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The Profits of Climate Justice

As a society, we understand the fundamentals of preserving our earth; Climate change is bad and carbon emissions should be avoided. When we start our cars, we open the garage to avoid the carbon from our exhaust. It's not good for us to breathe, and many of us avoid producing carbon when we can. The world would be ideal if we completely stopped producing CO2. Select companies pursue this idealistic dream by pledging carbon-neutral emissions. But for companies like Delta Airlines, who are in hard-to-abate sectors such as aviation, what does a net zero emissions pledge mean? In the global market, some companies are unable to achieve lower emissions through technological advancements alone. To offset their carbon production, they buy carbon credits. You may have heard of carbon credit before, but there's a sinister side to the operation we must unpack before claiming them as a solution. Carbon credits work like permission slips for generating CO2, allowing companies to buy these preservation credits so they can emit carbon and claim neutrality. In global market fashion, countries with the means to do so outsource their groundwork to developing countries for a cheaper alternative. Developing nations become breeding grounds for rich countries to set up carbon preservation projects, limiting their chances of further development. Undeveloped land is roped off to be preserved and called a carbon credit, kicking out the local and indigenous people who call it their home. The exclusion of indigenous people, the effectiveness of carbon projects, and the fishy exploitation of developing countries must be addressed to call the carbon credit market an equitable solution.

What exactly is a carbon credit and what does it look like in practice? The answer to this question is far from streamlined and equal. One credit is equal to "one ton of CO2 emissions avoided or captured by a carbon project" (Aspiration.com). These carbon credits must meet

international standards to achieve certification: but as expected by this vague definition, carbon projects and their effectiveness vary immensely. Carbon projects fall into two main categories: nature and technology-based. Nature-based projects produce the most prevalent carbon credits, including reforestation and afforestation, forest conservation, blue carbon, regenerative agriculture, and grassland management. Technology-based projects encompass renewable energy, household devices, waste management, and carbon dioxide removal. Technology-based projects spark hope for the innovative future of carbon credits, but they are expensive to maintain on a larger scale. Deterred by the cost of technology-based projects, larger companies primarily opt for nature-based forest conservation as an accessible way to profit.

The leaders of this market are in a lucrative spot. The global market for carbon credit trading is enormous and rapidly expanding. In a report from *Grand View Research*, the global carbon credit market was valued at over 479 billion USD in 2023. The market was estimated to reach over 4 trillion USD by 2030 (*Grand View Research*, 2023). The countries profiting the most from this market, not surprisingly, are developed nations like China and the United States. In 2022, the U.S. was the largest market for carbon credits in North America (*Grand View Research*, 2023).

The industry is massive, but what are these companies doing to generate these colossal numbers? In an article from *The Guardian* published in 2023, the leading carbon projects were analyzed for their effectiveness. The validity of these scheme's impacts on climate justice was called into question. While “the global, multibillion-dollar voluntary carbon trading industry has been embraced by governments, organisations and corporations”, 39 of the top 50 carbon projects analyzed were considered “junk or worthless due to one or more fundamental failing that undermines its promised emission cuts” (The Guardian, 2023).

The world's leading carbon credit standard company, Verra, is guilty. Verra has claimed over 94.9 million carbon credits in 2022. These credits have mostly been a result of reforestation and forest conservation initiatives in developing countries. Yet an article from *The Guardian* claims that a high percentage of these carbon credits are practically useless. “Only a handful of Verra’s rainforest projects showed evidence of deforestation reductions, according to two studies, with further analysis indicating that 94% of the credits had no benefit to the climate.” (The Guardian, 2023) Although Verra heavily rebukes the claims that their projects are largely unsuccessful, outside investigations provide heavy skepticism about their projects.

In many carbon credit schemes, developed countries with historically high levels of emissions can purchase credits from projects in developing countries. Emissions are lower in developing countries due to less industrialization, and these carbon credit projects can cap countries' ability to make a profit or inhabit their land. While this helps developed countries meet their emission reduction targets, it leads to the exploitation of developing nations. For instance, large-scale renewable energy projects in developing countries may displace indigenous communities or negatively impact local ecosystems, with the benefits disproportionately accruing to the companies purchasing the credits. As companies in developed nations profit off of questionably impactful projects, the developing nations where projects are located suffer.

Verra, based in Washington DC, leads their major projects abroad with a flagship project in Alto Mayo Peru. As a result of this flagship, human rights concerns have emerged. “The Guardian visited a flagship project in Peru, and was shown videos that residents said showed their homes being cut down with chainsaws and ropes by park guards and police.” (The Guardian, 2023) While Verra benefits as a US-based company profiting off these areas of conserved forests, locals with no power are pushed out. In an interview conducted with an Alto

Mayo resident, pushed out by the Verra carbon projects, a local described the scene during the time of the unsettling forced removal. The resident described how the police "came at night and took the house down at six in the morning. They arrived by helicopter with axes, ropes, guns, masked-up. Like ghosts. They didn't want us to know who they were" (*The Guardian*, 2023). These locals have lived in the forest for decades, and many of them "moved from the Andes before Alto Mayo became a protected area or bought land not knowing it was protected before the creation of the offsetting scheme" (*The Guardian*, 2023). These locals live nonindustrialized lives with minimal impact on carbon production, yet their entire livelihoods were uprooted for Verra's profit. Meanwhile, companies buying credits from the Alto Mayo project claim a gain from the suffering of indigenous people.

Planting trees works to combat carbon emissions. It's a fact we hold sacred, planting them in our cities to improve air quality. But kicking out indigenous inhabitants who live nonindustrial lives in forests does not magically make the trees work harder. It only uproots the lives of locals and creates inequality while Verra claims success.

Companies like Shell, Disney, and Gucci buy their way out of carbon emissions through Verra. For Disney, Alto Mayo credits made up "about 40% of the company's offsets between 2012 and 2020" to justify rising emissions from theme parks and cruise ships (The Guardian, 2023). Instead of adjusting their operations to achieve zero emissions, they are holding indigenous land hostage to make a claim lacking impact. These large companies are buying their way out of making meaningful change. In a Harvard Business Review, the authors unpack the effectiveness of these carbon schemes, claiming that "corporate carbon mitigation plans (are) viewed as overly reliant on buying carbon credits rather than making carbon reductions to their own operations and supply chains (and) risk being accused of not being sufficiently serious about

decarbonization.” (Toffel et al, 2023) With climate projects' effectiveness and morality brought into question, these larger companies face criticism that they are only paying for a better image.

Indigenous and local people in developing nations are taken advantage of by larger corporations, yet they just might also hold the key to solving the issue at hand. According to the World Bank, these communities safeguard more than one-third of the world's remaining intact forests and protect 80 percent of the world's biodiversity. (World Bank, 2023) The challenge remains to better integrate indigenous and local people into the world of carbon credits. Through incorporation instead of exclusion, these communities are the answer to more equitable carbon credit production. The power must be put back into the hands of those protecting the forests before the incentive of commercial gain.

The idea of carbon credits has good intent, but with such clear winners and losers in the scheme, it misses the mark. Climate change is collective. While developed nations dominate the carbon market, we all lose as inhabitants of a shared earth. There aren't little lids on each nation capping CO2, and by exploiting developing nations to claim a false gain, we are only offloading the problem onto someone else.

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