The case against carbon trading

CARBON TRADING IS CONTRARY TO SOCIAL JUSTICE

THE LARGEST RESOURCE GRAB IN HISTORY

You can't trade in something unless you own it. When governments and companies "trade" in carbon, they establish de facto property rights over the atmosphere; a commonly held global commons. At no point have these atmospheric property rights been discussed or negotiated - their ownership is established by stealth with every carbon trade.

THE CARBON TRADE WILL STRENGTHEN EXISTING INEQUALITIES

Market shares in the new carbon market will be allocated on the basis of who is already the largest polluter and who is fastest to exploit the market. The new "carbocrats" will therefore be the global oil, chemical, and car corporations, and the richest nations; the very groups that created the problem of climate change in the first place. What is more, with the current absence of "supplementarity", the richest nations and corporations will be able to further increase their global share of emissions by outbidding poorer interests for carbon credits.

THE CLEAN DEVELOPMENT MECHANISM POSES A DIRECT THREAT TO VULNERABLE PEOPLES

Many of the projects proposed within the CDM, in particular tree planting and dams, are subject to the same criticisms as other large scale development projects- they assert foreign ownership of local resources, they consolidate the power of undemocratic elites, they oust people from their land, they undermine local self sufficient economies and low carbon cultures.

MANY OF THE SOURCES OF CARBON CREDITS ARE SCAMS

TREE PLANTING IS NOT A SOLUTION TO CLIMATE CHANGE

Carbon absorbed by forests is only removed from the carbon cycle for as long as the tree is standing and alive. Industrial forestry will not sequester carbon. Permanent reforestation is a once only removal of carbon from the cycle and cannot offset sustained overproduction.

CARBON TRADING ENCOURAGES COMPANIES TO PROFIT FROM EFFICIENCIES THAT WOULD HAVE BEEN INTRODUCED ANYWAY

Because we cannot know the future, we can have no certainty that any project selling carbon credits has really reduced its emissions further than it would have done without the intervention. Profit competition and technical innovation ensures that industry consistently reduces its energy costs. A carbon market can provide an automatic cash subsidy for any investment in low energy technology. If such incentives exist they should be explicit, targeted and accountable.

"HOT AIR" TRADING IS AN ACCOUNTING FRAUD

Russia's economic collapse since 1990 has reduced its emissions by 30%. Russia is intending to sell this incidental windfall (often call "hot air") as international carbon credits- potentially swamping the market. If countries subsidise their emissions with these Russian credits, the final global emissions will end up being exactly the same as they would have been without a carbon market or a Kyoto protocol.

HUGE INCENTIVES FOR CHEATING

There are strong incentives for cheating and creating bogus credits that do not represent any real reduction in emissions. The vendor gets the cash without having to change anything and the buyer gets cheap credits. There are similar incentives for misdeclaration, and "leakage"- transferring polluting activities to areas that are not accounted.

CARBON TRADING CANNOT WORK

THE CARBON MARKET CANNOT BE MONITORED OR CONTROLLED

The temptation for all parties to cheat requires that every transaction to be scrutinised and every sale to be certified. There is no global institution or accounting system that can manage the complexity of this market.

THE LEGAL FRAMEWORK WILL NEVER BE STRONG ENOUGH

International legal frameworks are usually very weak. Countries that want to use carbon credits to subsidise their emissions are already arguing for penalties so weak that they will not discourage cheating. Many of the Annex 1 (Russia, Turkey, Ukraine), Romania- these are some of the most corrupt and lawless countries are corrupt or desperate for foreign currency and will happily endorse doctored carbon credits.

CO2 IS NOT SO2

The main model for carbon trading is Sulphur Dioxide (SO2) emissions trading under the US 1990 Clean Air Act. This programme faced none of the problems listed above- it was small (a few hundred companies), easy to monitor (one pollutant from one source-power generation), had permanent targets, and, above all, was conducted within one country with strong enforcement mechanisms.

