

# The impact of carbon trading in the Third World

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**The carbon offset industry was all about growth in 2006. The high-profile, Britain-based CarbonNeutral Company reported an annual turnover of £2.7 million, while the global market sold an estimated £60 million, and this figure was estimated to increase five times over in three years.**

From the World Cup to Hong Kong Shanghai Banking Corporation, to British Petroleum's offset petrol, individuals, organisations and corporations were keen to prove their climate-friendly credentials by going "carbon neutral". The success of the schemes reflects the fact that there is an increase in popular awareness as to the need to engage with climate change, but are they offering a valid approach, or are they detracting from the real action that needs to happen?

Some environmentalists had been dubious about both the ethics and the efficacy of carbon offsets since the schemes were first introduced, but dark clouds of doubt and controversy began to gather in force throughout 2006.

In April, articles appeared in the British press suggesting that some 40% of the mango trees in southern India that British band Coldplay had sponsored to offset the emissions from the recording of their second album had died. The villagers who were supposed to be the benefactors of the scheme made allegations of unfulfilled promises and project mismanagement and there was a breakdown in relations between the CarbonNeutral Company and their on-the-ground project partner in India. Yet for months afterwards, fans of the band were still being sold dedicated trees in the plantations that were still being portrayed as a glowing success story.

In October, the British Advertising Standards Authority (ASA) ordered the Scottish and Southern Energy Group (SSE) to stop making claims about "neutralising" its customers' emissions in its leaflets. In the contentious advert, the SSE claimed to "plant trees to balance out the CO<sub>2</sub> that your gas heating and household waste produces". Although the SSE was able to provide the figures on how much emissions the average household produced, the lack of scientific knowledge about the carbon cycle meant that it was unable to provide sufficient proof that the number of trees that it planted would match or exceed the level of emissions, and was thus in breach of the ASA guidelines. It has yet to be seen what impact this ruling will have on the countless other spurious neutralising claims made by similar offset schemes.

These incidents, and many others, have all highlighted some of the technical problems with offset schemes, or they have brought the environmental or social shortcomings of specific projects into focus. Less has been written about how offset schemes are fundamentally ineffective in addressing climate change through their emphasis on personal consumption, lifestyle and individual action.

Social change is a necessary precursor to dealing with climate change. There is an urgent need to restructure society and our economies away from the fossil fuels-based, car-centred, throwaway

economy “business as usual” scenario to one that pragmatically reduces our emissions levels in the context of a renewable energy-based, participatory, diversified transport, reuse/recycle economy. No matter how many low-energy light bulbs you install, or how much recycling you do (neither of which practices I am criticising in any way) there is still the need for more systemic changes to take place in society, and no amount of individualistic action in itself is going to bring about this change.

The only way to induce such change is through community organising, collective political action, mass mobilising and so forth. All progressive political, social and environmental changes have come about this way. There are no offset schemes that encourage individuals to engage in collective action to bring about wider structural change. Offset schemes place the onus for climate action on individuals acting in isolation from others and thus inhibit their political effectiveness.

The act of commodification at the heart of offset schemes assigns a financial value to the impetus that someone may feel to take climate action, and neatly transforms this potential to bring about change into another market transaction. There is no need for people to question any of the underlying assumptions as to the nature of the social and economic structures that may have brought about climate change in the first place, one just has to click and then pay the assigned price to pay “experts” to take cost-effective action on your behalf. Not only is it ineffective and based on half-baked guessing games and dubious science, it’s also very disempowering for the participants.

One of the most inspiring recent examples of social change has been the recent victory of the Ogoni women of Nigeria against the petrol multinational Shell. The extraction of oil usually involves the extraction of natural gas as a by-product that is normally used to create electricity or petrochemicals, but in Nigeria in order to cut costs, Shell was simply flaring the gas - burning it off into the atmosphere.

In June 2005, the Port Harcourt organisation, Environmental Rights Action stated that “More gas is flared in Nigeria than anywhere else in the world. Estimates are notoriously unreliable ... The flares have contributed more greenhouse gases than all of sub-Saharan Africa combined. And the flares contain a cocktail of toxins that affect the health and livelihood of local communities, exposing Niger Delta residents to an increased risk of premature deaths, child respiratory illnesses, asthma and cancer.”

After the execution of Ken Saro-Wiwa and eight other Nigerian anti-Shell activists in 1995, the women of the Ogoni villages spearheaded a remarkable campaign to stop the flaring from taking place. The Nigerian women used direct action and political pressure, and appealed for international solidarity in pursuit of their aims, and endured a violent, repressive militarisation of the area as a result, including rape and murder.

In January 2006, Nigerian courts ordered Shell to stop the flaring of natural gas. In September 2006 a Nigerian newspaper stated that the oil giant’s licence over the Ogoniland was going to be revoked. The Ogoni people, at enormous cost to themselves, their lands, their livelihoods, had won.

It isn’t possible, without reverting to the esoteric accounting procedures of the offset companies, to quantify how large the emissions reductions have been as a result of the social justice struggle of the Ogoni women in shutting down the largest source of greenhouse gases in sub-Saharan Africa. Under the absurd logic of the offsets market, it would be quite appropriate for the Ogoni women to start marketing the emissions that have been avoided as a commodity to the polluters and consumers in the North.

The hard-won victory of the Ogoni women, a huge success in terms of both social justice and climate change, depended on community empowerment, confrontational politics and international solidarity.

One of the most distressing effects of the culture of offsets is the fact that it negates all three of these factors. Instead of community empowerment, climate change is presented as a matter of individualistic morality and lifestyle choices that discourages collective political action. We are being led to believe that responsible consumer choice is all that is necessary on our parts rather than engaging in a different kind of political responsibility and activity that confronts the fact that there are profound changes that need to be made in our society to effectively deal with climate change.

The notion of international solidarity is commodified by carbon offsets, transformed into a one-sided affair in which a neo-colonial relationship of economic advantage and conditional aid is established. When the Ogoni women of Nigeria appealed to the world to support their struggle, they appealed primarily for international political action rather than financial assistance. It is beyond the scope of any offsets scheme to support this sort of social change that is so necessary in the face of climate change.

Promoting a more systemic approach to climate change would not seek to reduce the problem to marketing gimmicks, personal consumption, celebrity endorsements, technological quick-fixes or neo-colonial exploitation. Any individual, organisation or government embracing this systemic attitude would commit to doing everything they could to reduce their climate impact, but would not “offset” responsibility for any of their remaining emissions. Rather they would commit to demanding, adopting and supporting climate policies that reduce emissions at source as opposed to “offsets” or “trading”.

They would support stricter regulation and oversight and penalties for polluters on community, local, national and international levels, and they would commit to supporting communities adversely impacted by climate change and so-called “climate-friendly” projects. Finally they would endorse the notion that real solutions to climate change require social change and they would count themselves to be a part of that movement, spending time and energy towards achieving such change.

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## **P.S.**

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\* Kevin Smith is a researcher with Carbon Trade Watch, a project of the Transnational Institute. He is co-author of “The Carbon Neutral Myth: Offset Indulgences for Your Climate Sins” to be published in this month. For further reading visit ; Carbon ‘offset’ - no magic solution to ‘neutralise’ fossil fuel , and ; Chapter 4: Offsets - The Fossil Economy’s New Area of Conflict from Carbon Trading: A Critical Conversation on Climate Change, Privatisation and Power and .