CARBON MARKETS RESOURCE GUIDE

THE CLIMATE JUSTICE SYLLABUS

In this section, you will learn about the dangers of carbon markets and why they are not a real solution to the climate crisis.

Carbon Markets are a market based approach to reducing CO2 emissions. Carbon Markets allow countries or polluters to buy offsets or carbon credits, allowing them to purchase the right to emit more. They are a dangerous distraction to climate action, as they have not only failed to reduce carbon emissions in the past (see the UN's Clean Development Mechanism (CDM) or the EU's Emission Trading System (ETS)), but they have also detrimentally impacted human rights while simultaneously commodifying nature and allowing for "business as usual."

WHAT IS A CARBON MARKET?

Check out the introduction (pg. 3-4) of Carbon Markets 101 to learn about the basics of carbon markets. What is the difference between a cap and trade and offset system? How do you "trade" emissions? Think critically about this. What do you think are the potential problems with carbon markets?

THE DANGERS OF CARBON MARKETS

Carbon Brief #8. Why were carbon markets introduced? Why are they a bad idea gone wrong? Learn about how carbon markets increase climate pollution, serve big countries and corporations, and avoid climate commitments.

Carbon markets are not a climate solution. Learn about how carbon markets commodify nature, slow transformation, violate community and human rights, and do not reduce emissions. Learn about the risks associated with carbon markets, like weak rules, and pushing liability onto the poor.

CARBON MARKETS AND CAPITALISM

Scroll through In Your Wildest Scheme: The Market vs. the Climate to learn about the connection of carbon markets, capitalism, and the climate crisis. If capitalism and free markets are what got us into this mess, how can we trust that they will get us out?

GLOBAL CARBON MARKETS

Check out pages 4-9 of Carbon Markets 101 to learn about the challenges of global carbon markets. This continues to be a large issue at UN negotiations.

TYPES OF CARBON MARKETS

Read pages 9-11 of Carbon Markets 101 to learn about failed carbon markets like REDD+, CORSIA, and voluntary carbon markets.

Check out this brief on CORSIA - the carbon offset reduction scheme for international aviation, to see an example of how shady carbon markets can be.

KEY TERMINOLOGY

Annex I country, Annex II Country, Cap-and Trade, Capitalism, Carbon Market, Corporation, False Solution/Dangerous Distraction, Market Based Approach, Non-Market Based Approach, Paris Agreement, Carbon Offset, Carbon Budget, Clean Development Mechanism, Kyoto Protocol, REDD+ - Reducing Emissions from Deforestation and Forest Degradation, CORSIA, Article 6, Double counting

Annex 1 Country - The UNFCCC defines Annex I as "The industrialized countries listed in Annex I to [The UNFCCC], which committed to returning their greenhouse-gas emissions to 1990 levels by the year 2000 as per Article 4.2 (a) and (b). They have also accepted emissions targets for the period 2008-12 as per Article 3 and Annex B of the Kyoto Protocol. They include the 24 original OECD members, the European Union, and 14 countries with economies in transition. (Croatia, Liechtenstein, Monaco, and Slovenia joined Annex 1 at COP-3, and the Czech Republic and Slovakia replaced Czechoslovakia.) List of Parties to the Convention can be found here."

Annex II Country - The UNFCCC defines Annex II as "The countries listed in Annex II to the Convention which have a special obligation to provide financial resources and facilitate technology transfer to developing countries. Annex II Parties include the 24 original OECD members plus the European Union. List of Parties to the Convention can be found here."

Article 6 - Article 6 is an article of the Paris Agreement which outlines market based and non-market based approaches. It is a highly contentious article and continues to be negotiated in 2020.

Cap-and-trade/Emissions Trading System (ETS) - Cap and trade is a market mechanism to reducing carbon emissions. Carbon market watch explains cap and trade as "in an ETS, companies trade pollution permits (often called "allowances"), allowing them to emit one tonne of CO2e. When a company releases 1tCO2e, it must give one permit back to the government ("surrender an allowance to the regulator")"

Capitalism - Capitalism is a root cause of the climate crisis as it has allowed for the commodification of nature, the exploitation of people, and an emphasis that profit is more important than people. Merriam Webster defines capitalism as "an economic system characterized by private or corporate ownership of capital goods, by investments that are determined by private decision, and by prices, production, and the distribution of goods that are determined mainly by competition in a free market."

