

Can carbon trading save our forests?

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June 26, 2009 - Hobart, Tasmania — Along with over 400 other people, I turned up to the Wrest Point Casino here to attend the premiere of *The Burning Season* [[1](#)] on June 1. I had the film's headline — "As inspiring as *The Inconvenient Truth* was frightening" in the back of my mind, hoping for a good news story. Instead I sat through a well-orchestrated promo for a carbon trading company, set up by a young Australian-based millionaire whose message was that it is possible to make money and save the environment at the same time.

By setting up a carbon trading company called Carbon Conservation, and brokering high-level deals between big banks and provincial Indonesian governors, the film's "star", young entrepreneur Dorjee Sun, was able to secure the protection of large areas of forests that may otherwise have been logged or burnt.

The plight of orangutans that are dying through loss of habitat was a heart-string pulling sideline. The audience was invited to join in the panel discussion at the end with a request for positive comments and an appeal to go beyond the standard, divisive "two-sided forestry debate". We were implored to see that greenies and woodchippers could find a win-win solution in Tasmania, if only we embraced the innovative new world of carbon trading.

In April 2007 in Bali, Dorjee Sun obtained the support of three provincial governors, Yusuf Irwandi (Aceh), Barnabas Suebu (Papua) and Abraham Atururi (Papua Barat), who subsequently signed an agreement giving Sun the rights to trade the carbon credits represented by their forests. The main project showcased in *The Burning Season* is the protection of 1.9 million acres of the Ulu Masen forest in Indonesia's Aceh province, with a scheme whereby companies and individuals can buy credits from the protected forest to offset their own emissions. The project forecasts that the preservation of the Ulu Masen forest will avoid 100 million tons of carbon dioxide over 30 years.

In *The Burning Season* we watch Sun try and sell his scheme to managers of Starbucks, eBay and other companies, finally clinching a deal with the huge investment bank, Merrill Lynch (now taken over by the Bank of America). We see him take part in behind-the-scenes negotiations at the United Nations Framework Convention on Climate Change in December 2007 in Bali, where the Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (REDD) scheme was given provisional support, thus giving his project solid potential.

Indonesia's logging and greenhouse gas emissions

Deforestation and land use change are responsible for between 18-20% of global greenhouse gas emissions and there is no doubt that Indonesia has a problem with largescale logging and burning of forests. According to the UN 2005 Global Forest Resources Assessment, Indonesia's deforestation rate from 2000-2005 was the second highest in the world, estimated at approximately one and a half million hectares per year. In 2007, Greenpeace announced that Indonesia had won'' the dubious distinction of having the world's highest rate of deforestation, then up to around 1.8 million hectares per year. Across the archipelago, 72% of forest has been lost due to legal and illegal clearing, and agriculture-related arson. Using fire to clear land is a cheap but destructive method and {The Burning Season} documents the period from August to October 2006, when smoke from burning cleared forests and underlying peat beds in Indonesia spread over much of Asia. The film identified the issue of palm oil production and its financial appeal to locals, but failed to discuss the reasons why – the huge increase in demand from industrialised countries, such as those in Europe which aim to supply 10 per cent of all vehicle fuel from biofuel by 2020. Interestingly, {The Burning Season's} website [[
[-><http://www.theburningseasonmovie.com/>]]] explains that decentralisation of power – i.e. the implementation of regional self-government, which takes some of the autonomy back from Jakarta – has been of benefit to the forests in provinces like Aceh, Papua and West Papua, stating that “these traditionally separatist areas are taking control of their forest resources and attempting to find innovative ways to preserve and manage them sustainably. However, lack of capital to manage long-term programs is an issue; and overseas investment is being sought.” The film includes scenes of local farmers talking to the Indonesian environment organisation WALHI, and points out that WALHI produces public information leaflets about the destructive impact of illegal forest burning as part of an education campaign designed to discourage farmers from unsustainable practices. Ellen Roberts, member of the Friends of the Earth (FOE) climate justice collective in Melbourne, spoke to me about The Burning Season. She said that WALHI is the name of FOE Indonesia and that it (along with FOE International) is opposed to any market-based REDD. “We are concerned that by including WALHI activists in a film which is promoting market-based REDD schemes, and by not making their opposition clear, the filmmakers have misrepresented WALHI's stance on the issue, implying that they support the scheme”, Roberts said. “In fact WALHI has released a document called {REDD Wrong Path: Pathetic Ecobusiness}.” [[
[->http://iboninternational.org/index.php?option=com_docman&task=cat_view&Itemid=50&gid=36&orderby=dmdate_published]]] Roberts pointed out that “unless you deal with demands that have been driving the deforestation, (in Indonesia's case massive demand for timber and pulp from the USA, Japan and China) then locking up one forest may just mean that another forest gets logged, whether this is in another part of the same county, or a different country.” The WALHI report states: “Another concern with linking REDD to markets relates to the issue of national sovereignty over natural resources. Both at the national and community levels we may see a loss of autonomy over natural resources as third parties gain increasing influence over natural resource decisions. Also, as REDD increases the value of forests, governments may be discouraged from conceding customary land rights to Indonesia's

