

The Importance of Forest Carbon Credits

- Climate stabilization cannot be achieved this century without forests.¹
- Tropical deforestation is the second largest source of greenhouse emissions.²
- Forestry has the greatest potential to reduce the concentration of atmospheric carbon dioxide over the next 25 years.³
- Forestry in developing countries delivers the largest mitigation potential of CO₂ at the lowest cost.⁴
- Forest carbon credits are the only meaningful incentive for developing countries to participate in international efforts to deal with climate change.⁵
- Forest carbon credits are the only means by which the rural poor of the developing world can adapt to climate change.⁶
- The poorest fifth of mankind is dependent on forests for its livelihood.⁷
- Forests provide food and fuel, purify fresh water, reduce erosion and control desertification.⁸
- The degradation of forested areas causes migration and communal conflict.⁹
- Half of the world's species live in tropical forests.¹⁰
- Illegal logging is stimulated by the absence of alternative value and a global shortage of sustainably managed timber.¹¹
- Over 50% of harvested wood is burned for fuel.¹²

Kyoto and the EU Discriminate Against Forest Carbon Credits

- The Kyoto Protocol's Clean Development Mechanism and the European Union Emissions Trading Systems do not recognise carbon credits from avoided deforestation, forest regeneration, revegetation and sustainable forestry management.¹³
- The European Union ETS bans reforestation and afforestation carbon credits from the developing world.¹⁴
- The rules of the Clean Development Mechanism of the Kyoto Protocol effectively prevent commercial investment in reforestation and afforestation in the developing world.¹⁵
- The Kyoto Protocol and the EU ETS act as non-tariff barriers against farmers of the developing world excluding them from the carbon market.¹⁶
- The Kyoto Protocol and the EU ETS create a perverse incentive encouraging continued tropical deforestation.¹⁷

What Needs to be Done

- The EU ETS ban on forestry credits from the developing world must be repealed.¹⁸
- The EU ETS and the Kyoto Protocol must recognise credits from avoided deforestation, forest regeneration, soil sequestration, re-vegetation and sustainable forestry management.
- The rules of the Clean Development Mechanism must be reformed to encourage afforestation and reforestation.¹⁹
- The voluntary market must be allowed to continue to offer verified forest carbon credits of all categories.²⁰
- New market regulations must permit forestry credits of all categories particularly credits from tropical forestry in the developing world.²¹

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- ¹ Stern, Nicholas, 2006, "Stern Review: The Economics of Climate Change", November 2006
- ² Stern, Nicholas, 2006, "Stern Review: The Economics of Climate Change", November 2006
Watson, Robert et al. eds." Land Use, Land-Use Change, and Forestry. A Special Report of the IPCC", Cambridge University Press 2000.
- ³ Vattenfall, 2007, Global Mapping of Greenhouse Gas Abatement Opportunities up to 2030
<http://www.vattenfall.com>
- ⁴ Davidson, Ogunlade, et. el. eds., *Climate Change 2001: Mitigation*, Cambridge University Press 2001, and Vattenfall, 2007, Global Mapping of Greenhouse Gas Abatement Opportunities up to 2030
<http://www.vattenfall.com>
- ⁵ Stiglitz, Joseph, "Cleaning Up Economic Growth," Project Syndicate, 2005 and Maathai, Wangari, "Climate Change a Pressing Issue for Africa," 13 November 2006.
- ⁶ Maathai, Wangari, "Climate Change a Pressing Issue for Africa," 13 November 2006.
- ⁷ <http://www.nature.org/rainforests/explore/facts.html>
- ⁸ Swingland, I, ed., Capturing Carbon and Conserving Biodiversity: The Market Approach, The Royal Society, 2002
- ⁹ Watson, Robert T., et. al. eds., "The Regional Impacts of Climate Change; An Assessment of Vulnerability," Cambridge University Press 1998 and Schwartz, Peter and Doug Randall, "An Abrupt Climate Change Scenario and Its Implications for United States National Security," October 2003
- ¹⁰ Myers, N, 1988. Tropical forests and their species. In *Biodiversity*, E.O.Wilson ed. Washington DC: National Academy Press
- ¹¹ See: . "State of the World's Forests 2005" and "Global Forest Resource Assessment 2005", FAO 2006
- ¹² Primarily as charcoal in Africa. See: UN FAO, State of the World's Forests 2003, Rome 2003
- ¹³ See COP 7, Marrakech Accords which restricts carbon credits in the CDM to afforestation and reforestation
- ¹⁴ Directive 2004/101/EC of the European Parliament and of the Council of 27 October 2004, Article 11a
- ¹⁵ To date not a single wholly commercial CDM forestry project has been approved and those projects backed by multi-lateral institutions that have been approved represent less than 1% of all CDM carbon credits http://cdm.unfccc.int/methodologies/ARmethodologies/approved_ar.html
- ¹⁶ Bettelheim, Eric, "The Case for Forestry Sequestration," Environmental Finance magazine, December 2005 – January 2006
- ¹⁷ CDM regulations are in important respects in direct conflict with the provisions of the UNFCCC as are several interpretations issued by the CDM Executive Board. See Bettelheim and d'Origney: "The Kyoto Protocol-A Legal Analysis" in Carbon, Biodiversity, Conservation and Income: An Analysis of a Free Market Approach to Land Use Change and Forestry in Developing and Developed Countries; Royal Society Transactions, July 2002. Also see Baker & McKenzie, "Key Decisions from COP12," December 2006
- ¹⁸ Draft amendment to the Linking Directive written by Climate Focus
- ¹⁹ Specific changes which are needed: repeal 1990 deforestation rule and 1% limitation; permannace dealt with on basis of insurance and buffers replacing temporary crediting; additionality methodology to ignore investment criteria and environmental legislation.
- ²⁰ DEFRA consultation preferred option <http://www.defra.gov.uk/corporate/consult/carbonoffsetting-cop/index.htm>; CCBA Standards <http://www.climate-standards.org/>;
- ²¹ Stern, Nicholas, 2006, "Stern Review: The Economics of Climate Change", November 2006 and see Chicago Climate Exchange - <http://www.chicagoclimatex.com/>