Forum: COP-28

Issue: Should carbon offsets be used as a tool to achieve net-zero emissions, or should polluters be able to continue business as usual?

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Introduction:

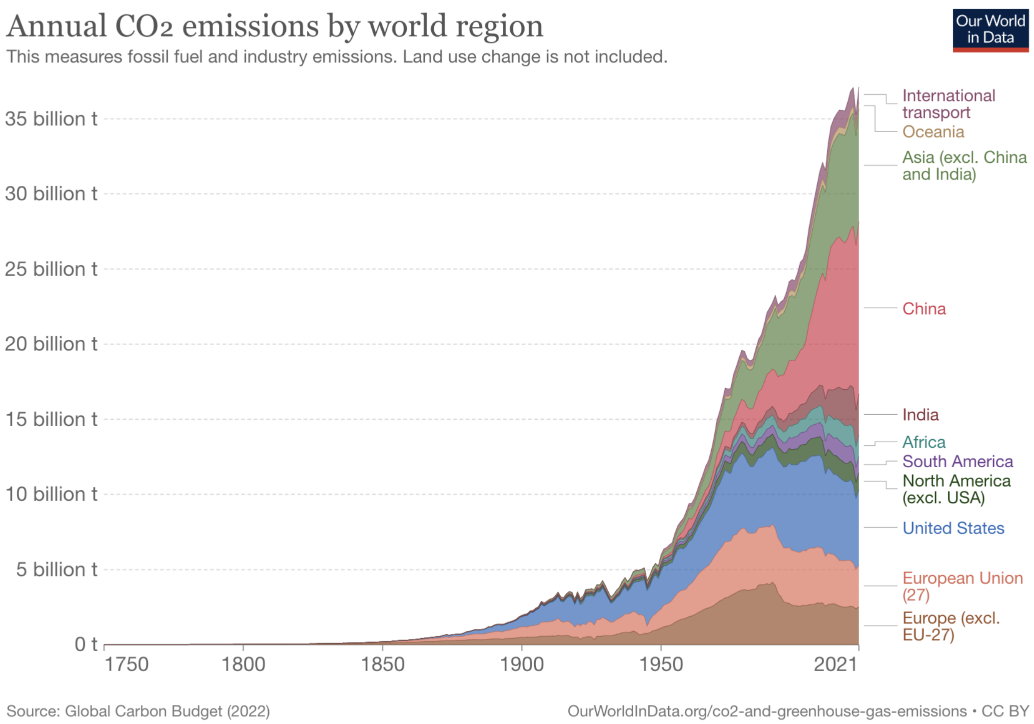

Diagram 1. Graph showing the increase in carbon dioxide emissions over the years. It also shows the largest country contributors to the volume of emissions.

In 2022, over 36.8 billion tonnes of energy-related carbon dioxide was emitted. A 0.9% increase from the year before, signalling unsustainable levels of consumption worldwide (rose). This is seen in Diagram 1 which shows a general rise in emissions globally since 1750. The effects of which can be detrimental to people and whole ecosystems, with rising temperatures being associated with drought, landslides, rising sea levels, wildfires and much more ("Consequences of Climate Change"). To combat this, countless solutions have been proposed since the early stages of climate change. Solutions such as the idea of carbon offsetting.

Definition of Key Terms:

1. **Carbon Offset :** Carbon offsets, provide a way for carbon producers to compensate for their carbon production elsewhere by offering investments into environmental initiatives worldwide in order to offset their carbon foot prints (Clark).

2. **Carbon Credits:** Carbon credits are tradable certificates that provide the holder with the authorization to emit a specific amount of carbon dioxide, where, generally, each carbon credit corresponds to one metric ton of carbon dioxide. ("Carbon Credit - Definition"). The money used to purchase carbon credits goes towards the eco-friendly projects offered by the specific credit provider.

3. **Carbon Credit Market:** Carbon credit markets function as exchange systems where carbon credits are bought and sold should the carbon credit holders exceed the limits of their carbon emissions as per the carbon credits they own ("What Are Carbon Markets and Why Are They Important? | UNDP Climate Promise"). As such, carbon markets incentivise firms and other carbon producers to reduce emissions.

4. **Voluntary Carbon Offsets:** Voluntary carbon offsetting compensates for an individual or company's carbon footprint by supporting projects that cut greenhouse gas emissions voluntarily. This is done through purchasing carbon credits, or directly supporting greenhouse gas reduction projects ("What Are Voluntary Carbon Offsets and Why Should Everyone Participate?").

5. **Compliance Carbon Offsets:** Carbon-intensive industries are required to offset their emissions or pay a charge under mandatory carbon offsetting policies. It is enforced by governments, making it legally binding. This technique assists governments in accomplishing large-scale sectoral carbon reduction objectives ("What Are Voluntary Carbon Offsets and Why Should Everyone Participate?").