indigenous forest-dependent peoples.” {{{Indigenous people’s rights}}} How much say indigenous people have over these proposals is also an issue of contention. In a presentation to the Asia Pacific Climate Change Conference in March 2009 in Bangkok, Thailand, the Indigenous Peoples Network of Malaysia Working Group on Climate Change pointed out that under the United Nations Declaration on the Rights of Indigenous People, indigenous peoples have the right to self-determination, the right to their land and the right to determine development, many of which are being ignored by the REDD schemes. They call for indigenous peoples to be able to determine for themselves whether to participate or benefit from REDD and to have a mechanism for opting out” their forest from national accounting if the indigenous community so requests.

According to Michelle Chen in an April 27, 2009, article on *Race Wire*, the Indigenous People’s Global Summit on Climate Change, held in Alaska in April 2009, “highlighted indigenous opposition to conventional carbon trading schemes” and expressed alarm that the World Bank will play a key role in financing and implementing REDD. In a December 2008 interview, Tom Goldtooth of the Indigenous Environmental Network criticised REDD as a kind of “corruption of the sacred”, saying “To be involved with a system that defines something that we hold sacred, and that is the sacred element of air, to be part of a neo-colonial system that privatises the atmosphere, to put a money value to it, creates resistance from our heart.”

Who profits?

Mongabay.com in its April 21 news story about a newly discovered species of chameleon from Tanzania being named after Dorjee Sun(!), stated that Sun’s Aceh deal could eventually generate more than \$400 million in carbon finance.

According to WALHI, which investigated the project’s sales and marketing agreement signed in July 2008, 30% of the credits generated will be set aside as a “risk management buffer” (presumably to account for concerns over permanence) and the remaining 70% sold. The proceeds from the sale of these credits will be managed by a “collection agent” to be jointly selected by Carbon Conservation and the Aceh government. After the collection agent has taken its fee (the amount of which is not clear), the remainder is distributed 15% to Carbon Conservation as a marketing fee and 85% to the project account. The project account will be used to distribute funds to the local communities. Both the collection agent and Carbon Conservation potentially stand to make large amounts of money out of the scheme.

Approximately 130,000 people live in and immediately adjacent to the Ulu Masen project area, and around 61 villages will be affected by the project. The project claims it will contribute to sustainable economic and social development and biodiversity conservation through the use of land use planning and reclassification, increased monitoring and law enforcement, reforestation, restoration and sustainable community logging. Interestingly, Sun said that about 1000 former Free Aceh rebels will be employed to guard the forests. But the distribution of project account funds will be managed by a steering committee on which WALHI states that local people are “grossly under represented”.

