

The Inadequacy of Carbon Trading in the Struggle against Climate Change

1. CT = source of windfall profits

- **Ph1: overallocation** => Steel: 480M €; RWE: 1,8 B €, Esso 10 M£ ; BP 17,9M£ ; Shell 20,7 M£
- No substantial investment in low carbon technologies or **research**
- Windfall profits **reinforce the sectors** which try to **slow/delay the climate policy**
- **Auction Ph3 not an end to windfall profit:** banking + free alloc (new sectors) + credits = abundance of quotas => **speculation** on the raise of prices

2. Source of social inequality

- **Ex: ArcelorMittal** blast furnace in Wallonia: closed in 2005, starts again in 2008 => new entrants reserve **insufficient** for planned investments in other sectors
- **Threat** on jobs, wages, work conditions
- **Risk:** to see the labor/the poor opposing the climate policy in name of social justice
- If CI mitigation = more unemployment/competition among workers, **social unrest will thwart CI mitigation**

3. Source of North-South inequality

- Investments out EU => C credits. Linking
- Ceiling Ph 2: 280Mt credits/yr (> 130Mt emission reduction/yr)
- Banking credits Ph2 => Ph3
- If no international treaty: Ph2 credits = 33% Ph3 reduction effort
- In case of int. treaty: 30% emission reduction instead of 20%... but C credits = 50% of the additional reduction

=> the Stern scenario

- No ceiling to CDM projects
- Extension of projects **eligibility** to forest conservation (Bali), nuclear plants, etc.
- **CDM Volume x 40**
- **50%** of the global reduction effort in the **South**
- **90%** < investments from the **North**
- (Fraud, corruption, low hanging fruits effect...)
- Question: 'Common but differentiated responsibility', 'Domestic effort', 'Complement'?

4. Source of unprecedented appropriation of life

- Allocation of Em rights = allocation of property rights **on the carbon cycle**
- Semi-permanent rights. Nevertheless **ethical problem**: C = basis of life, life regulates C cycle => to control C cycle = **to control life itself**
- **Unfair distribution**: North, big business.

5. Unappropriate to the objectives

- CC: quantitative AND qualitative objectives to reach globally within a short timespan
- Quantitative: IPCC recommendations.
Qualitative: Efficiency/Solar revolution
- Transitional measures should be coherent with long term objectives: global approach + qualitative breaks with existing prod. apparatus
- PROBLEM: quality nor globality are taken into account by cost as a purely quantitative indicator (1tC=1tC). No qualitative break in a competition context dominated by present C-intensive productive apparatus

Examples

- **Stern: phasing** of measures in f(costs) => 1°) forest conservation, 2°) tree plantation, 3°) biofuels, ...
- => Cost eff. can be contradictory with a global approach: **biofuels vs. feeding**
- => Cost eff. can be contradictory with the qualitative approach: **centralised solar/nuclear plants contradictory with need of decentralised power and heat production**

Conclusions

- ETS = source of **windfall profits for sectors which try to delay the climate policy**
- ETS = source of **social inequality** that could thwart the climate mitigation policy
- Cause for **more North-South inequality** 'common but differentiated responsibility' at risk of becoming an empty concept
- Unfair distribution of property rights on C-cycle = **unprecedented appropriation of life**
- **Method inadequate to objective** because does not take into account **quality/ globality/ breaks**

Need for an other approach

- IPCC recommendations **will not be fulfilled in time** through Emission trading pathway/ market mechanisms
- **Stronger policy necessary + non-tradable quotas + breaks in productive apparatus / transportation systems**
- **Climate justice/social justice**: condition of success for this stronger policy
- Global **redistribution** of wealth + **plan**

Thank you for your attention

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