August 29, 2019

California Air Resources Board
1001 I Street
Sacramento, CA 95814

Dear CARB Board and staff:

I commend CARB's progress toward reducing the state's greenhouse-gas (GHG) emissions through its regulatory and market-based measures, as well as its longstanding recognition of the damage from tropical deforestation to the earth's climate and biodiversity.

I am writing to recommend that CARB does not endorse the Revised Tropical Forest Standard. CARB's endorsement of this Standard could result in potential harm to the environmental effectiveness—and therefore the economic efficiency—of existing and emerging emissions trading systems (including California's Cap-and-Trade program). CARB's endorsement of this Standard could also result in negative social consequences to people in both the developed and developing world.

The sector-based offset credits proposed in this Standard will very likely not result in real, additional emissions reductions. Effective mitigation responses to limit the magnitude and rate of climate change are dependent on the ultimate stabilization and reduction of global GHG emissions as well as maintaining and increasing biospherical carbon sinks such as forests, which store carbon dioxide, the most important GHG. Carbon offsets do not result in emissions *reductions* but merely the *neutralization* of emissions (if trading between the emissions of one GHG and another). This is because offsets, by definition, allow their buyers to continue to pollute, thus shifting the site of emissions from one place to another.

Offsets that come from the conservation of forests—which temporarily capture and store carbon—are even more environmentally problematic. Such forest carbon offsets facilitate the conversion of passive carbon, previously stored underground in the lithosphere, to carbon actively circulating in the carbon cycle between the atmosphere, hydrosphere and biosphere. Once taken from the ground and burned, coal, oil and gas add to the amount of active carbon cycling between the atmosphere and the oceans, soil, rock and vegetation, the accumulation of which results in the problem of climate change. Thus, forest carbon offsets, when traded with GHG emissions, still increase the overall level of emissions released into the biosphere. No amount of well-intentioned, sophisticated work to establish methodologies for developing reference levels, requirements for crediting periods, third-party verification, or the inclusion of environmental safeguards in a carbon offset standard can engineer out this fundamental trading problem.

To be sure, CARB's acknowledgement that this Standard could be used outside of emissions trading systems via other initiatives such as direct financial investment or payment for performance programs (p. 1) addresses a potential case in which this

Standard could potentially reduce emissions and create additionality, as such programs lack trading components. However, given that the stated purpose of this Standard is "to establish robust criteria against which to assess jurisdictions seeking to link their sector-based crediting programs that reduce emissions from tropical deforestation with an emissions trading system, such as California's Cap-and-Trade Program" (p. 3), this line about direct financial investment or payment for performance programs should not be reason to endorse this Standard. Instead, it provides reason to rethink any engagement by the State of California with the challenge of tropical deforestation and forest degradation via alternative and potentially more direct strategies and measures (though even direct payment for ecosystem services (PES) programs still have the potential to have adverse social consequences—see discussion below).

The offsets proposed in this Standard also come with the risk of exacerbating preexisting social and economic inequalities in communities abroad (not to mention communities alongside oil supply chains and the so-called environmental justice communities in California). A large body of peer-reviewed research has shown that the market structure of REDD often reinforces pre-existing inequalities by favoring land uses based on market value over the social needs of people within communities. This could undermine any implemented social and environmental safeguards and affect local forest users' land rights and access to resources (Osborne and Kiker 2005). Further, many countries have trouble operationalizing REDD+ safeguard strategies (Brockhaus, Wong et al. 2014), and may not have legally binding strategies to ensure that safeguards are stringent enough to protect the rights of indigenous groups (Dunlop and Corbera 2016).

Another factor to consider is whether indigenous and landless people are able to benefit equally (Angelsen, Brockhaus et al. 2012), given some initial evidence on national REDD strategies that show that benefit-sharing may be being done unequally (Larson, Brockhaus et al. 2013). Dunlop and Corbera (2016) write—based on their research of five country cases—that part of this problem is due to a lack of participatory, decision making processes to include vulnerable and marginalized groups among country strategies and that "ambiguous legislation on carbon benefits, coupled with weak institutional capacity and ineffective dispute-resolution mechanisms, may make it difficult for REDD+ stakeholders to participate fully in initiatives and receive a fair distribution of benefits" (p. 44) even when safeguards are in place.

While some proponents of sector-based offsets have argued that California's jurisdictional, sector-based approach to tropical forest carbon is different and therefore not applicable these research findings, the types of PES and REDD+ interventions discussed in this literature are the same types of activities (e.g. regulations restricting land use, payments to farmers and forest dwellers for changing their practices, etc.) inevitable to California's sector-based approach. Thus, CARB should not ignore this large body of knowledge that has already been generated on the social consequences to PES and REDD+ projects.

Since the development of the Kyoto Protocol, policymakers (and climate policy entrepreneurs) have been increasingly willing to push forward any policy that makes it look like something is being done to address climate change, in part because so little progress has been made and the global community has such a limited period of time with

which to put into practice effective emissions reductions strategies to mitigate the worst effects of climate change. In its role as a global climate leader, CARB has the responsibility to model, promote and disseminate effective, efficient and equitable climate mitigation strategies. Endorsing this Revised Tropical Forest Standard would be a risk and liability for CARB, given the Standard's high potential to be environmentally ineffective at reducing actual emissions and the possibility of causing unintended social harm.

Not endorsing this Standard, however, is not a failure. In fact, it is the strongest, bravest leadership move CARB can currently make toward maintaining its climate policy leadership. By not endorsing this standard, CARB can help catalyze existing and emerging climate mitigation policies (including emissions trading systems), toward more direct and effective strategies to reduce GHG emissions, which is exactly the type of climate leadership the world needs.

Sincerely,

Dr. Libby Blanchard
University of Cambridge Conservation Research Institute

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