According to the film’s website, “The carbon trading market is now worth about \$30 billion, but could grow to \$1 trillion within a decade. In its flourishing, wild-west exhilaration, the carbon trading boom resembles the gold rush and the dotcom explosion of the early ‘90s.” It goes on to say “Ultimately, REDD’s conservation of forests is a happy by-product of the real motivation: profit. Carbon traders investing in ecosystem services such as carbon sequestration are hoping to reap the

rewards of the rising value of the forest, offsetting pollution against purification. For this reason, some traditional conservationists regard carbon trading with skepticism — after all, wouldn't it be better just to stop polluting, rather than trying to compensate for it after the damage is done?" The filmmakers push these issues aside, arguing that "while this question is being debated, time is running out for standing forests. Irrespective of its palatability, the profit motive is an effective way of saving the forest today."

Does it reduce overall greenhouse gas emissions?

By making a one-sided film on such a controversial issue, the filmmakers have attempted to hide the debate, and instead try to convince us that a simplistic solution is possible – pay the locals to protect rather than log their forests.

The Burning Season includes just one short acknowledgement of the widespread concern among environmentalists about carbon trading and carbon offsetting, in the form of a statement from an environmentalist based in Indonesia. He pointed out the major flaw in such schemes – the way they allow big polluting companies in the developed world to continue polluting by simply paying to reduce emissions elsewhere.

WALHI says in its report: "There lies an inherent danger in market-based REDD. By allowing Northern countries to use market-based REDD they will be able to evade responsibility for reducing emissions in their own countries. This must be recognised as a serious and fundamental flaw with allowing REDD credits to be included in carbon markets. "

If companies can simply offset their pollution by buying carbon credits through this scheme, the overall level of greenhouse gas emissions is not going to fall. We are being asked to satisfy ourselves with saving forests in the short term even while knowing that it is not linked to reducing overall emissions. There may be some merits in saving our virtually irreplaceable old-growth forests that store way more carbon than plantation forests, but scientists are telling us that we are in a climate emergency, and we need to reduce emissions drastically now. So we need to accept nothing less than saving our forests and reducing the emissions of the polluting companies.

The film's website even tries to scare us into thinking this carbon-trading model is our only option if we want to preserve our quality of life, saying: "The alternative to 'cap and trade' is that we just pollute less by sacrificing the things we have that make pollution. Number one on that list is fossil fuel and anything that runs on it: your car. Your TV. Your air-conditioner and central heating. Your kettle. Your computer and iPod."

Actually there are many other strategies for reducing our greenhouse gas emissions, especially in developed countries. What about the straight-forward approach of harnessing our taxes and using government regulation and nationalisation to make a fast transition to renewable energy, public transport, organic agriculture, energy efficient production and building standards.

With the recent deep crisis of the capitalist market system, it is hard to believe that some people support creating a new market (trading carbon credits) in an effort to deal with such a fundamental issue as stopping climate change. Can we leave such a thing up to a market system? In a June 8, 2009, article on the website of *Mother Jones* magazine [2], Rachel Morris warns that the proposed US carbon trading scheme "will generate, almost as an afterthought, a new market for carbon derivatives. That market will be vast, complicated, and dauntingly difficult to monitor. And if Washington doesn't get the rules right, it will be vulnerable to speculation and manipulation by the very same players who brought us the financial meltdown."

The WALHI report warns that “Carbon markets have already proven to be not only complex, but also subject to significant volatility. If the price of carbon were to collapse, payments to local forest dependent communities could quite conceivably plunge below subsistence levels.”

Roberts pointed out that “Australia is pushing the scheme because it’s an easy way of making emissions reductions. Garnaut supports it as a way of Australian businesses covered by CPRS [Carbon Pollution Reduction Scheme] being able to meet their targets. In the final draft of the CPRS, the federal government removed any cap on the use of international carbon credits, and Treasury modeling predicts that by 2050, imported permits will be offsetting 200 million tonnes of Australian Co2. These 200 million tonnes will cut Australia’s emissions by half from 400 million tonnes.” [3] But, if by helping to fund reduced deforestation in Papua New Guinea and Indonesia, Australian companies are not doing anything about their own emissions, it’s a farce. “The more time and energy we spend on offset schemes the more we delay the transformation to a low carbon society”, Roberts said.

