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UN report fuels criticism of carbon-cutting scheme

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UNITED NATIONS -- European and U.S. environmentalists demanded action Friday after an obscure U.N. advisory panel lent credence to their claims that industrialized nations are wasting billions of dollars on carbon-cutting projects.

The dispute revolves around the validity of some of the largest projects funded by the \$2.7 billion U.N.-managed Clean Development Mechanism.

The "CDM" - a component of the 1997 Kyoto Protocol for cutting heat-trapping greenhouse gases - essentially allows industrial nations that are required to cut their greenhouse gases to pay developing nations to cut theirs instead.

Governments purchase carbon offset credits generated by the CDM that are regulated mainly under the European Union's Emissions Trading Scheme. The money goes to 22 chemical makers mostly in China and India to destroy a potent greenhouse gas, HFC-23, rather than let it vent into the atmosphere. Other plants are based in South Korea, Argentina and Mexico.

The credits, called Certified Emissions Reductions, can be worth as much as \$100,000 or more for every ton of HFC-23 destroyed because it is based on how much more powerful the chemical is as a climate-warming gas than carbon dioxide - in this case, 11,700 times.

But HFC-23 is a byproduct of the refrigerant HCFC-22, a chemical the plants are paid to produce under the U.N.'s 1987 Montreal Protocol for fixing the Earth's ozone layer. HCFC-22 is used in home appliances, some refrigerators, hair sprays and air conditioners.

Environmentalists had asked the methodologies panel that advises the CDM executive board to investigate their claims that the chemical makers are exploiting an apparent conflict of interest between two U.N. treaties.

They say the plants make so much money destroying HFC-23, they're less inclined to phase out making HCFC-22 because that would lessen production of the byproduct HFC-23.

The CDM executive board must change the rules that allow for "phony carbon credits," the groups CDM Watch, Noe21, Environmental Investigation Agency and German NGO Forum on Environment and Development said Friday.

"It is clear that the CDM's current HFC-23 program is financing and working against its own goal of producing reductions of greenhouse gas emissions for offsets," said EIA's Fionnuala Walravens. "This type of abuse is gambling with our planet's ecology."

In 1989, more than two dozen countries began trying to fix the ozone hole over Antarctica by replacing the chloroflourocarbons, or CFCs, in refrigerators, air conditioners and hair spray. CFCs

trap the earth's heat, contributing to a rise in average surface temperatures, and destroy ozone, the atmospheric layer that helps protect against the sun's most harmful rays.

They did not take into account that using other replacement gases that contain chlorine or fluorine, and were better for the ozone layer, also would contribute to global warming by acting as a reflective layer in the atmosphere that traps heat like a greenhouse.

Switzerland first tried in 1990 to alert the international community that the ozone treaty, considered one of the most effective environmental treaties, could make better choices of replacement chemicals that also take into account climate warming.

It is not the first time the environmental groups claimed the CDM's carbon offset credits were suspect, but this time they mounted a more formal campaign by asking the CDM advisory panel for a review.

The report issued on the CDM advisory panel's Web site late Thursday seemed to agree, saying it found "a strong incentive to prolong the operation ... or not improve the efficiency" of the plants that produce HCFC-22.

The advisory panel urged the CDM executive board to take up the matter and said "further investigation is required."