Background Information

The first instance of offsets

In 1989, an American electric power company by the name of Applied Energy Services, begun to fund a Guatemalan agriforest in order to offset or compensate their own carbon emissions (Smoot). This would become the first noted carbon offset, and it would inspire the United Nations to try apply carbon offsetting as a reliable method of cutting carbon emissions.

The Kyoto Protocol

The Kyoto Protocol was a treaty under the United Nations Framework Convention on Climate Change (UNFCCC) ratified in 1997 by 119 countries and was put into affect in 2005. The Kyoto treaty placed the responsibility of cutting down carbon emissions on more economically developed countries (MEDCs), and introduced the concept of carbon credits on a global scale. Three market-based mechanisms were implemented to support the goal of over 37 countries reducing their carbon emissions by an average of 5%. The mechanisms were emissions trading, the clean development mechanism and the joint-implementation mechanism. The emissions trading dictated that countries who exceeded their carbon emission limits would be able to buy credits from countries who had cut down their own (Nations). However, only one year after the first commitment period ended, worldwide emissions had climbed by 44% compared to 1997 levels, owed mostly to higher emissions in developing nations who had not previously been held responsible. Furthermore, the Kyoto Protocol failed to create a link between emission reductions and economic prospects, leading some countries to regard mitigation as a costly burden. This is part of the reason why the US Senate rejected to ratify the Kyoto Protocol, which created a precedent for other nations such as Canada and Japan to withdraw from the pact without penalty in 2011. This prompted doubts about the agreement's efficacy(Bassetti). The Kyoto treaty would later be replaced by the Paris Treaty in 2016 which had countries like India, China and the United States of America sign as well as placing responsibility on LEDCs as well (Nations). Holding LEDCs to the same level of responsibility as MEDCs was the main difference between the Kyoto protocol and the Paris Treaty. The 2016 treaty made MEDCs more willing to reduce their emissions as their less developed counterparts would be held to the same standards. The new treaty also seeked to establish more transparency globally as countries would be required by 2024 to divulge all information regarding their efforts to mitigate ad control greenhouse gas emissions.

Other carbon offset projects

In 2005, The European Union Emissions Trading Scheme (EU ETS) became the world's first and biggest carbon market to date. The system, as most others involving credits, has a limit on emissions that decreases over time and allows for the buy and sell of the credits. Currently the system covers (offsets) around 40% of the European Unions (EU) greenhouse gas emissions.

Current Situation

Verra

In recent years, the effectiveness of carbon offsetting has become a highly discussed topic since an investigation stated that a major carbon standard had allegedly not accounted for all carbon credits. The carbon standard 'Verra' established in 2007 came under fire in January of 2023 when an article claimed that while 94.9 million carbon credits were claimed, only 5.5 million credits worth of emissions had been reduced. This was specifically targeted towards a deforestation preventing project, which is a difficult thing to measure the impacts of accurately. However it raised the question of how much can carbon offsetting be trusted in holding large corporations accountable? Especially since Verra is known to have claimed credits from companies like Disney, Gucci, Shell and more. It should be clarified that Verra is a certifier of carbon offsetting projects such as the reforestation projects through their own set of standards. The non-profit denied these claims, however many became more uncertain about the credibility of the certifier after it was stated that some of the projects under the organisation were in violation of human rights (Greenfield).

South Pole

The scepticism restarted in March of 2023 when another previously trusted source of carbon offset from forest-protection projects was alleged to have exaggerated the climate claims. The Swiss carbon finance consultancy company was called out for stating that it's largest forest-protection project claimed 30 times the carbon credits it actually accounted for. Investigation found that the company had been selling credits for trees that were not actually in need of protection and did not maintain their promise of additional carbon savings. One of the points of concern came when South Pole stated that the project was aligned with the rules set by Verra, causing firms who had been working with South Pole to pull out their carbon credits until further investigation took place (Petya Trendafilova). Thus setting up the question- "Are companies still getting away with emitting more than they are allowed?"

The Severity of the Situation

In July of 2023, the United Nations Secretary General António Gutteres declared that the world had now passed global warming into a state of global boiling. The planet is in desperate need of solutions to the fast rising temperatures that causing a variety of natural disasters. The Current state of global warming is extremely worrying, with increasing temperatures, melting ice caps, and a rise in extreme weather conditions. Recent studies, such as the IpCC's 2021 assessment, demonstrates the need for action to cut greenhouse gas emissions. Carbon offsetting appears to be a dependable approach to the issue at hand. By using measures such as reforestation and renewable energy investments, offset may compensate for emissions while also promoting sustainable development. As governments strive to meet their carbon-cutting targets, including climate change offsetting into the comprehensive climate action plans biomes increasingly crucial for a sustainable future.

