

July 26th, 2010

To: **California Air Resources Board (CARB)**

Re: **Comments for the Supplement to the AB 32 Scoping Plan Functional Equivalent Document**

Dear CARB,

Thank you kindly for the opportunity to present comments during this review period.

California is the largest polluting state in the largest polluting country. This fact alone should be the premise to why we should not *trade* pollution permits. As you've noted in the Scoping Plan, California's population is growing at a rate of 1.2% each year and we need to anticipate the pressure the population will have on resources and the rise of GHG emissions. There is no confidence that this will be addressed through a carbon trade market, as has been seen through the failures of carbon trade programs worldwide. This is bad for the environment, for the economy, and most importantly, for the residents of this state and the international communities that could be involved in international offsets.

Verification and monitoring requirements are a cause for concern, as CARB has not presented a full and cohesive analysis that determines that loopholes and leakages will be avoided at all costs. As was evident in the stakeholder meeting on the 15th on July, there is a lack of confidence that is necessary to ensure that offset credits are real at the domestic level. For example, there is no confidence that forest biomass combustion is carbon neutral. A much more rigorous verification system would ensure that greenhouse gas reductions are real and enforceable, and a risk assessment strategy prior to the implementation of these programs could deduce possible obstacles, such as complications with buyer and seller liability.

A successful carbon trade program is not as cheap as CARB makes it sound. In fact, the costs are *overwhelmingly* higher than direct regulation would be. These range in costs to the investor (liability), costs to the state of California (verification/monitoring), costs to low income communities in CA (no GHG reductions at home), costs for the green energy sector in CA (lack of green job growth at home), and costs for forest communities internationally (social, environmental, and political costs).

My work with the International Forum on Globalization has me particularly concerned with international forest offsets. REDD programs come with a variety of concerns. California has signed a Memorandum of Understanding with the states of Chiapas and Acre, both volatile regions that have been recently plagued with violence. Chiapas is a region where land access and tenure is still a question, and the president of Mexico recently had to cancel a visit to the region due to Zapatista threat¹. In the Brazilian Amazon, over 1,150 rural activists have been killed over land and logging conflicts in the past two decades.² These are regions lacking proper forest management and good governance. How would an offset program with these regions be a solution to these problems? REDD projects promise to alleviate some of these concerns, and sometimes far more. During project review periods, we need the right regulatory tools to ensure that real GHG reductions will be real and that participating parties will co-benefit from this agreement.

This is why I urge you to recognize the United Nations Declaration on the Rights of Indigenous Peoples³. When working with international forests, you are also becoming involved with forest peoples, and these peoples have a right to free prior and informed consent. This presents an overwhelming amount of costs with the need to assess that all entities are *well* informed prior to the development of the project, to ensure that you have their consent, in addition to the costs that will arise to ensure that there are real GHG emissions.

¹ La Jornada. 2011. "Por letreros zapatistas se canceló la gira del presidente por Toniná"
<http://www.jornada.unam.mx/2011/07/12/politica/020n1pol>

² The Guardian. 2011. "Peasant activist shot dead in Brazil's Amazon region"
<http://www.guardian.co.uk/world/2011/jun/15/peasant-activist-killed-brazil>

³ United Nations Declaration on the Rights of Indigenous Peoples. <http://www.un.org/esa/socdev/unpfi/en/drip.html>

CARB does not have the capacity to ensure that projects adhere to the UNFCCC decisions made at the UN Climate Change Conference in 2010, specifically Paragraph 69 and 70, which state that efforts to Reduce Emissions from Deforestation and Degradation should comply to safeguards listed in Appendix 1.⁴ And failure to have this capacity once programs are put into place would come with far greater costs: no reductions to deforestation, projects that are not carbon neutral, forced displacement of forest communities, and further conflict in regions that are already plagued with violence. Forests communities around the world are already complaining that these failures are happening. Central Kalimantan is the pilot province under the Indonesia-Norway US\$1 billion REDD deal and indigenous organizations have demanded an “immediate moratorium of all REDD+ processes and investments in Central Kalimantan” because deforestation has not been reduced and the rights of indigenous peoples are not being addressed.⁵ In the Lampung province in Indonesia, farmers claim they are becoming “nothing more than spectators in the program,” and “those who benefit are middlemen and large-scale financiers.”⁶ These are just some of the programs in place. Forests peoples around the world are urging their governments to reconsider offset mechanisms to finance REDD. In the state of Chiapas, there are complaints that the rural poor are being forced off their lands to make way for REDD projects.⁷ CARB, how will you address these problems and make sure that your Cap and Trade program does not fail like the others?

Direct regulations within the state of California do promise one thing: simplicity. You’ve addressed your concerns with leakage and costs. These will be concerns with ANY proposal. A carbon trade market exacerbates these concerns, and in the end, no one is satisfied, there is no clarity on successes if any, and there is no guarantee that your initial problem was addressed.

Let’s fix the problem in ways that are within our reach.

Lilly Alvarez

International Forum on Globalization

⁴ UNFCCC. 2011. “Report of the Conference of the Parties on its sixteenth session, held in Cancun from 29 November to 10 December 2010” <http://unfccc.int/resource/docs/2010/cop16/eng/07a01.pdf#page=2>

⁵ Indigenous Peoples Alliance of the Archipelago. 2011. “Statement Of Concern On Redd+ In Central Kalimantan, Indonesia” <http://www.redd-monitor.org/wordpress/wp-content/uploads/2011/06/AMAN-Kalteng-17-Juni-2011-on-REDD+-EN.pdf>

⁶ The Jakarta Post. 2011. “Community-based program ‘needs to be re-evaluated’” <http://www.thejakartapost.com/news/2011/07/22/community-based-program-%E2%80%98needs-be-re-evaluated%E2%80%99.html>

⁷ Global Justice Ecology Project. 2011. “Action Alert and Video: Amador Hernandez, Chiapas – Starved of Medical Services for REDD +” <http://climate-connections.org/2011/07/26/action-alert-and-video-amador-hernandez-chiapas-%E2%80%93starved-of-medical-services-for-redd/>