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## [Big Polluters, Carbon Offsetting and REDD+](#)

*This article is part of the publication [15 Years of REDD:](#)*

[A Mechanism Rotten at the Core](#)

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**Offsetting is a dangerous distraction from the root causes of the climate crisis. This false solution is the flip side to the oil's industry initial reaction to climate science: denial. Big Polluters did not invent carbon trading. But they have supported, heavily lobbied for and promoted carbon trading. They are also major buyers of carbon offsets. In recent years, Big Polluters' buying of carbon offsets has gone from a steady trickle to a flood - and conservation NGOs are among the main suppliers and supporters. Their support for carbon trading has also come in less visible forms.**

Climate change denial and [carbon offsetting](#) have the same purpose – to allow Big Polluters to continue profiting from business as usual for as long as possible.

But carbon offsetting is perhaps even more dangerous than climate change denial because it appears to be acknowledging that the climate crisis is real, and gives the impression that Big Polluters are taking action to address it.

[Offsetting](#) is currently booming. Yet **more than three decades of experiments with carbon trading reveal that offsetting is a spectacular failure. In terms of addressing the climate crisis, that is.** Offsetting is a dangerous distraction that allows Big Polluters to continue business as usual.

Today, more than 1,500 corporations have made '[net zero](#)' commitments. (1) Almost two-thirds of all countries have 'net zero' commitments. But these commitments "are nothing more than a big con," as Sara Shaw of Friends of the Earth International [notes](#). Big Polluters plan to continue polluting, while hoping to greenwash their image with [offsets](#) and tree planting schemes.

The airline industry has developed its own carbon trading scheme called Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). Under this scheme, emissions will increase without any limit and the aviation industry will use [offset](#) to justify continued pollution.

Oil companies have enthusiastically jumped on Natural Climate Solutions (sometimes referred to as Nature Based Solutions), in an attempt to give the impression that they suddenly care about the environment. (2) At the same time, they continue exploring for new sources of profit in some of the most endangered ecosystems on the planet.

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In 2019, Shell's CEO Ben van Beurden announced that "another Brazil in terms of rainforest" is needed to address climate change through such Natural Climate Solutions. (3)

Total has bought [offsets](#) to create a fantasy of 'carbon neutral' liquefied natural gas (4) and is planning to spend US100 million dollars a year (5) on forest protection and tree planting. (6)

Meanwhile Eni plans to use 8.1 million hectares of land in Africa to offset its continued emissions. (7)

Big Tech companies have also joined in, with Microsoft, Apple, Amazon, and Facebook all making '[net zero](#)' commitments.

## **Exxon knew**

These false solutions to the climate crisis are the flip side to Big Polluters initial reaction to climate science: denial.

In 2015, Inside Climate News carried out eight months of investigations into the history of Exxon and other oil companies' relationship with climate science starting more than 40 years ago. (8)

**The oil companies didn't just know about the science, they were actively involved in carrying out cutting edge research into the impacts that burning fossil fuels has on the climate.** Exxon, for example spent more than US1 million dollars on a tanker project aimed at finding out how much CO2 is absorbed by the oceans.

As far back as 1977, Exxon's senior scientist James Black told Exxon's management committee that,

"In the first place, there is general scientific agreement that the most likely manner in which mankind is influencing the global climate is through carbon dioxide release from the burning of fossil fuels."

He warned that doubling the concentration of CO2 in the atmosphere would increase average global temperatures by two or three degrees. He urged Exxon to act, saying that we have "a time window of five to 10 years before the need for hard decisions regarding changes in energy strategies might become critical".

Instead of acting, Exxon became a climate denial leader. About a decade after starting its research into climate change, Exxon pushed campaigns to cast doubt on climate science and delay regulation of its industry. In 1989, Exxon was a founding member of the Global Climate Coalition. GCC spent about US1 million dollars per year lobbying against limits on greenhouse gas emissions. It opposed the Kyoto Protocol.

