



# WILL CARBON MARKETS HELP THE CLIMATE CRISIS?



OUR FORESTS. OUR STRENGTH.

Stand4Forests Report Series

## Forests clean our water and air, provide habitat for wildlife, suck carbon out of the atmosphere, and can even prevent or mitigate flooding during natural disasters.

That is why some believe that carbon credits and markets may be a way to mitigate climate change. However, there are some serious concerns being raised around carbon markets, including scalability, market pressures, environmental justice, and unintended side effects.

### Here's the truth of the matter:

- Carbon markets have major flaws, including issues with additionality, permanence, and neutrality, which may wipe out any of the incremental benefits they provide.
- Carbon markets act as a “license to pollute” for major companies.
- Carbon markets are expensive and inaccessible to all but the largest landowners, who tend to be wealthy and white.
- Carbon markets do nothing to mitigate damages in environmental justice communities where forest products companies, and other industrial producers, pollute.

In conclusion, we need new policies designed to scale back forest disturbance from logging and leave more forests standing.

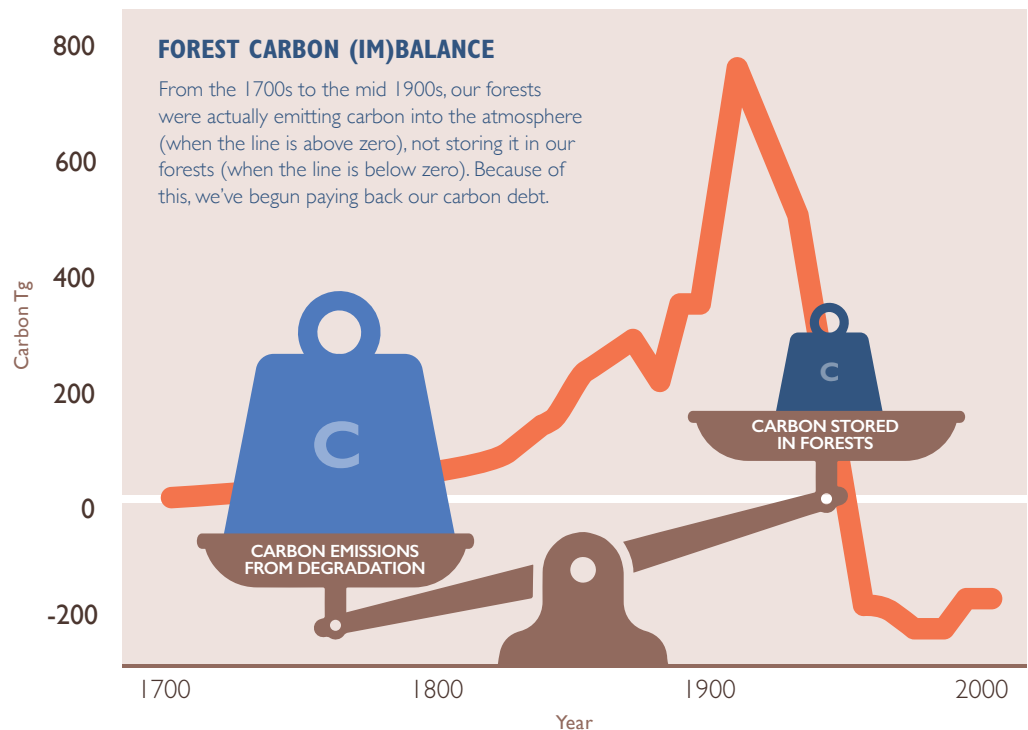
### MYTH: Carbon credits help offset fossil fuel emissions

#### TRUTH: Carbon markets don't acknowledge pre-existing carbon debt.

Carbon markets operate on a faulty assumption that forests start from a place of carbon neutrality. Unfortunately, this is not the case. The United States destroyed over 100 million acres of forest in less than 100 years, turning American forests into carbon emitters. In essence, we were overdrawing our carbon account and emitting carbon into the atmosphere instead of storing it in our forests. Sometimes, reports and websites will claim that forests are “offsetting” fossil fuel emissions by absorbing carbon every year. Although they are, indeed, sequestering and storing carbon, our forests and our climate are hamstrung by pre-existing carbon debt from the 1700s into the 1900s.<sup>4</sup>