Major Parties Involved and Their Views

The United Nations Framework Convention On Climate Change

The United Nations Framework Convention on Climate Change is the entity within the United Nations tasked with ensuring that the climate crisis is under control. The entity holds the conference of the parties annually at which ideas are shared and consensus are made towards achieving the goal of reducing carbon emissions. These conferences are what enabled the Kyoto Protocol and the Paris treaty to establish themselves globally.

India

India carries a big duty in carbon offsetting and decreasing the production of carbon as one of the world's largest greenhouse gas polluters. India's actions are critical in global attempts to prevent climate change due to its large population and increasing economy. To meet its emission reduction objectives and contribute to a sustainable and low-carbon future, the government must emphasise the implementation of renewable energy sources, improving energy efficiency, and encouraging sustainable habits.

China

China emits 27% of the global carbon dioxide emissions (World Bank Group) thus leaving it with a large responsibility to ensure that they hold major polluters accountable in order to meet international goals. Currently the country has a national emissions trading scheme (ETS) holding more than 2000 big emitters to standards that could mean that the country's total emissions are cut down by 40% (Huang Lushan).

The European Union

The European Union has the largest carbon credit market in the world which offsets a large portion (around 40%) of their carbon emissions. Considering that the EUs total carbon emissions have fallen by 37% since the implementation of the EU ETS in 2005 ("Total Greenhouse Gas Emission Trends and Projections in Europe (8th EAP)"), the systems success may become an example of the better possible outcomes when carbon credits are involved.

Denmark

The country accounts for 1.6% of the net greenhouse gas emissions in the European Union. At the same time, Denmark has the 55th highest GDP as well as the 11th highest GDP per capita in the world. This can be attributed to its relatively smaller population of 5.9 million however, the country also heavily invests in sustainable energy with 50% of the electricity being supplied by wind and solar power. It also follows the The European Union Emissions Trading Scheme (EU ETS) along with their own carbon tax of 24 euros per ton of carbon dioxide. With this, it's estimated that 39% of Denmark's carbon emissions from energy use were priced at 60 Euros per ton of carbon dioxide, higher than many other countries. The nation is also planning on increasing the tax from 24 Euros to 100 Euros by 2025.

UN Involvement, Relevant Resolutions, Treaties and Events

The United Nations is very involved with the idea of carbon credits. The organisation even has its own carbon offset platform where individuals may offset their own carbon emissions through the purchase of certified emission reductions (CERs). On the international scale, the UN entity UNFCCC holds conferences each year in order to push for more positive change regarding the climate crisis. It is at these conferences where major treaties such as the Kyoto Protocol (COP 3) and the Paris Treaty (COP21) can be implemented. These large scale agreements allow for more interesting and feasible methods for the implementing of carbon credits internationally. COP events allow for countries to come together in one place in order to find solutions specifically regarding to climate change under the United Nations Framework Convention on Climate Change. Since the conference is directly under a subset of the UN that tackles climate change specifically, the discussion often provides more insight into the possible affects of carbon credits and other measures of climate change. However, there are some limitations to these conventions as it may fail to consider other economic and social factors of these decisions in a way that is as effective as if the discussions took place under ECOSOC.

- Kyoto Protocol, 11 December 1997
- The Paris Agreement, 22 April 2016

Possible Solutions

When writing resolutions, delegates should approach the topic with an understanding of how big of a role the voluntary carbon market plays in this discussion. The voluntary carbon market is limited by a lack of standardisation which should be recognised by the house as a whole. Countries that have more ambitious goals related to the reduction of their carbon emissions should look into understanding how to count and give carbon credits on a large scale. These can include countries like Denmark, Sweden, Chile and New Zealand. All of whom not only have strict laws regarding carbon emissions but also have growing carbon credit markets. This makes it highly important that the countries in question maintain strict rules and regulations regarding the carbon credits systems. Some solutions that can aid in achieving this include:

- Tracking and reporting sellers of carbon credits.

The tracking and reporting of the projects carbon credits are used for could make firms and individuals more willing to used the carbon credit system and allow for the industry to be more transparent as a whole.

- Incentives

Providing incentives to companies as governments such as tax incentives or subsidies could make more businesses willing to consider using carbon credits to offset their carbon emissions.

- Government regulations

Providing high quality eco-friendly projects that can be trusted by all will give more reason for firms to invest. The credibility of having government run projects may ease companies of any worries regarding their brand image considering the recent scandals surrounding carbon credits.

Bibliography

Useful Links

EU: carbon dioxide emissions 1965-2022 | Statista.

- Statistics on the carbon emissions in the EU. These can be helpful when deciding the correlation between carbon credit markets and total carbon emissions.

The History of Carbon Offsetting: The Big Picture | Impactful Ninja

- Very useful for a history of carbon offsetting and the further defining of key terms.

What are carbon markets and why are they important? | Climate Promise.

- Gives a clear understanding of carbon markets and carbon credits as a whole.

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