



CARBON MARKETS AND OFFSETS

Article 6 of the Paris Agreement contains the various forms of carbon trading. Article 6.2 will link emissions trading systems (ETS) and other trading platforms to be used for Parties for trading credits for their nationally determined contributions (NDCs). Article 6.4 will take the place of the clean development mechanism (CDM) of the Kyoto Protocol and intends for countries to buy, sell and trade carbon offsets on an international platform. Article 6.8 is the so-called non-market based section but includes nature-based solutions (NBS) and will likely include false solutions like environmental services that already exist. At COP 27, the SB had put forward recommendations to include nature-based and engineering-based CDR removals. The Supervisory Body (SB) of the 6.4 mechanism have been tasked to develop recommendations and rules to govern carbon markets. The SB is a group of “experts” serving in their individual capacity (though many of them are the current or past market negotiators for their countries or country groups),

RELEVANCE FOR BONN/ COP28: the 5th meeting will conclude in May 2023, with the 6th, 7th and 8th meeting continuing till COP28. The Supervisory Body will meet to continue discussing recommendations for how to assess potential activities including activities involving removals.

HERE ARE SOME THINGS YOU MIGHT HEAR THAT ARE FALSE:

- Carbon dioxide removals (CDR) are the only way to achieve 1.5 degree C by balancing emissions. We must pull CO2 out of the air or capture at source..We need a carbon market to drive climate action and R&D.
- Carbon markets/pricing/instruments/ETS/cap and trade/offsets can be set up so that we are accounting for all of the emissions and then calculate the emissions down in trading platforms.
- Safeguards will protect Indigenous Peoples from the harms of the carbon markets. Article 6.2 and 6.4 can be contained separately and still account for emissions. Article 6.4 must include the private sector in order to ensure a robust market.

HERE'S HOW TO RESPOND:

1. Carbon Markets allow CDR technologies to bypass external regulations related to rights, safety and biodiversity. They provide an easy excuse for the fossil fuel industry, high-polluting businesses and governments to continue as normal. Carbon market advocates (economics minded) and engineers (with huge gaps and limitations in their claims) steer the climate ambition conversation.
2. After almost 20 years of carbon trading, it is clear that market-based mechanisms do not work. Rather, this fundamentally flawed approach incentivizes the private sector to profit from non-transparent systems. Carbon markets/pricing systems should be eliminated and a plan to phase out fossil fuels should be foregrounded before it is too late.
3. Safeguards have not protected Indigenous Peoples from the predatory and land-grabbing practices of the carbon brokers, conservation NGOs, carbon market managers, banks and states - forming what is being termed as carbon colonialism. Indigenous Peoples have inherent sovereignty and jurisprudence over their territories.
4. The private sector administrates the voluntary markets and have made billions of dollars on a fake commodity that ends up void or with harms. Including the private sector carbon mafia into any UN system undermines any action on climate change. New start ups enter the conversations as demonstrated experts rather than as opportunists with a unproven tech.
5. Carbon Markets promote the idea that carbon removed can be accurately monitored and verified, or that they are permanent, or that the emissions produced and resourced used in the whole lifecycle of a removal project is very little and allowable within our carbon budget.

Important Links

- Meetings of the Article 6.4 Supervisory Body. [Link here](#)
- NO to legitimizing geoengineering and land-based offsets by HOME Alliance, 2022. [Link here](#)
- Carbon Pricing Volume 1. [Link here](#). See: www.ienearth.org
- <https://www.foei.org/publication/chasing-unicorns-carbon-markets-net-zero/>