#### TRUTH: Carbon markets act as a “license to pollute” for large companies.

Although carbon markets provide credits for additional carbon on the landscape, carbon markets operate as a “license to pollute” and do not inspire behavioral changes from large polluters like pulp, paper, and pellet companies. Instead, carbon credits become a “license to pollute” for large polluters.<sup>3</sup> ProPublica reported that California's oil and gas industries have increased emissions by 3.5% since a carbon cap-and-trade program has begun.<sup>5</sup>



#### TRUTH: Carbon markets have legitimate issues with leakage and additionality.

Finally, carbon markets suffer from issues with additionality and leakage. Additionality is the concept that a credit-issuing project would not have gone forward without the economic benefit of the carbon market. In practice, determining additionality is wholly subjective and the owners of the parcel will be biased towards making a strong case in order to get their payment. Leakage is when forest protection in one area is mitigated through increased activity

in another. In other words, protecting ten acres of a property may just mean that ten extra acres get logged elsewhere. There is no true way to safeguard against this, and it may wipe out any benefit received from the initial forest preservation.<sup>5</sup>

**TRUTH:** Market solutions represent an attractive yet untenable solution to the climate crisis.

The core of the solution must be emissions reductions and fossil fuel elimination, not relying on natural infrastructure to bear the burden of offsetting fossil fuel emissions. Even the most optimistic analyses of “natural climate solutions” estimate that they can only address a third of the emissions reductions required.<sup>7,8</sup> Market solutions are band aids and do not address the real, systemic problems of wasteful production and poor sustainability planning.

---

**MYTH:** Carbon markets are fair, cost effective, and accessible to landowners

**TRUTH:** Carbon markets favor pre-existing structural inequalities present in land ownership.

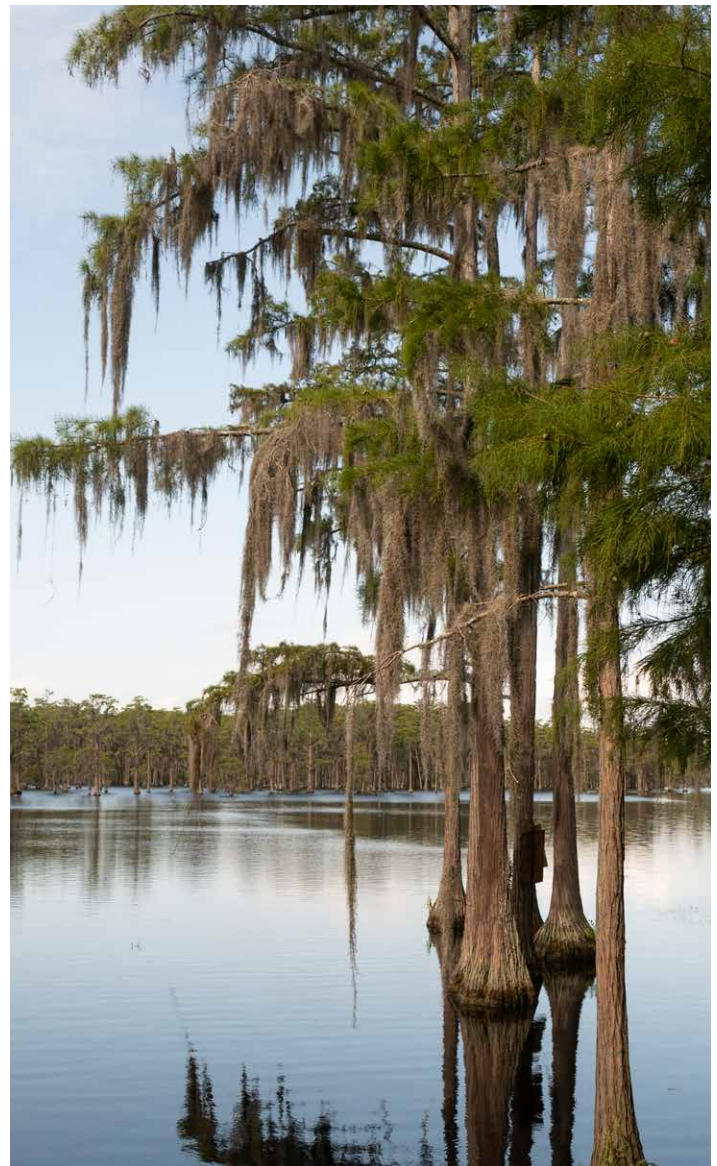
The majority of family forest landowners own less than ten acres,<sup>12</sup> which prevents them from accessing normal state- and federal- incentives, much less accessing carbon markets.<sup>13</sup>