Are all REDD schemes problematic?

Gemma Tillack, climate change and forests campaigner for the Wilderness Society Tasmania (TWS), recently returned from the UN climate negotiations for the post-Kyoto climate deal in Bonn. She spoke to me about the REDD schemes.

Tillack said that there is a shared understanding that the next climate deal must ensure the reduction of global emissions from deforestation and forest degradation. In order for a REDD mechanism or the next climate treaty to work it needs to focus primarily on helping developing countries and indigenous peoples and local communities protect their intact primary forests, end deforestation and stop industrial logging of primary forests.

Tillack said that as negotiations go on and countries realise the large sums of money that could be available through REDD schemes, many countries are pushing for the scope of REDD to be broadened from focusing on avoiding deforestation and forest degradation to including afforestation and reforestation (plantations), sustainable forest management (logging) and conservation.

This has happened because some countries want to be paid to establish plantations and tree crops, including palm oil trees. Other countries that have protected their forests want to receive some form of compensation for foregoing previous and future development opportunities, including industrial logging and mining. Other countries want to get paid for planting and harvesting timber, palm oil and other crops (afforestation and reforestation).

The inclusion of plantations is a worrying development because if this type of activity is included in REDD, it may lead to a subsidised increase in logging of primary forests, and the conversion of natural forests to palm oil and fibre plantations, like what is currently happening in Indonesia. This would be a climate and biodiversity disaster.

This perverse outcome is possible because the current definition of forests used in the Kyoto Protocol is likely to be used in the next climate deal. This definition is inaccurate and doesn’t differentiate between native forests and plantations. This means that a country can convert a natural forest to a plantation or a palm-oil tree crop, and as far as the climate treaty is concerned the tree crop is still a forest, and deforestation (or the permanent removal of the forest) has not occurred.

Tillack said that a natural forest is a biodiverse, resilient ecosystem that stores a lot more carbon than a plantation or agricultural tree crop. It is vital that if REDD is part of the climate deal it

includes safeguards that would rule out the conversion of natural forests to plantations, ensure the protection of the human rights and the free, prior and informed consent and involvement of indigenous peoples and local communities, and protects biodiversity and water supplies.

There are a number of trial REDD schemes that have begun since the UN talks in Bali. These REDD readiness'' projects are at various stages of development in more than 25 countries, including countries that have high forest cover or high rates of deforestation. Most of these projects are using funds managed by the World Bank and are aiming to prepare countries to run REDD schemes to help mitigate climate change in the next climate treaty commitment period, which begins in 2012. Some of these trial projects have had significant impacts on indigenous peoples and local communities. It is vital that the global community, governments and NGOs understand that REDD has the ability to be a positive opportunity for developing countries, indigenous peoples and local communities if it has a clear scope and the right safeguards and funding mechanisms are used. Without adequate safeguards and a focus on forest protection, REDD could drive the displacement of local communities, neglect indigenous peoples' needs and rights and it could have a negative impact on the natural environment and its contribution to reducing the impact of climate change. At the moment a majority of countries are supporting the market-driven financing model for REDD. They believe a market mechanism would provide larger amounts of money than a fund. A market mechanism would mean that the market drivers -- corporations and governments -- would control REDD initiatives, instead of local communities, and would exclude the involvement of civil society. This is a concern because of the high prevalence of corruption and the lack of good governance structures in some developing countries. It could also result in perverse environmental outcomes, especially if adequate rules and safeguards are not included in REDD. Most NGOs and indigenous peoples' groups are more supportive of a fund-based mechanism as it is considered to be a lot safer and makes it easier for local communities to be involved in protecting their forests. For example, Greenpeace is proposing a fund called Forests for Climate'', which could make funds available to protect tropical forests as early as 2009. Industrialised countries would be allowed to meet some of their overall emission-reduction targets by helping developing countries protect forests, in addition to making deeper cuts in their domestic energy and industrial emissions,

