

Paris COP21 negotiations & business opportunities: Art 3ter. New Carbon Markets under the name of Sustainable Development

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A draft climate agreement and decision with 48 pages and 939 brackets has been presented to the ministers in Paris on Saturday 5th of December. Many things can be said about this text. For example, the words “fossil fuels” don’t appear once. There is no proposal [in brackets] to limit coal, oil or gas extraction in the coming years, and no proposal to halt deforestation. Also, as was expected, no text [in brackets] from any country addresses the issue that current INDCs (Intended Nationally Determine Contributions) will actually increased the greenhouse gas emissions gap from a surplus of 12 Gt CO₂e in 2020 to around 25 Gt CO₂e by 2030.

But if you think that burning the planet is bad, some people are now even planning to turn this tragedy into a business opportunity. This is exactly what is happening with article 3ter, which is now in the draft agreement. This new article, in order to pass without being noticed, establishes a “Mechanism to Support Sustainable Development”. Who could be against that? The words “carbon markets” don’t appear in any of the text of this article, so why worry? Carefully read the article to find out why.

It begins saying: [A mechanism to support sustainable development in [developing country] Parties is hereby established] ... and shall aim to: [Provide for net global emission reductions through the cancellation of a share of units generated, transferred, used or acquired]. In other words, carbon credits from different kinds of projects can be bought and traded, to offset emissions. Hidden between the lines, the text continues to say that this Mechanism to Support Sustainable Development will be based on Article 12 and Article 6 of the Kyoto Protocol.

Article 6 of the Kyoto Protocol has created carbon markets and offsets by stating “...any Party included in Annex I may transfer to, or acquire from, any other such Party emission reduction units resulting from projects aimed at reducing anthropogenic emissions by sources or enhancing anthropogenic removals by sinks of greenhouse gases in any sector of the economy...”. And Article 12 of the Kyoto Protocol created the Clean Development Mechanism that handles those carbon credits.

With the new proposal in Art 3ter, the Clean Development Mechanism will most likely become the Sustainable Development Mechanism, and carbon markets will not be limited to developed countries (Annex I), but available to all countries at all different levels: global, regional, bilateral and national. In other words, all will be free to gamble on the future of the Earth system.

This is ironic indeed. The Kyoto Protocol is dying. In reality it is a zombie that has only been ratified by 55 countries, and not the 144 required. But when it comes to carbon markets, its legacy will live on, and will be reinforced by the Paris agreement.

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