For larger landowners, although accessing credits is possible, these landowners are in the minority, and are demographically skewed towards older white citizens. Less than 1% of black citizens in the South are forest owners.<sup>14</sup> In other words, subsidies for large landowners may increase systemic inequalities arising from a long history of slavery and racial discrimination in the country, where black citizens are far less likely to own land than their white counterparts.<sup>15</sup>

**TRUTH:** Carbon markets do not benefit economically disadvantaged communities.

Carbon credits do nothing to mitigate the local impacts around industrial parks and wood product facilities, which are often occupied by “environmental justice” communities of concern: high nonwhite populations with low income or social mobility.<sup>16</sup> Equity concerns like these were noted in a four-year study of California’s cap-and-trade program, where neighborhoods near regulated facilities experienced increases in annual average GHG and co-pollutant emissions, and had higher proportions of nonwhite and poor residents than average.<sup>17</sup>

Carbon markets may benefit certain indigenous communities, but have a history of unwarranted “land grabs” from indigenous communities who had lived on the land for centuries prior.<sup>3,18</sup> Although some



indigenous communities are trying to capitalize on carbon markets,<sup>19</sup> others have come out against the concept of carbon markets because of their concerns over equity and the impacts of colonization.<sup>3</sup>

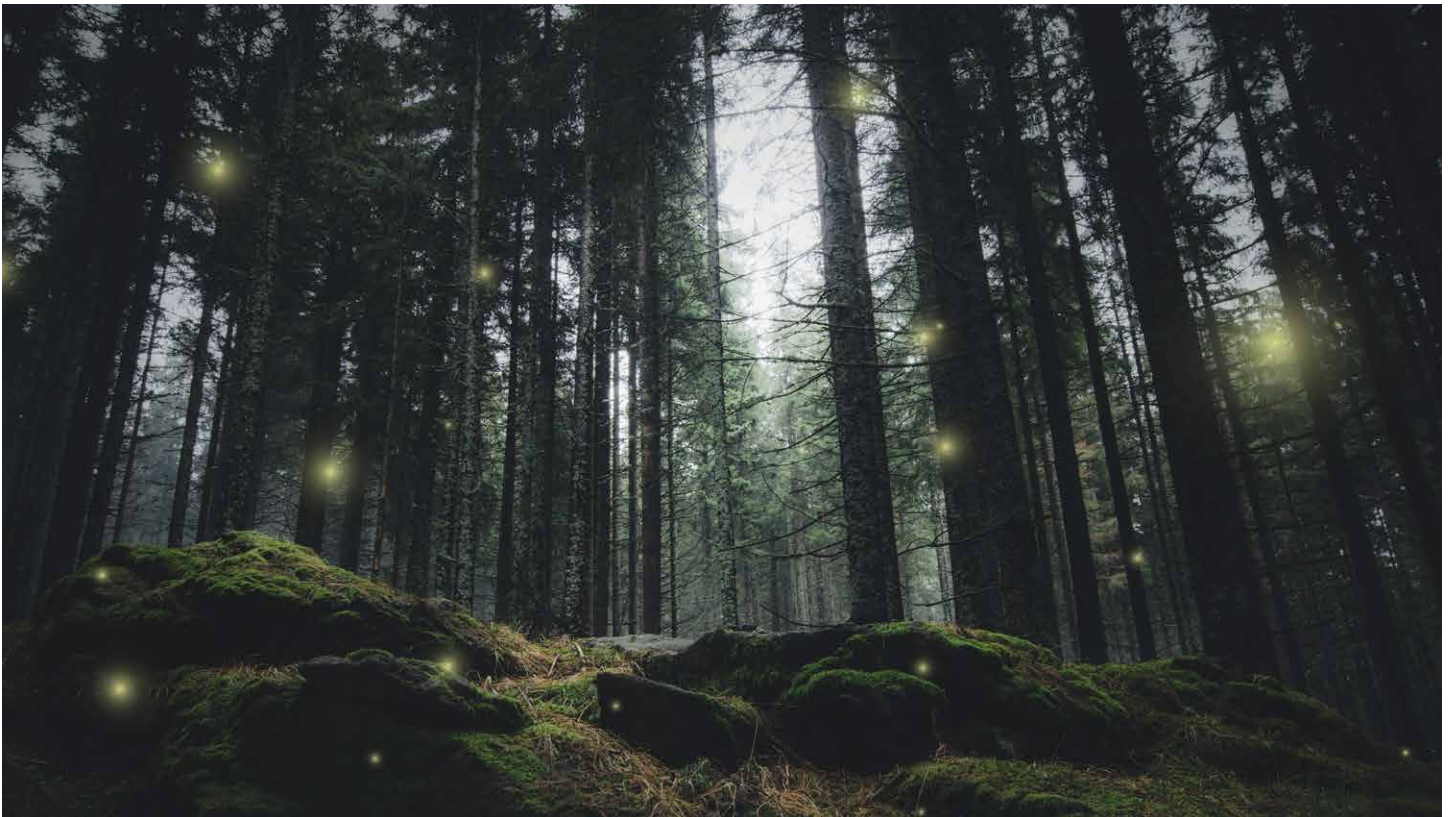
**TRUTH:** A carbon market for the majority of landowners has yet to emerge.

California’s carbon market, the most prominent and well regulated carbon market, is only cost-effective when enrolling 1500 acres or more.<sup>9</sup> The process of enrolling in a carbon market requires the landowner to intensively verify the amount of carbon currently stored in the tract as well as its potential additionality through participation in the carbon market. Enrollment of land in carbon markets places a 100-year (standard) easement on the property, which restricts activities and reduces potential sale price.<sup>10</sup> Additionally, some landowners may express uncertainty around anthropogenic climate change and may be uninterested in the economic opportunities from carbon markets.<sup>11</sup>

**LEARN MORE**

- [dogwoodalliance.org](https://dogwoodalliance.org)
- [stand4Forests.org](https://stand4Forests.org)