Victoria Tauli-Corpuz and Parshuram Tamang, in their paper commissioned by the United Nations Permanent Forum on Indigenous Issues, dated May 2007

(http://www.un.org/esa/socdev/unpfii/documents/6session_crp6.doc), wrote that "The International Panel on Forests cites, among others, discriminatory international trade, trade distorting policies, structural adjustment programmes, external debt, market distortions and market failure, perverse subsidies, undervaluation of wood and non-wood forest products, and poorly regulated investments as the international underlying causes of deforestation." WALHI says that "the problem of deforestation in developing countries cannot be divorced from discussions on international trade and Northern patterns of consumption". Global climate justice demands that industrialised countries take responsibility for this issue, first by addressing their own deforestation problems and second by funding forest preservation projects in developing countries.

Tasmania - our logging problem

Speaking of addressing our own land-clearing and logging problems, according to the Wilderness Society, an average of 20,000 hectares of native forest is logged and burnt each year in Tasmania, around 5000 hectares of which are high-conservation value old-growth forests. Only 4 per cent of our wood ends up as sawn timber products and 85 per cent of the wood from these forests is sold as woodchips to produce paper. Paper is a short-lived product and results in the carbon being released into the atmosphere within an average of three years.

Recent research from the Australian National University [4] shows that cool temperate forests, like those in Tasmania and Victoria are some of the most carbon-dense in the world. Tasmania's tall wet eucalypt forests can store up to 1500 tonnes of carbon per year. On average logging can reduce the carbon stored in these forests by 40-60% (over two logging rotations). According to a graph in the Tasmanian government's 2006 Draft Climate Change Strategy for Tasmania [5], "Land use change and forestry emissions" are the single biggest cause of greenhouse gas emissions in Tasmania.

We have our own "burning season" in Tasmania, usually in autumn when the conditions are right for the state forestry department Forestry Tasmania to use helicopters to drop napalm-like petroleum jelly onto the piles of wood and debris left in logging coupes to create a high-intensity fire, described by the industry as "regeneration burns". Forestry Tasmania executive general manager Hans Drielsma stated that they did not need to measure the emissions from these burns, telling a Senate Select Committee on Climate Policy on April 23, 2009, "There's no precise work that's been done around that and frankly it's not of any great scientific interest for us to do that."

The question was thrown up to the audience by Sun and the writer/director and co-producer Cathy Henkel at the Hobart premiere: Can something similar be done here to save Tassie's forests?

When asked how you could determine what price to place on these forests, Sun said that it would need to be a price that made it more appealing for business to protect them for their carbon rather than turn them into woodchips.

However, unlike Indonesia, Australia is a wealthy country. With a proper progressive tax system we could easily afford to use taxpayer money to permanently protect and manage our forests. We could generate a modest income from sensitive eco-tourism, certainly more than we gain from selling our forests dirt-cheap to big wood-chipping companies like Gunns Ltd. Most of the forests due to be logged in Tasmania are publicly owned forests and are managed by Forestry Tasmania (on behalf of the Tasmanian government), and should therefore be managed in the public interest, and in the interests of our children and future generations,

Australian Greens party leader Bob Brown, speaking at a forest campaign fundraiser in Hobart on June 5, made the very good point that if only a fraction of the A\$7.4 billion promised in free permits to the fossil fuel industry in the first two years of the CPRS was instead allocated to saving our forests, we could protect them in an instant and see a big drop in overall greenhouse gas emissions.

Tillack said that developing countries want to see the rich industrialised countries like Australia protect their own forests and accurately account for and reduce their own greenhouse gas emissions from logging and land clearing. She also pointed out that "REDD is only for developing countries. It's up to the industrialised countries to reduce their own emissions asap."