As George Monbiot exposed in his 2006 book 'Heat', Exxon also funded a large group of organisations that argued that climate science is not settled, environmentalists are Nazis, communists, crazies, terrorists, or frauds, and if governments took action on climate change, the global economy would collapse. (9)

The oil industry used the same tactics as the tobacco industry had to deny that smoking caused cancer. They even used some of the same people, such as Frederick Seitz, who was chairman of the George C Marshall Institute. (10) Seitz founded (11) the George C Marshall Institute in 1984, initially to support President Reagan's Strategic Defense Initiative, or 'Star Wars'. In the late 1980s, the Institute moved on to climate change denial – with generous funding from Exxon.

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Before that, Seitz was permanent consultant to the tobacco company RJ Reynolds where he funded research to “refute the criticisms against cigarettes”.

## IPCC

One of climate activists' responses to the climate change denial campaign, particularly in the Global North, has been to elevate the Intergovernmental Panel on Climate Change's publications to a status above any possible criticism. In their eyes, the IPCC has become the single authority on everything to do with climate science.

The IPCC (12) is a UN body, set up in 1988, with the aim of assessing the science around climate change. It provides governments with scientific information so that they can develop policies to address the climate crisis. The IPCC has produced a series of comprehensive Assessment Reports, the first of which was published in 1992. The most recent report came out in August 2021.

If anything, the IPCC's assessments tend to be conservative. As George Monbiot points out (13), this is not surprising given how many people have to approve the IPCC's assessments before they are published.

However, as Larry Lohmann points out in his book 'Carbon Trading: A critical conversation on climate change, privatisation and power', (14) there is a great deal left out of the IPCC reports. Lohmann's book was published in 2006, but it is more relevant than ever today.

Lohmann notes that before the IPCC put out its report on 'Land Use, Land Use Change and Forestry' in 2000 (15), several governments, including the US, Japan, Canada, Australia, New Zealand, and Norway, had been pushing to be allowed to count the carbon stored on their forested land against continued emissions from burning fossil fuels. Many Northern governments were also keen to buy carbon credits from projects that reduced deforestation in tropical countries.

“It shouldn't be a complete surprise,” Lohmann writes, “that the IPCC's report provided the US and its allies with just the conclusions they needed.” But in order to do so, Lohmann writes, the report “had to abandon normal standards of technical rigour”.

“Thousands of relevant peer-reviewed references were missing – on deforestation, the history of forestry development projects, peasant resistance, forest commons regimes, investor behaviour, and so on.”

The IPCC's authors assume that the carbon temporarily stored in trees and soil is identical to the carbon buried underground in fossil fuels. But in terms of the impact on climate, the two are completely different. The carbon in fossil fuels remains safely stored below ground and only interacts with the atmosphere when it is extracted and burned.

Carbon stored in trees and soils is only temporarily stored and is released to the atmosphere when trees die, or when the forest is logged, or cleared to make way for oil palm plantations, or when the forest burns (which we are seeing more and more frequently as the climate crisis intensifies).

In a recent paper published in the journal 'Social Anthropology', (16) Lohmann describes how UN climate scientists behave as if fossil fuels and extractivism are simply not relevant to climate science:

“In 2014, Sir John Houghton, founding member of the Intergovernmental Panel on Climate Change,

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gave an interview explaining that UN climatologists were not permitted to mention the carbon locked up in fossil fuels in their analysis of climate change, but only carbon that had become more mobile in the form of CO<sub>2</sub>. To follow what happens when carbon atoms cross one of the internal borders of the earth's geophysical system into the atmosphere is 'science', Houghton said. But to analyse their movements toward that border 'is not a science question'."