**THE MAJORITY OF FAMILY  
FOREST LANDOWNERS  
CAN'T ACCESS  
CARBON MARKETS.**



## REFERENCES

- Krieger DJ. Economic value of forest ecosystem services: a review. *Wilderness Society*; 2001. Available: <http://www.truevaluemetrics.org/DBpdfs/EcoSystem/TheWilderness-Society-Ecosystem-Services-Value.pdf>
- Böhm S, Misoczky MC, Moog S. Greening Capitalism? A Marxist Critique of Carbon Markets. *Organization Studies*. 2012;33: 1617–1638.
- Climate Justice Alliance, Indigenous Environmental Network. Carbon Pricing: A Critical Perspective for Community Resistance. 2017. Available: <https://www.ienearth.org/wp-content/uploads/2017/11/Carbon-Pricing-A-Critical-Perspective-for-Community-Resistance-Online-Version.pdf>
- McKinley DC, Ryan MG, Birdsey RA, Giardina CP, Harmon ME, Heath LS, et al. A synthesis of current knowledge on forests and carbon storage in the United States. *Ecol Appl*. 2011;21: 1902–1924.
- Song L. Cap and Trade Is Supposed to Solve Climate Change, but Oil and Gas Company Emissions Are Up — ProPublica. In: ProPublica [Internet]. 15 Nov 2019 [cited 10 Mar 2020]. Available: <https://www.propublica.org/article/cap-and-trade-is-supposed-to-solve-climate-change-but-oil-and-gas-company-emissions-are-up>
- Gorte RW, Ramseur JL. Forest Carbon Market: Potential and Drawbacks. Congressional Research Service; 2008. Available: <https://fas.org/sgp/crs/misc/RL34560.pdf>
- Griscom BW, Adams J, Ellis PW, Houghton RA, Lomax G, Miteva DA, et al. Natural climate solutions. *Proc Natl Acad Sci U S A*. 2017;114: 11645–11650.
- Fargione JE, Bassett S, Boucher T, Bridgman SD, Conant RT, Cook-Patton SC, et al. Natural climate solutions for the United States. *Sci Adv*. 2018;4: eaat1869.
- Carbon Canopy: Lessons from nearly a decade of developing forest carbon projects in Southern Appalachia. Dogwood Alliance; 2017. Available: <https://www.dogwoodalliance.org/wp-content/uploads/2017/08/CC-Lessons-Learned-Report-for-Web.pdf>
- Parajuli R, Megalos M, Ruseva T, Chizmar S, Fisher M. An Introduction to Forest Carbon Offset Markets | NC State Extension Publications. [cited 10 Mar 2020]. Available: <https://content.ces.ncsu.edu/an-introduction-to-forest-carbon-offset-markets>
- Kelly EC, Di Tommaso J, Weisgrau A. Family forest owners in the redwood region: management priorities and opportunities in a carbon market. 2017. Available: <https://www.fs.fed.us/psw/pubs/55458>
- Northern Research Station. Who Owns America's Forests? USDA Forest Service; 2008. Available: <https://www.nrs.fs.fed.us/pubs/inf/NRS-INF-06-08.pdf>
- NC Department of Revenue. Tax Administration in North Carolina Course. Available: [https://files.nc.gov/ncdor/documents/files/2.3\\_present-use\\_value.pdf](https://files.nc.gov/ncdor/documents/files/2.3_present-use_value.pdf)
- Schelhas J, Hitchner S, Gaither CJ. “Sunshine, sweat, and tears”: African-American ties to land and forests in the south. *Agriculture Forest ...*. 2017. Available: <https://www.fs.usda.gov/treesearch/pubs/54140>
- Quisumbing King K, Wood SD, Gilbert J, Sinkewicz M. Black Agrarianism: The Significance of African American Landownership in the Rural South. *Rural Sociol*. 2018;83: 677–699.
- Koester S, Davis S. Siting of Wood Pellet Production Facilities in Environmental Justice Communities in the Southeastern United States. *Environ Justice*. 2018;11: 64–70.
- Cushing L, Blaustein-Rejto D, Wander M, Pastor M, Sadd J, Zhu A, et al. Carbon trading, co-pollutants, and environmental equity: Evidence from California's cap-and-trade program (2011--2015). *PLoS Med*. 2018;15. Available: <https://journals.plos.org/plosmedicine/article/file?type=printable&id=10.1371/journal.pmed.1002604>
- Mackey B, DellaSala DA, Kormos C, Lindenmayer D, Kumpel N, Zimmerman B, et al. Policy Options for the World's Primary Forests in Multilateral Environmental Agreements: Policy options for world's primary forests. *Conservation Letters*. 2015;8: 139–147.
- Home | National Indian Carbon Coalition. In: National Indian Carbon Coalition [Internet]. [cited 13 Mar 2020]. Available: <https://www.indiancarbon.org/>



OUR FORESTS. OUR STRENGTH.

[dogwoodalliance.org](http://dogwoodalliance.org) • (828) 251-2525

**ABOUT DOGWOOD ALLIANCE** • Dogwood Alliance mobilizes diverse voices to protect Southern forests and communities from destructive industrial logging. For over 20 years, Dogwood Alliance has worked with diverse communities, partner organizations and decision-makers to protect Southern forests across 14 states. They do this through community and grassroots organizing, holding corporations and governments accountable and working to conserve millions of acres of Southern forests.