



Written by [Alex Newman](#) on December 3, 2010

Carbon-credits Market Could Collapse Absent Cancun Deal

The multi-billion dollar “market” for so-called “carbon credits” could be in jeopardy as the 1997 Kyoto Protocol, which created the framework for the emissions-limiting scheme, expires in 2012 — with no apparent successor agreement in sight.

The Japanese delegation to the COP16 global-warming summit in Cancun is drawing [furious condemnation](#) from regimes on the “climate justice” dole. The government of Japan is essentially refusing to renew its commitments under Kyoto due to, among other things, the lack of U.S. and Chinese participation and emissions limits that apply only to “developed” countries.



But third-world regimes and carbon-credit industry lobbyists, all of whom benefit financially from the scheme, are throwing an absolute fit. Chairman Abdulla Alsaïdi of the “Group of 77,” a coalition of developing-nation tyrants, [said](#) that if Japan continues to refuse to renew, “there will be no successful outcome for Cancun.”

The communist Chinese regime offered a similar statement. “The Kyoto Protocol is the very basis of the framework to address climate change through international cooperation and it’s the indispensable pillar of the system,” [claimed](#) China’s chief climate negotiator, Su Wei, during a press conference in Cancun. “If the pillar is collapsed, you can guess the consequences.”

Under Kyoto, “developed” nations — excluding the U.S., which never ratified the agreement — are required to reduce their emissions of certain gases by about five percent below 1991 levels. If a nation can’t meet the target, it’s obligated to purchase “carbon credits” through what’s known as the Clean Development Mechanism (CDM) — a scheme that identifies and funds projects in “emerging” economies not subject to emissions limits.

But communist China, despite its status as the world’s largest CO2 emitter, is considered a “developing” nation. It is therefore not subject to the carbon-limiting regime. And so, the communist Chinese government and other regimes earn big bucks under the current set up by attracting so-called “green” money through the carbon credits purchased by developed countries.

Developing countries like Brazil and Papua New Guinea that also receive massive monetary payouts from “rich” nations are also urging COP16 summit participants to hammer out a successor to the Kyoto agreement. Without it, they know the gravy train of climate bucks could dry up.

Even the governments of advanced economies like South Korea — which is not subject to the limitations either — want to renew the framework. “If this conference in Cancun wants to contribute to utilize the market potential, it should provide a very clear signal on a post-2012 framework,” [said](#) a Korean climate delegate in Cancun. “Without giving this signal to the markets, we cannot seize the full potential of the CDM markets.”



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And the carbon lobby understands that too. "Big Carbon" lobbyists were busy urging climate dignitaries in Cancun to at least send a "market signal" that the carbon-credit scam will go on.

"We want a clear indication in Cancun, we leave it to the parties to decide how," [demanded](#) CEO Henry Derwent of the lobbying group International Emissions Trading Association. "A clear decision would be great. In the absence of that investors will look at intent. The more we hear people saying this must go on, it points in the right direction."

A writer for the U.K. *Telegraph* summed up the Big Carbon's efforts and motivations well. "None of the lobbying has been more telling than a statement issued by 259 investment organisations, controlling 'collective assets totalling over \$15 trillion' — including major banks, insurance companies and pension funds. These are the bodies calling most stridently for "government action on climate change", because they are the ones who hope to make vast sums of money out of it," [wrote](#) Christopher Booker. "They are desperate for a treaty of the type they failed to get at Copenhagen — even more so since the collapse of the US cap and trade bill — because they see their chance of turning global warming into the most lucrative fruit machine in history dwindling by the month."

In addition to the uncertainty over Kyoto, the carbon trading system has also suffered [severe blows](#) to its image recently. Fraud is rampant in everything from trading — in some cases with fraudulent trades [accounting for 90 percent of trading](#) — to so-called "green" projects used for the emissions credits.

"The fraud, theft and controversy over carbon offsets come at the worst possible time for politicians trying to get a new climate change deal in Mexico right now," [said](#) Isabel Save, carbon editor at information agency ICIS Heren, in a press release.

"It would be a shame if preventable scandals ruined the chances of getting a global carbon market," she claimed. "The market is already providing a price tag for carbon emissions and an incentive for companies to take the low-carbon route to development. But investment might dry up if new carbon market mechanisms are not ready to take over once the Kyoto Protocol runs out."

But despite the demands of carbon lobbyists and third-world governments, the possibility of renewing the Kyoto agreement — at least during the COP16 in Cancun — appears to be getting slimmer. Even UN climate bigwigs seem to be throwing in the towel for this summit.

"It is very clear that given the diversity of positions on the Kyoto Protocol it is not going to be possible for Cancun to take a radical decision one way or the other on the Kyoto Protocol," UN climate boss Christiana Figueres [told](#) reporters.

But even without a renewal of Kyoto, some analysts expect the "carbon market" to drag on. Richard Gledhill, carbon-market boss at consulting firm PwC, told the [Financial Times](#) that the market "would survive" even without an agreement.

"The European Union is still committed to emissions trading, and the CDM will probably limp on. But the prospects for rapid growth in finance through the carbon markets would look very uncertain," he said.

A collapse of the CDM would mean big problems for the "Green" slush fund the UN is trying to assemble for third-world regimes. Right now, plans being discussed to finance the \$100 billion per year money pot include revenue from the CDM and global taxes on everything from shipping and air travel to banking transactions.

But as of now, Japan is refusing to back down on its anti-Kyoto stance, pushing instead for a new global



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treaty that includes developing countries. "It does not make sense to set a second commitment period," Japanese environment vice-minister Hideki Minamikawa told reporters. "[Signatories] to Kyoto only represent 15 per cent of global emissions, but the countries who have signed up to the Copenhagen accord cause 80 per cent of emissions. We want a single binding treaty... We should jump ship to a more effective framework."

The end of Kyoto would certainly be good news to critics of the alarmist global-warming theories and economy-destroying purported "solutions." But, it could also be used to build pressure for a new, even broader agreement that would make matters worse.

Right now, carbon-credit prices are [continuing to tumble](#) for a variety of reasons. Analysts expect the trend to continue. And Al Gore's precious "Chicago Climate Exchange" recently [went under](#), too. But even without Kyoto and the CDM it created, the danger posed by climate alarmists in governments and the UN is not over. The worst may be yet to come.

Photo: A Mexican army soldier is positioned near a venue of the United Nations Climate Change Conference in Cancun, Mexico, Thursday Dec. 2, 2010: AP Images



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