). We can implement ecosystem restoration to help sequester carbon while preserving biodiversity, not as an offset for fossil fuels but because it's necessary. We can create community-controlled, decentralized systems of energy production and distribution. We can re-localize our lives by supporting local agriculture and establishing just, sustainable transportation plans in our communities. On a larger scale, imagine what a simple shift in subsidies from nukes and fossil fuels to sustainable agriculture and public transportation could accomplish...

• **Carbon trading is a shady business** • According to the Washington Post, Enron Executives were reportedly elated at the news that Kyoto would establish a carbon market. An internal memo said the Kyoto agreement, if implemented, would “do more to promote Enron's business than almost any other regulatory initiative.”

For the other 315 reasons go to www.350reasons.org

350reasons is a project of:

Rising Tide North America www.risingtidenorthamerica.org

The Camp for Climate Action: www.climatecamp.org.uk

Carbon Trade Watch: www.carbontradewatch.org

Copies of this zine are available for download:

www.350reasons.org

For 350reasons.org stickers:

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For further reading:

Environmental Justice Matters

<http://www.ejmatters.org>

The Corner House

<http://thecornerhouse.org.uk/subject/climate>

Sustainable Energy and Economy Network

<http://www.seen.org>

The Network for Climate Action

<http://www.networkforclimateaction.org.uk>

Corporate Europe Observatory

<http://www.corporateeurope.org/climate-and-energy>

Climate Justice Action

<http://www.climate-justice-action.org>

Mobilization for Climate Justice

<http://www.actforclimatejustice.org>

Global Justice Ecology Project

<http://globaljusticeecology.org>



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