And **while the UNFCCC has repeatedly discussed market mechanisms, the issue of leaving fossil fuels in the grounds remains firmly off the agenda.** The words 'fossil fuels' do not appear anywhere in the Paris Agreement. (17)

## **Big Polluters and carbon offsets**

Big Polluters did not invent carbon trading. But they have supported and promoted carbon trading, and Big Polluters are major buyers of [carbon offsets](#). **In recent years Big Polluters' buying of carbon offsets has gone from a steady trickle to a flood.**

The world's first [offset](#) project was an agroforestry project in Guatemala. (18) The funding came from Applied Energy Services (AES), a US-based power company, to the tune of US2 million dollars. Starting in the late-1980s, AES funded tree planting in a project run by CARE in Guatemala to offset emissions from a new 181 MW coal-fired power plant that AES was building in Connecticut.

The project in Guatemala was a dismal failure. (19) Hannah Wittman a Professor at the department of Sociology and Anthropology at Simon Fraser University in British Columbia has studied the impacts of the tree planting project on farmers' livelihoods. Wittman found frequent land use conflicts. When farmers started planting trees, less land was available for growing food, resulting in food shortages in the area.

Activities such as gathering fuelwood for cooking became criminalised, resulting in conflicts over rights to the trees. Ten years after the project started, an evaluation by Winrock International found that the tree planting project was falling far below what was needed for AES's [offset](#) target. Farmers did not receive direct payments for planting trees, and many were not aware that the trees were storing carbon to offset AES's coal-fired power plant.

But Big Polluters have not just funded [offsetting](#) projects to greenwash their destructive operations.

In 1999, 11 men and one woman held a meeting in Shell's headquarters. It was the first meeting of the International Emissions Trading Association. IETA, founded by Big Polluters, has lobbied for carbon market trading schemes ever since. IETA has placed its affiliates on country delegations at the UN climate negotiations.

Image

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*Illustration: Ethan Cornell / Clara.earth*

The UN Conference on Trade and Development (UNCTAD) was also involved in setting up IETA. From 1990 to 1999, Frank Joshua was head of the UN's International Expert Group on Emissions trading. After helping create IETA, he became its first Executive Director.

IETA is one of the most prominent and influential trade associations at the UNFCCC. IETA's members include banks, carbon traders, consulting firms, project developers, oil companies (including BP, Chevron, Eni, Equinor, Shell, and Total), mining companies, and carbon standards and registries. IETA exists, "to ensure that climate change policies don't negatively impact the profits of Big Polluters," as a 2018 report by Corporate Accountability points out. (20)

**Obviously, it's no surprise that Big Polluters are lobbying for dangerous distractions like carbon trading. But they are doing so with the support of several so-called environmental organisations.**

To give just one example, in 2019, IETA launched its Markets for Natural Climate Solutions during the UN climate negotiations in Madrid. (21) The founding members are four oil and gas companies (Shell, Chevron, BP, and Woodside Energy); a mining company (BHP); and a US-based tree planting organisation (the Arbor Day Foundation).

IETA's Advisory Panel included representatives from Conservation International, Environmental Defense Fund, Earth Innovation Institute, and The Nature Conservancy.

## **Enter Norway's Big Polluters and REDD+**

Support for carbon trading from NGOs has also come in a less direct form.

On 27 September 2007, two men called Lars set a letter to Jens Stoltenberg, then-prime minister of Norway. "Not too late: Save the rainforest – save the climate!" was the headline.

The letter came from Lars Løvold, then-director of Rainforest Foundation Norway, and Lars Haltbrekken, then-chairman of the Norwegian Society for the Conservation of Nature (Friends of the Earth Norway).

Lars and Lars asked Stoltenberg to spend US1 billion dollars each year for five years to protect the rainforests as a way of addressing climate change. They argued that the money should not be used to create a [carbon offsetting](#) mechanism, but should be in addition to reducing emissions.

But then they invited Márcio Santilli from the Brazilian organisation Instituto Socioambiental to meet Norwegian politicians and promote their idea. That was a strange choice. In 2005, Santilli had written in favour of "international carbon emissions trading for the protection of tropical forests". (22)

On 10 December 2007, the government of Norway announced that the country was "prepared to increase its support to prevent deforestation in developing countries to about three billion kroner [about US550 million dollars] a year".

