

April 28, 2014

David Mallory  
Manager, Climate Change Policy Section  
Air Resources Board  
1001 I Street  
Sacramento, CA 95814

**RE: Draft Proposed First Update to the Climate Change Scoping Plan: Building on the Framework**

Dear Mr. Mallory:

On behalf of Food & Water Watch and our almost 100,000 members and supporters in California, I write to express our organization's opposition to the content of the Proposed First Update to the Climate Change Scoping Plan that continues to support offsets, and specifically international forest offsets from programs for the reduction of emissions from deforestation and degradation (REDD+).

Offsets are counterproductive and do not lead to real, additional or permanent emissions reductions. Even worse, offsets generated from REDD+ would further promote an initiative fraught with corruption and synonymous with the financialization of nature.

Addressing climate change requires direct pollution reductions as well as the use of sustainable and renewable energy sources. The use of offsets, and the possible allowance of offsets from REDD+, cannot achieve this and only continues the backwards approach of allowing those who can afford to pay-to-pollute to continue polluting.

Offsets do not offer a reliable solution to emissions reductions, and are in fact a significant liability to meaningful reductions. Most often touted as a way to cut costs, increase market efficiency and provide "businesses the greatest flexibility to reduce emissions at the lowest possible cost," offsets do nothing but cater to polluters. The only priority is, and must be, *permanently reducing emissions* — something that offsets cannot guarantee.

Offsets lack concrete proof of how they will ensure permanent reductions and ultimately make meaningful contributions to mitigating the impacts of climate change. Even the U.S. Government Accountability Office (GAO) points out that, "In theory, offsets allow regulated entities to emit more while maintaining the emissions levels set by a cap and trade program or other program to limit emissions."<sup>1</sup> Trading water is not sustainable, and offsets are just a way to keep afloat.

Already, offsets from the Clean Development Mechanism (CDM) have had extensive issues with corruption, and offsets in general have become increasingly synonymous with fraudulent emissions reductions. Carbon trading as a whole has had so many problems that the International Criminal Police Organization (INTERPOL) came out with a report on carbon trading crime in June 2013. We do not have time to waste on Band-Aid reduction efforts —

atmospheric CO<sub>2</sub> concentrations have already registered above 400 ppm this year.<sup>2</sup> We are already behind and offsets take us further backwards.

The price of offsets does not even reflect their significant costs to the public. By allowing pollution to continue at the source, offsets create hot spots that cause serious public health and environmental costs for nearby communities. California is not new to this problem considering their experience with hot spots in Los Angeles from Rule 1610 in the early 1990's. However, unlike what happened with Rule 1610, the hot spots from offsets would not be limited to just Los Angeles, they would become a statewide problem.

Still worse, the Proposed First Update to the Scoping Plan suggests that offsets should play a *larger* role in the cap-and-trade market in future years as a means of cost containment. This is a substandard approach to emissions reductions, as offsets only serve as a crutch, at best, and increased reliance on them will only further delegitimize any supposed emissions reductions.

The point of reducing emissions is not to cater to polluters, but rather to reduce and deter emissions. In reality, offsets allow businesses a cheap way to pay to continue polluting at the source while an emissions reduction supposedly occurs elsewhere. This does very little to decrease emissions in the present and in future generations. Offsets only maintain the status quo — they change nothing.

REDD+ offsets would be no better, and possibly worse, than other offsets. They lead to the financialization and privatization of forests lands that in many cases are used by indigenous populations. Forests usurped into these programs become off-limits to the public, as well as the indigenous communities that have lived in these forests for decades sustainably managing them without financial incentives.