There are some examples of avoided deforestation in Australia being used to voluntarily offset carbon emissions. Sun's company Carbon Conservation is involved in a project called Minding the Carbon Store which has enabled Rio Tinto Aluminium to offset some of its emissions by buying stored carbon from a consortium of Queensland farmers who have agreed to forgo their land-

clearing permits and keep forests on their land intact. They claim that the project saved 12,000 hectares of native Australian vegetation from being cleared and burnt, avoiding around 1,250,000 tonnesCO₂e greenhouse gas emissions. It seems that 70–90 per cent of the original vegetation has been cleared or extensively modified prior to the project's commencement.

With the latest science on the pace of arctic ice melts and the ever-increasing threat of passing crucial climate tipping points, it has become clear that taking strong and urgent action on climate change is imperative. What could be easier than placing a moratorium on logging of native forests to ensure one of our most effective carbon stores are protected?

Tillack believes that the best way to help secure a safe climate is to take action to convince our politicians to make sure Australia adopts strong emissions-reductions targets. "Australia should help peak global emissions by 2015 by making deep and early cuts in our domestic industrial emissions and immediately protect our biodiverse forests. We also need to undertake a full account of the biodiversity values and carbon storage in our forests and native vegetation", she said.

"We could create a biodiversity fund to support local community-based projects for restoring degraded forests and natural ecosystems across Australia. This could also fund a just transition for forestry workers currently logging biodiverse carbon dense forests, so they can gain long term employment in a plantation based forestry industry that could provide us with all of our domestic wood and paper needs."

At the moment we don't account for our emissions from [managed forests](#)'' or the [logging of native forests](#). Tillack said that "the proposed CPRS scheme aims to include forests in 2010. This could result in economic incentives for big companies to plant plantations for carbon credits and log native forests for ongoing woodchips exports and wood products. Hence most environment groups do not want forests included in the CPRS, and have asked the government to ensure that the protection of forests is a complimentary measure, and part of a suite of measures to solve the climate change problem." {The Burning Season} [plugs a website called Ten Things You Can Do](#)'', which claims that sustainability and abundance can ``co-exist'' and "the businessman and the environmentalist can join forces". It promotes many actions related to changing our own lifestyles or donating money, such as using your car less, choosing energy efficient appliances, reducing meat consumption and donating to various rainforest conservation or orangutan protection schemes. Fortunately, it also promotes broader action such as becoming "a visionary leader in your community", checking out the Australian Conservation Foundation Green Collar Jobs website, signing Greenpeace's petition for a 100% renewable energy future, encouraging school tree-planting schemes, taking part in debates around the Copenhagen UN Climate Change Conference and joining the Australian Youth Climate Coalition.

System change

However throughout the film it promotes the idea that one person can make a difference. The idea of collective political action is not even hinted at. Of course, it is true that one person can achieve a great deal, but faced with the biggest global crisis in history, what we need most of all is system change. We need to change how things are produced (especially electricity), how people travel from A to B, how food is grown and how our natural resources are used.

Powerful corporate interests currently have a lot of influence over these things, meaning that we need to use the untapped power we all have when we join together - people's power — to plot our path towards a new sustainable society and to push our governments to act. Discussing and debating

the issues presented by *The Burning Season* could be a helpful step along this path.

P.S.

* From Links:

<http://links.org.au/node/1129>

* Susan Austin is a climate campaigner in Tasmania, and is a member of the Democratic Socialist Perspective, a Marxist organisation affiliated to the Socialist Alliance of Australia.

Footnotes

[1] The Burning Season was screened in 2008 by broadcast partners ABC (Australia), BBC (UK), CBC (Canada) and distributed worldwide by National Geographic International. It is produced by the Film Finance Corporation Australia and Hatchling Productions and narrated by popular Australian actor Hugh Jackman. It is currently being screened in some cinemas in Australia.

[2] <http://www.motherjones.com/politics...>

[3] Chart 3.6 Australia's Low Pollution Future: The Economics of Climate Change Mitigation, <http://www.treasury.gov.au/lowpollu...>

[4] http://epress.anu.edu.au/green_carb...

[5] [http:// http://www.dpiw.tas.gov.au/...](http://http://www.dpiw.tas.gov.au/...)