



Written by [James Heiser](#) on August 24, 2010

UN Decries “Huge Scam” of Carbon Offsets

The track record of the United Nations’ efforts pressuring for carbon credit “cap and trade” schemes has been very clear the past few years. Efforts by the UN secretary general to pressure the U.S. Senate to adopt “cap and trade” legislation in the weeks leading up to the failed conference in Copenhagen last December provides but one example of an ongoing strategy.

However, when a United Nations environmental oversight board publicly decries a purported “scam” associated with carbon credits, such an action is bound to attract interest.



According to an Associated Press story by John Heilprin [posted at ABCNews.com](#):

An obscure U.N. board that oversees a \$2.7 billion market intended to cut heat-trapping gases has agreed to take steps that could lead to it eventually reining in what European and U.S. environmentalists are calling a huge scam.

At a meeting this week that ended Friday, the executive board of the U.N.’s Clean Development Mechanism said that five chemical plants in China would no longer qualify for funding as so-called carbon offset credits until the environmentalists’ claims can be further investigated.

The “CDM” credits have been widely used in the carbon trading markets of the European Union, Japan and other nations that signed onto the 1997 Kyoto Protocol requiring mandatory cuts in greenhouse gases.

Rather than cut their own carbon emissions, industrialized nations can buy the credits which then pay developing countries to cut their greenhouse gases instead.

The carbon offset credit has been, in essence, a concession to the reality that the standard of living enjoyed by the modern Western world requires a level of industrialization that will inevitably produce carbon dioxide and other emissions that environmentalists maintain are causing global warming. Leaving aside for the moment the substantial challenges that confront the entire theory of anthropogenic climate change, the carbon offset credit appears to be based on the notion of a systematized effort to retard industrial development in the underdeveloped world for the benefit of the industrialized world. The intention of last year’s Copenhagen Conference was, in essence, to create [a system for redistributing wealth](#) from the industrialized world to those nations ostensibly suffering the effects of global warming.

What has drawn the ire of the CDM executive board is the allegation that several Chinese chemical plants have figured out how to work the system and profit off CDM funds. Again, according to the report by Heilprin,

The money from the CDM-authorized fund goes to pay the carbon offset credits claimed by more than 20 chemical makers mostly in China and India, but also in nations such as South Korea,



Argentina and Mexico.

The chemical makers are paid as much as \$100,000 or more for every ton they destroy of a potent greenhouse gas, HFC-23. The price for destroying it is based on its being 11,700 times more powerful as a climate-warming gas than carbon dioxide.

Clearly, given such potential revenue to be generated from the destruction of “greenhouse gases,” there is a demonstrable financial benefit to having plenty of HFC-23 on hand to destroy. This is the heart of the CDM executive board’s accusation against the Chinese plants: In the pursuit of profit the plants were allegedly “working the system.” Again, according to ABCNews.com:

But that gas is a byproduct of an ozone-friendly refrigerant, HCFC-22, which those chemical makers also are paid to produce under the U.N.’s ozone treaty. Environmentalists say there is so much money in getting rid of HFC-23 that the chemical makers are overproducing HCFC-22 to have more of the byproduct to destroy.

"The evidence is overwhelming that manufacturers are creating excess HFC-23 simply to destroy it and earn carbon credits," said Mark Roberts of the Environmental Investigation Agency, a research and advocacy group. "This is the biggest environmental scandal in history and makes an absolute mockery of international efforts to combat climate change.

In summary, then, according to the UN, the plants were allegedly profiting by being paid to produce an “environmentally friendly” refrigerant and paid to destroy a “greenhouse gas” byproduct — in both cases, with the UN intimately involved in making both sides of the equation quite profitable. Given the argument implicit in Roberts’ words, the scandal is not that they were working both sides of the process — being paid, in essence, for the product and to destroy the byproduct — but that they realized it was profitable and allegedly increased the profitability of the system.

When government gets in the business of subsidizing industry and manipulating markets, it is only natural to expect that those who seek to profit from industry will learn how to make the most of such government manipulation.



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