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## Carbon sink plantations: Those who stand to benefit

CDM schemes based on carbon sinks in the forestry sector, trumpeted as the panacea for climate change mitigation, are instead socially and environmentally dangerous. Nevertheless, the discussions going on at the official levels ignore those fundamental points. Undoubtedly some have much to gain from this marketing of nature. Who are the influential actors behind the scene at the carbon market? What follows is a brief description of some of the more relevant.

### **- Industry**

Big corporations are both influencing decision-makers and taking direct actions in the newly created carbon market. Suddenly industry has discovered how profitable trees can be, and carbon sink tree plantation projects in the South are mushrooming. For example, in January 1999 the Japan Federation of Economic Organizations proposed to Chinese President Jiang Zemin that a group of Japanese companies carry out a plantation programme in that country in order to secure larger quotas for emitting carbon dioxide under the CDM. Also last year, the Confederation of British Industry tried to launch a carbon-trading system in order to stall or reduce the UK government's planned energy tax.

From the very beginning of the Climate Change Convention process, the powerful oil industry lobby operating at the US Senate induced this country's delegates to the climate negotiations to avoid any commitment even to tiny reductions in CO<sub>2</sub> emissions. After the Kyoto Protocol, such companies instructed US and other industrial country delegates to favour trading in carbon "offsets", including carbon credits from tree plantations. In countries located in different regions of the world, such as Costa Rica, Uganda and Australia, oil, coal and gas companies have signed agreements to install carbon sequestration projects through plantations --the same kind of companies whose activities provoke severe environmental and social impacts to the detriment of local communities.

Being fossil fuel-based transport one of the causes of global warming, car companies are also trying to revamp their image. Mazda has announced that the company will plant five trees for every unit of the new Demio model sold in Britain in order to "compensate" for the car's first year of carbon dioxide emissions. Avis Europe plans to plant one tree for every car in its rental fleet, while the Federation Internationale de l'Automobile has arranged for 30,000 trees to be planted in Chiapas, Mexico, on lands inhabited by Mayan communities, to "offset" the carbon emitted annually by Formula One car racing.

### **- Multilateral agencies**

From 1997 on, the World Bank has been dealing with climate change issues. The Bank is using funding from utility companies and Nordic governments to develop the so called Prototype Carbon Fund (PCF), whose purpose is to facilitate "global markets for greenhouse gas investments" and which features a portfolio of projects in the South. During a meeting of the Subsidiary Bodies of the Convention on Climate Change that took place in Bonn last June, a World Bank official, in front of a largely business audience, made clear that the PCF was designed to make emission cuts cheaper for

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the North, and much of his presentation was focused on how little Northern corporations would have to pay in order to avoid reducing pollution at source if they signed up for the PCF. An important task of the PCF is to build confidence between sellers and buyers of the so called climate "products." Companies like British Petroleum and Mitsubishi, as well as several Nordic firms, have shown their interest in this initiative. When the PCF was created, it was thought to be entirely devoted to energy related projects, but now there has been a change and a 10% of these funds will go to carbon sink forestry projects. In spite of the negative social and environmental impacts of monoculture tree plantations, the Bank insists on promoting them, now under the guise of carbon sinks. The Bank is also involved in the design of a CDM to subsidize trade in the resulting "carbon credits" by providing a carbon bank or carbon stock exchange.

United Nations offices are also involved in the new carbon market. The Global Environment Fund (GEF), whose implementing agencies are UNEP, UNDP and the World Bank, is facilitating the PCF by creating low-cost sinks. It is difficult to understand how carbon sink tree monocultures will contribute to biodiversity conservation --which is one of the GEF's main areas of concern. In turn, the United Nations Conference on Trade and Development (UNCTAD) is contributing with tax monies to establish an International Emissions Trading Association, formed by a group of about 60 transnational companies and environmental organizations which will help figure out how to make the carbon market dynamic.

### **- Governments**

At the political level the action of some Northern governments --in collusion with corporate interests aiming to skirt their responsibility in the generation of global warming-- represents the backbone of the whole process.

Because of its high per capita emissions of carbon dioxide, its refusal to accept even the restricted limitations established by the Convention on Climate Change at Kyoto, and the direct and indirect influence that it exerts on other governments, the US is one of the main actors in this process. Last July, the US Senate approved the "International Carbon Sequestration Incentive Act", according to which, "eligible US companies could choose to receive an investment tax credit or access to low-interest loans and insurance options on carbon sequestration investments in other countries". The action of the US government seems to be at odds with its own country's public opinion, given that a recent poll has revealed that most US citizens are in favour of a reduction of greenhouse gases from industrial sources at home instead of additional means such as carbon sinks.