Generating offsets from REDD+ also exposes vital forest resources to financial markets that have no regard for the intrinsic value of biodiversity, conservation, sustainable management and the necessity for common resources to remain under public control. Some critics even “question the wisdom of entrusting the world’s last tropical forests to the instability of profit-let global commodity and trading markets that have proven to be highly unstable and unpredictable ... and historically suffer from drastic boom and slump cycles.”<sup>3</sup>

REDD+ offsets come with several risks. Often times the developing countries where most REDD+ programs take place do not have access to the necessary resources to implement, monitor and enforce the offsets.<sup>4</sup> Problems of permanence and establishing a baseline are also formidable challenges.<sup>5</sup> In addition, because each country has different legal frameworks, issues arise with verification.<sup>6</sup> The measurement techniques are complex and cost prohibitive, documentation of emissions or avoided emissions can be inadequate and it is difficult to establish whether project developers have legal ownership of the land in use.<sup>7</sup>

REDD+ offsets and other forestry offsets have so many risks associated with them that markets like the European Union Emissions Trading System (EU ETS) and the CDM do not accept these classes of offset. The United Nations REDD+ program (UN-REDD+) has even admitted that several potential failings exist. These include the likelihood of depriving indigenous and forest communities of their lands, marginalizing these communities, undoing

significant progress in sustainable forest management practices and, most importantly, that REDD+ programs could “lock-up forests by decoupling conservation from development.”<sup>8</sup>

These offsets are highly susceptible to corruption as well. In October 2013, *The Atlantic* featured an extensive exposé on REDD+ and carbon markets. It told the deplorable tale of an offset developer who defrauded indigenous communities in the Amazon after conning them into signing over their forest rights for REDD+ offsets. The contracts for the forest rights ran for 200 years and the developer planned to harvest the timber and plant palm oil after the 25-year carbon plan in the contract ran out.

As a result, indigenous groups continue to speak out against California’s plans to include offsets from REDD+ programs. In October 2012, several indigenous groups traveled to California to testify against REDD+ offsets and urged Governor Brown not to allow their use. These same indigenous groups have also sent several letters to the California Air Resources Board urging you not to allow REDD+ forest offsets. Even *The Sacramento Bee* featured an article by Jeff Conant of Friends of the Earth condemning California for considering REDD+ offsets as part of their cap-and-trade market.

The environment, the public and especially indigenous groups lose when it comes to REDD+ offsets. Polluters are the only ones benefiting from these schemes. Generating offsets from REDD+ programs requires privatizing large swathes of forest and subsequently commodifying this precious resource, placing it under private and economic control. Can we really afford to subject invaluable and incommensurable tropical forests to the volatility of global markets all for the sake of making it easier for polluters to keep on polluting?

The use of REDD+ offsets in California’s cap-and-trade market poses significant problems and, if adopted, would lead to the large-scale financialization and privatization of nature. REDD+ offsets put profits over people — our forests, water and air are owned by no one and shared by everyone. We cannot sell what we do not own.

Sincerely,

A handwritten signature in black ink, appearing to read "Wenonah Hauter".

Wenonah Hauter  
Executive Director

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<sup>1</sup> Gilbertson, Tamra and Oscar Reyes. Dag Hammarskjöld Foundation. “Carbon Trading: How it works and why it fails.” *Critical Currents*, no. 7. November 2009 at 11.

<sup>2</sup> Ogburn, Stephanie Paige. “CO2 concentrations reach 400 ppm 2 months earlier this year.” *E&E Newswire*. March 25, 2014.

<sup>3</sup> Griffiths, Tom. Forest Peoples Programme. “Seeing ‘REDD’? Forests, climate change mitigation and the rights of indigenous peoples and local communities.” December 1, 2008 at 22.

<sup>4</sup> Sheikh, Pervaze A. and Ross W. Gorte. Congressional Research Service. “International Forestry Issues in Climate Change Bills: Comparison of Provisions of S.1733 and H.R.2454.” (R40990). December 22, 2009 at 15.

<sup>5</sup> *Ibid.* at 7 to 8.

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<sup>6</sup> U.S. Government Accountability Office (GAO). “Climate Change Issues: Options for Addressing Challenges to Carbon Offset Quality.” (GAO-11-345). February 2011 at 15.

<sup>7</sup> Ibid. at 15.

<sup>8</sup> Gilbertson and Reyes. 2009 at 60.