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LEGISLATION: Offsets will suffer if climate aid money is slashed -- study

By Jessica Leber, E&E reporter

In their drive to win votes for a Senate climate bill, its authors may want to have it both ways: an influx of cost-cutting offsets from abroad without the politically difficult sell of sending aid money to foreign countries.

At issue is how much money the bill will devote to slowing rampant forest clearing internationally, an activity that contributes 15 percent of global carbon emissions. Paying countries to stop it can offer U.S. companies a cheap way to comply with a carbon cap.

"We need funding to prepare countries to participate in our private markets. Some countries may consider public funding to be essentially a precondition for participating," said Nigel Purvis, a senior U.N. climate negotiator during the Clinton administration and a co-author of a new study warning of the consequences of slashing forest aid money.



Deforestation in the Amazon.

The House-passed climate bill included billions of dollars a year to ensure tropical countries are ready and -- especially in Brazil's case -- willing to sell U.S. companies carbon emissions savings on the private market.

In the cutthroat Senate negotiations, however, advocates worry that the emerging text will devote zero public aid money to the cause. Sending scarce carbon revenues abroad is difficult for undecided senators to swallow when constituents and local industries are more worried about their own economic doom, several sources noted.

The upshot is that the bill may bank on the enormous cost savings of these international offsets while undercutting their supply. "They have to make hard choices," said Andrew Stevenson, another author of the paper, published by Resources for the Future, a nonpartisan think tank. "I don't necessarily think it's a mistake as long as they are aware of the ultimate costs," he said.

A U.S. EPA analysis of the House-passed climate bill estimated compliance costs would almost double without international offsets, the bulk from tropical forest protection. But without public funding from the United States to get nations ready, that supply could be

diminished. The paper estimates the average annual cost of climate policies could rise 3 to 24 percent if that's the case.

International offsets come with a price tag

The result could also be an unrealistically rosy price tag for the bill, Stevenson said. In its previous cost models, EPA has not considered limited offset supplies in its main cost projections, he said.

Advocates have recently lobbied lawmakers to save the money. "I think the only people who would be happy about the exclusion of funding for tropical forests will be Chinese coal executives," said Glenn Hurowitz, Washington director for the nonprofit group Avoided Deforestation Partners.

His group organized a March letter to Sens. John Kerry (D-Mass), Lindsey Graham (R-S.C.) and Joe Lieberman (I-Conn.) to advocate for the funds and an ad campaign.

The letters' signers were as diverse as the Pacific Forest Trust, American Electric Power, Duke Energy, the American Bird Conservancy and the Ohio Corn Growers Association.

U.S. farm groups get involved

Rancher and farmer groups support tropical forest conservation because they hate that their goods are undercut by cheap foreign imports made possible by clearing abroad, Hurowitz said.

But, in the meantime, they may have more success in saving their own lands through the climate bill. A separate coalition of more than 70 groups is asking the Senate trio to allocate \$5 billion annually to save some of the 2.2 million acres of forest, farm and ranchlands lost to development every year. They can cite more direct benefits to states and congressional districts.

"This is so integrally tied to the notion of putting people back to work," said Laurie Wayburn, president of the Pacific Forest Trust. She cited a 2007 study by the University of Massachusetts, Amherst, that found 40 jobs would be created with a \$1 million investment in reforestation and land restoration -- more jobs than any similar investment in a host of other sectors.

Wayburn was optimistic about the prospects of winning domestic funding. "It appears likely there will be some investments made," she said.