CO2 IS NOT CFC

The only international emissions trading has been in CFCs under the Montreal Protocol. Once again, the programme was small (only 17 producer companies), easy to monitor (one pollutant from one industrial process), and within a strong legal framework.

CARBON CREDITS FROM DIFFERENT SOURCES ARE NOT EQUIVALENT

The market assumes that carbon credits from different sources will be fully interchangeable ("fungible" in carbospeak). However, carbon sequestered in sinks is a completely different product from the carbon "saved" by a technical innovation, which is different again from the carbon "saved" by a social or lifestyle change. Add to this the complexity of trading in different greenhouse gases. Each source requires different monitoring rules, different criteria and different agencies. Forcing them to be interchangeable in one market is a recipe for corruption and fraud.

THE REAL REASONS FOR CARBON TRADING

Supporters of carbon trading will argue that these are not problems- they are challenges. "Just because it is hard, does not mean that we should not take action", they say. Let's be clear that carbon trading is not being supported because it will solve climate change. In fact it will undermine even the pathetic emissions reductions already proposed. The real reasons for carbon trading are:

1. Governments want to be assured of a cheap way to buy off their failure to meet their Kyoto targets which will keep public and corporations quiescent.
2. Brokers, accountants, and financial institutions are extremely excited at the thought of the size of their cut in a new $2.3 trillion speculative market.
3. Corporations and other major polluters want pliant governments who don't punish them for their emissions and hand over public money to pay for any emissions they are forced to make.
4. Oil companies support carbon trading as a way to avoid making any cuts in oil production.
5. Academics and financial consultants see rich pickings from becoming "experts" in the new market.

CARBON TRADING WILL NOT SOLVE CLIMATE CHANGE

THE KYOTO PROTOCOL HAS BEEN HIJACKED BY CARBON TRADERS

Corporations, the finance industry, and their government supporters demanded the insertion of carbon trading throughout the Kyoto Protocol as a condition for their continued support for the process. The intergovernmental negotiations are now concerned almost entirely with the structure and management of this vast international carbon trading regime.

CARBON TRADING IS AN EXCUSE TO AVOID REAL EMISSIONS REDUCTIONS

The hopelessly compromised Kyoto Protocol now allows countries to meet all their emissions reductions with carbon credits bought through three forms of carbon trading; Joint Implementation, Clean Development Mechanism, International Emissions Trade. Some countries will certainly choose to buy credits rather than make any serious attempt to reduce their underlying dependency on fossil fuels.

THE REAL SOLUTIONS TO CLIMATE CHANGE ARE UNDERMINED BY CARBON TRADING

· Educate the public on the urgency of climate change and the need for dramatic solutions
Carbon trading is a false solution and undermines individual responsibility

· Set a schedule for cutting global fossil fuel consumption by up to 60%.
Carbon Trading is an excuse for avoiding any significant net cuts

· Recognise the moral (and political) imperative for fairness and social justice by allocating targets to every country on the basis of equal per capita emissions
Carbon Trading institutionalises existing inequalities and rewards the largest polluters

· Reduce the supply of fossil fuels with an international ban on all new oil, gas and coal development. As a first step, cut the $200 billion per year global subsidies for coal and oil power.
Carbon trading is not concerned with the supply of fossil fuels, which is why oil companies support it. As a result, government subsidies are increasing, reducing the price of energy and swamping any attempts at demand management.

· Invest heavily in renewable energy to replace all fossil fuel supplies
Although Carbon Trading promotes itself as funding renewables, this is far more expensive per ton of carbon than credits from bogus "hot air", tree planting, or outright fraud. These cheap carbon credits will set the market price and soak up the capital.

· Involve people at all levels of society in solutions
Carbon trading is an inherently elitist, corporatist, technocratic solution. It provides no role for civil society, and fails to deal with the 50% of emissions from houses and personal transport.

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