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Prime Minister Jens Stoltenberg presented Norway's strategy to prevent deforestation at a meeting in Oslo, together with the Minister of the Environment, Erik Solheim, and the Minister of Petroleum and Energy, Åslaug Haga. The oil industry was behind Norway's support for REDD from the beginning. (23)

The Norwegian government owns two-thirds of the shares in Norway's oil giant, Equinor. Until July 2021, the shares were managed by the Ministry of Petroleum and Energy – they have now been transferred to the Ministry of Trade and Industry. (24)

Over the past 30 years, Equinor has drilled more than 100 wells north of the Arctic Circle. The company has no plans to stop. "Oil and gas production in northern areas," the company states on its website, "will be an important contributor to securing supply for the growing global energy demand." (25)

**From the beginning then, Norway's oil industry was involved in Norway's plans to save the rainforests. This is the dirty underbelly of REDD – using the rainforests to greenwash continued drilling and continued pollution.**

On 13 December 2007, Stoltenberg was in Bali for the UN climate negotiations (COP 13). In his speech to the climate conference Stoltenberg told us that stopping deforestation would be quick and cheap (26):

"Through effective measures against deforestation we can achieve large cuts in greenhouse gas emissions – quickly and at low cost. The technology is well known and has been available for thousands of years. Everybody knows how not to cut down a tree."

Stoltenberg left no doubt that he was proposing a carbon trading mechanism to save the rainforests:

"In order to mobilise the resources necessary, we need to put a price on carbon. Then we create incentives to behave climate friendly. Then we make polluters pay for their emissions. Therefore we have to create a global system of carbon trading and CO2 taxes."

The World Bank also launched its Forest Carbon Partnership Facility at COP 13 in Bali. Benoît Bosquet, a senior natural resources management specialist at the World Bank led the development of the FCPF and was the coordinator of the FCPF from 2008 to 2014. "The facility's ultimate goal is to jump-start a forest carbon market that tips the economic balance in favour of conserving forests," Bosquet said in a World Bank statement about the launch of the FCPF in Bali. (27)

BP Technology Ventures Inc. stepped up with US\$5 million dollars funding for the FCPF, as did The Nature Conservancy. Over the years, most of the FCPF's funding came from the governments of Norway, Germany, and the UK.

Despite raising more than US\$1 billion dollars, **the FCPF has "proven to be a staggeringly ineffective way to reduce deforestation, with astronomical administrative costs and nothing to show in the way of prevented deforestation"**, as a 2017 anonymous commentary on the website REDD-Monitor noted. (28)

## **Legitimising offsets**

Recently there is a lot of discussion about 'getting REDD right'. For example, the Finnish offsetting

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company, Compensate, argues that 91% of the projects it has looked at failed its evaluation process. (29) A start-up called Sylvera says that almost half of REDD projects that it's looked at "fall short". (30) And news portal Bloomberg Green has [reported](#) on how The Nature Conservancy's forest [offset](#) projects in the US were actually not threatened with deforestation. The Nature Conservancy has become "a dealer of meaningless carbon offsets", Bloomberg Green wrote.

But these arguments are legitimising [carbon offsetting](#) because they give the impression that the remaining 9%, or 50% are somehow 'genuine offsets'. Bloomberg Green argues that "Scientifically, they [carbon offsets] make sense." The implication is that offsetting just needs more (or better) regulation.

The reality is that no amount of regulation can get around the fact that it is not just some [offsets](#) (the bad ones, the meaningless ones) that are delaying climate action. **The problem is the very concept of offsetting which has for decades successfully delayed meaningful action on the climate crisis. Oil companies are even buying carbon offsets in order to create "carbon neutral" fossil fuels. Which is clearly nonsense.**

Offsets, REDD, and Natural Climate Solutions provide the perfect tool for Big Polluters giving the impression of taking climate action, while allowing their destructive extractivism to continue.

**Chris Lang**

[REDD-Monitor.org](#)

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