Carbon Budget - The Carbon Budget refers to the small amount of atmospheric space remaining for humans to emit carbon (about 420 gigatons in 2020). From a climate justice perspective, that atmospheric space must be left for countries who are least developed or have contributed the least to climate change.

Carbon market - Carbon Markets are a market based approach to reducing CO2 emissions. Carbon Markets allow countries or polluters to buy offsets or carbon credits, allowing them to purchase the right to emit more. They are a dangerous distraction to climate action, as they have not only failed to reduce carbon emissions in the past (see the UN's Clean Development Mechanism (CDM) or the EU's Emission Trading System (ETS)), but they have also detrimentally impacted human rights while simultaneously commodifying nature and allowing for "business as usual."

Carbon Offset - Carbon Market Watch defines carbon offsets as "In an offsetting mechanism, on the other hand, countries/ companies trade offsets, i.e. emission reduction units, which must represent a tonne of CO2e which has been reduced already... in an offsetting mechanism, the traded emission reductions have already happened...Offsets can only lead to a zero-sum game, because one tonne of CO2e is emitted somewhere, and one tonne is reduced somewhere else. Hence, they cannot be used to reduce emissions in the long term and are incompatible with the idea of going towards net-zero emissions at a global level."

Clean Development Mechanism (CDM) - Defined by the UNFCCC as "A mechanism under the Kyoto Protocol through which developed countries may finance greenhouse-gas emission reduction or removal projects in developing countries, and receive credits for doing so which they may apply towards meeting mandatory limits on their own emissions."

Corporation - A corporation is a company or group of people authorized to act as a single entity (legally a person. Large corporations are part of the root of the climate crisis.

CORSIA - Carbon Offset Reduction Scheme for International Aviation - CORSIA is a dangerous distraction which "aspires to the "carbon neutral emissions growth" of the global aviation industry, relying primarily on so called "alternative aviation fuels" (mostly biofuels) and carbon offsets, with a large proportion expected to come from forests and tree plantations. Efficiency improvements can only play a very limited role. The scheme is set to begin 2021 , but to remain voluntary until 2027. It is to be implemented in phases and will only apply to aviation emissions over and above 2020 levels, and will also only cover emissions from international and not domestic flights. The International Institute for Clean Transportation has calculated that CORSIA will account for around 25% of international aviation emissions between 2021 and 2035" - BiofuelWatch

Double counting - Double counting is a dangerous potential part of carbon markets in which carbon credits or offsets are counted twice, once in the country they are sequestered, and once where they are bought.

False solution - A false solution, also referred to as a dangerous distraction, is a proposed solution to the climate crisis that 1) does not actually address the climate crisis and/or 2) perpetuates existing system injustices. Examples of dangerous distractions include geoengineering, market based solutions, and greenwashing.

Kyoto Protocol - Defined by the UNFCCC as "An international agreement standing on its own, and requiring separate ratification by governments, but linked to the UNFCCC. The Kyoto Protocol, among other things, sets binding targets for the reduction of greenhouse-gas emissions by industrialized countries. More information here."

Market based approach - Market based solutions are a strategy to reduce carbon emissions by putting a price on carbon or other pollutants. They are in line with capitalism and the free market, and fail to actually reduce emissions.

Non-market approach - Non-market approaches are non-carbon market based solutions that still rely on markets somewhat. They include cooperation on climate policy or fiscal measures (such as putting a price on carbon or applying taxes to discourage emissions).

Paris Agreement - The Paris Agreement is an Agreement under the UNFCCC (the UN Framework Convention on Climate Change) which deals with greenhouse gas emissions, mitigation and adaptation. It was signed in 2016 and is not enough to address global climate change. Read more about the Paris Agreement here.

REDD+ - Reducing Emissions from Deforestation and Forest Degradation - REDD Monitor describes REDD and REDD + as "one of the most controversial issues in the climate change debate. The basic concept is simple: governments, companies or forest owners in the South should be rewarded for keeping their forests instead of cutting them down." Read more about the program here.