

The background of the image is a dark blue and purple night sky filled with numerous white stars of varying sizes. In the foreground, there is a silhouette of a forest of evergreen trees. The text is centered in the upper half of the image.

TOPIC OF THE WEEK

JAN'19 (17 to 23)

Carbon Trading

“We're running the most dangerous experiment in history right now, which is to see how much carbon dioxide the atmosphere... can handle before there is an environmental catastrophe” – Elon Musk

Today the most relevant and disputed issues are the environmental problems and many institutions came up with different approaches to overcome the natural imbalance. Global warming or the man-made climate change is caused by the release of certain types of gas into the atmosphere. The emissions of carbon resulted very serious consequences for humans and their environment. Carbon Footprint and Carbon Offsetting have become relevant, especially for the understanding of gaseous emissions that led to the climate change.

Carbon footprint is the total amount of greenhouse gases produced to directly and indirectly support human activities, usually expressed in equivalent tons of carbon dioxide (CO₂). There are two types of carbon footprinting. First one is organisational which is emissions from all the activities across the organisation such as

energy use, industrial processes and company vehicles. Second is from product which is emissions over the whole life of a product or service, from the extraction of raw material and manufacturing rights through to its use and final reuse, recycling or disposal.

Kyoto provides for a system which imposes national caps on the emissions of annex I countries. Although these caps are national-level commitments most countries are required to devolve their emissions targets to individual industrial entities, such as a power plant.

As allowances and carbon credits are tradeable instruments with a transparent price, financial investors can buy them on the spot market for speculation purposes, or link them to future contracts. This market has grown substantially, with banks, brokers, funds, arbitrageurs and private traders.

Although Kyoto created a framework and a set of rules for a global carbon market, there are in practice several distinct schemes or markets in operation today, with varying degrees of linkages among them. Kyoto enables a group of several annex I countries to create a market within- a-market together. The European Union elected to

be treated as such a group and created the EU Emissions Trading Schemes.

Clean development mechanism:

The sources of Kyoto credits are the Clean Development Mechanism and Joint Implementation projects. The CDM allows the creation of new carbon credits by developing emission reduction projects in non-annex I countries, while JI allows project-specific credits to be converted from existing credits within annex I countries. CDM projects produce Certified Emission Reductions (CERs) and JI projects produce Emission Reduction Units (ERUs).

Carbon credits are a key component of national and international attempts to mitigate the growth in concentrations of greenhouse gases. One Carbon Credit is equal to one tonne of Carbon dioxide or in some markets Carbon dioxide equivalent gases.

The big question:

Many developed nations are working on reducing the emissions and improving the environment. But these same nations are the biggest source of pollution. The world is filled with an idea of consumerism and everyone wants to use the resources without realizing the consequences of their actions. There have been cases where waste has been dumped in under developed nations. These issues make the whole fight against emissions and waste debatable.

Conclusion:

Basically, we need to get carbon trading and standards right. This is not happening now and countries are still avoiding the issue. It has led to many changes on the planet, such as rise in sea level, massive melting of snow and land ice, elevated heat content of the oceans, increased humidity, change in the timings of seasonal events and many others.

The main goal was to cut greenhouse gases but without the commitment of big countries, particularly those with the most polluting industries, any scheme is just a waste of time and is of no value.

References:

- <https://www.theguardian.com/environment/2011/jun/07/ets-emissions-trading>
- <https://www.thehindu.com/opinion/op-ed/reducing-the-carbon-footprint/article22897398.ece>