Another enthusiastic promoter of carbon sinks in the forestry sector is Canada. The Canadian International Development Agency has agreed to forgive a small part of Honduras' debt with Canada if this country establishes an office under the Kyoto Protocol to promote tree plantations and monitor forest conservation. This would allow Canada to receive carbon credits without the need of domestic reductions.

The position of Australia is also to be mentioned. Included in the Annex I countries of the Kyoto Protocol and being very influential in the Oceania region, Australia hopes that its participation in the carbon market will spur economic growth at home. An agriculture minister in New South Wales has recently mentioned the benefits from a "dynamic new industry" which would create jobs out of a million hectares of new plantations, some of them paid for with money from Japanese utilities.

Even though the European governments have adopted a more cautious position on the issue, some of them are pushing for forestry projects under the CDM. Dutch plantations in the Ecuadorian Andes

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and Norwegian plantations in Uganda show that even countries that try to appear as friendly towards the environment in the international political scenario have grabbed the opportunity to do good business in the carbon market.

To compensate its emissions, Japan is planning to resort to afforestation projects in other countries, for example in neighbouring China. The Japanese government is trying to inflate the amount of carbon absorption credited to this country under "human-induced activities" by including the carbon absorbed by new plantations. This position is not surprising: the Japanese cooperation agency JICA has been one of the major promoters of the tree monoculture scheme, and the country's economic growth has been based on a huge ecological footprint through the exploitation of other nations' resources and the deposit of its industrial garbage.

Carbon sinks through plantations are also being promoted by some Southern governments, which look at them as an immediate source of money coming from foreign investors. Argentina, Colombia, Bolivia, Uruguay, Costa Rica, Mexico, Chile, Guatemala and others are calling for carbon sink plantations to be included in the CDM. This means that they gladly accept a function of carbon garbage dumps for their territories and that they are willing to turn a blind eye on the negative social and environmental impacts of monoculture tree plantations.

### **- Consultancy firms**

The carbon market have opened up opportunities to build up institutions, salaried positions and prestige for an increasing number of professionals who are willing to research, certify, and administer carbon-"offset" plantations --and who accordingly have a growing stake in "believing" in their efficacy.

Consultancies such as SGS Forestry, Margules Poyry and Eenergy International Corporation can gain lucrative contracts to monitor and justify carbon forestry projects. Carbon credits certified by SGS are already being offered on the Chicago Board of Trade. Some consultants even shuttle between serving United Nations organizations, lobbying the Conference of the Parties (COP) to the Framework Convention on Climate Change, and their own profit-making carbon-"offset" ventures. Mark Trexler, for example --whose firm Trexler & Associates stands to make fortunes from brokering carbon deals-- was present at COP's fourth meeting in Buenos Aires in November 1998, and is also a review editor of one chapter in the Intergovernmental Panel on Climate Change's Special Report on Land Use, Land Use Change, and Forestry. Involved in that report were also staff from carbon-related consultancies such as Winrock International, Ecosecurities Ltd, SGS Forestry and the Edinburgh Centre for Carbon Management. The report, perhaps unsurprisingly, gave a "scientific" stamp of approval to the idea that carbon accounting between tree plantations and industrial emissions is possible.

### **- Forestry companies, professionals and researchers**

The carbon market is an excellent opportunity for forestry companies not only to increase their business but also to try to green their image. If tree monocultures are included in the CDM, it is feared that more forest areas in tropical countries will be substituted by plantations, while grasslands ecosystems in temperate regions --which contain soils that are effective carbon reservoirs--will be destroyed by them.

Many professional foresters see the carbon-offset plantation boom as a way of making their profession important to the eye of public opinion with regard to the mitigation of climate change. Additionally --and perhaps more importantly-- increased plantation areas will provide them with well

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paid job opportunities in the establishment and management of tree plantations, as well as in research in both the forestry and the biotechnology fields to produce more fast-growing "carbon sequestering" trees.

**- Others**

Many others actors play a role to directly or indirectly promote and benefit from the carbon market in this new scenario. Trading firms, brokers, banks, academics, bureaucrats and professional consultants are among the potential and actual beneficiaries of this market-oriented approach.