

To: Professor Ross Garnaut
cc: The Hon K Rudd, Prime Minister
cc: The Hon W Swan, Treasurer
cc: Senator the Hon P Wong, Minister for Climate Change and Water
cc: The Hon. Steven Smith, Minister for Foreign Affairs
cc: The Hon. Tony Burke, Minister for Agriculture, Forestry and Fisheries.

18th April 2008

Dear Professor Garnaut,

Greenpeace submission to the Emission Trading Scheme Discussion Paper regarding international linkages and REDD.

Thank you for the opportunity to make a submission to the Emission Trading Scheme Discussion Paper.

The ETS Discussion paper refers to international linkages to PNG and Indonesia and other Southwest Pacific developing countries with large opportunities to reduce land-use change and forestry emissions.

Greenpeace would like to make the following recommendations on the Discussion Paper with respect to such international linkages and reducing emissions from deforestation and degradation (REDD) in tropical developing countries in the region.

1. Australia must continue to assist Asia Pacific neighbours to reduce emissions from deforestation and degradation (REDD), but must not trade REDD credits that would allow Australia to avoid reducing domestic emissions by at least 40% below 1990 levels by the year 2020.

Tropical destruction is a major source of greenhouse gas emissions, threatens biological diversity, and has devastating impacts upon forest dependent people.

Human induced climate change is projected to cause significant adverse effects on tropical forests where there is a decline in precipitation. As a consequence it is vital that means are found to provide incentives to reward reduced forest destruction in order to assist in the task of preventing dangerous climate change and thus achieve the ultimate objective of the United Nations Framework Convention on Climate Change (UNFCCC).

Ultimately, a mechanism is required that would raise sufficient funds to bring about substantial reductions in forest destruction and related emissions, which would be additional to the deep emission reduction targets required to limit average global warming to below 2^o C above pre-industrial levels.

Many of Australia's nearest neighbours have high levels of greenhouse emissions as a consequence of forest destruction. Australia has a responsibility to assist developing countries in the region reduce emissions from forest destruction. In fulfilling our regional responsibilities in this regard, Australia must be mindful of the need to avoid perverse incentives that may lead to an increase in the rates of forest destruction before the system starts.

Australia must also be conscious of the need to address the drivers of forest destruction and assist developing countries to implement national policies and measures to ensure effective governance for forest protection. Australia is a significant importer of illegally logged tropical timber. It would be a sad irony if on one hand Australia moved to reduce forest destruction in the region through REDD while failing to put in place measures that reduce the export of illegal and destructive timber from the region. Australia needs to protect against this outcome by passing legislation that stops the importation into Australia of illegal and destructive timber.

In order for a REDD mechanism to be successful its design and operation will need to take account of and resolve a number complex scientific, technological, and methodological and equity issues. These issues include the potential scale affects of deforestation on the carbon market. Directly connecting efforts to reduce forest destruction to an Australian emission trading system carries with it a large risk that high volumes of low cost deforestation credits enter the market, increasing supply and lowering the price of the permits, and thereby posing a substantial risk of destabilising the carbon market.

A threshold issue for a successful regional Forest Carbon Partnership is Australia's commitment to reducing its own greenhouse emissions. Australians has one of the highest per capita rates of greenhouse emissions globally. Given the significant global emission reductions required to prevent dangerous climate change, and the difficulty anticipated in meeting those reductions, Australia should not offset domestic emissions through funding forest protection in the region. Rather any emission reductions achieved through preventing deforestation should be additional. In order to demonstrate international leadership, Australia must set an ambitious target for domestic emissions reductions, while continuing to engage at a regional level to facilitate forest protection.

Australia should not use its regional responsibility in relation to REDD to avoid its responsibility to set a strong domestic emission reduction target.

2. The transfer of carbon finance to REDD must be conditional upon measurable, reportable, verifiable and permanent greenhouse gas emission reductions.

Uncertainty in deforestation and degradation emission estimates substantially exceeds uncertainty in measuring industrial emissions. Such uncertainty is magnified by the intrinsic problems with the establishment of baselines and hence in estimating 'real' reductions. Establishing credible historical emission baselines from which to estimate reductions in deforestation rates will likely be difficult, due to the poor quality of data and the lack of comprehensive monitoring in many countries.

A high degree of uncertainty exists in relation to the actual rate of deforestation and the consequent emissions (Achard, Eva et al. 2002; DeFries, Houghton et al. 2002; Houghton and Hackler 2002; House, Prentice et al. 2003; Achard, Eva et al. 2004; Ramankutty, Gibbs et al. 2007). Detailed forest biomass studies have not been conducted in all tropical forest countries, which makes estimating different carbon pools (above-ground biomass, below-ground biomass, dead wood, litter, and soil organic matter) problematic.

Below ground biomass losses from forest destruction would need to be included in the estimates of emissions to ensure that all important emission sources are accounted. Technological and forest monitoring capacity, and capacity to govern forested areas vary significantly between countries with large forest tracts and/or high emissions from deforestation (DeFries, Achard et al. 2007).

The need for monitoring and verification of emissions and of changes in deforestation and degradation activities is therefore essential to the ultimate success of any incentivised REDD mechanism. Consistent monitoring systems that meet a set of internationally agreed standards will need to be established in developing countries to ensure the integrity of REDD.

The overall methodological approach should ensure that only the carbon losses from forest destruction activities are taken into account in the estimation of emissions and not any potential carbon gains resulting from subsequent land uses. Furthermore, the potential for impermanence of accounted emission reductions from forest destruction is high. Any mechanism developed to provide incentives to REDD needs to ensure that reductions are permanent and that where this is not the case, for whatever reason, corrections can be made.

3. Incentives to REDD must also provide tangible and prioritised incentives for biodiversity conservation consistent with international conventions and objectives

Tropical forest destruction threatens a substantial portion of the Earth's biological diversity. The rate of species loss associated with this threat is estimated to be 100 to 1000 times greater than is considered normal in evolutionary time and, unless halted, will likely result in an unprecedented mass extinction (Myers, Mittermeier et al. 2000).

To date no attempts have succeeded in halting tropical destruction at the regional scale and hence there is a high urgency to find viable policy solutions.

It is important that the accounting system for deforestation emissions provides incentives to protect forest bio-diversity and to reduce emissions.

4. Incentives to REDD must protect the rights of indigenous and forest peoples and ensure that these peoples receive an equitable and fair share of the incentives and rewards for reducing deforestation.

The land and resource use rights of many indigenous peoples have frequently been usurped or grossly infringed in the past (May, Boyd et al. 2004; Coalition 2006; Griffiths 2007).¹

There is a real risk that regional forest partnerships will follow this historical trend and do nothing to benefit indigenous and forest peoples. A concern is that by ascribing a carbon value to natural vegetation, the land and resource use rights of indigenous people may again be forfeited, even if the vegetation is conserved. At a minimum, indigenous and forest people may not receive an equitable share of the value of the carbon. Due regard needs to be given to rights, social and livelihood issues in order to avoid land conflicts, exclusionary models of forest conservation, violations of customary land and territorial rights. Clear provisions would need to be established that respect the UN Declaration on the Rights of Indigenous Peoples.²

In particular, land and resource use, and indigenous and forest peoples' ownership rights need to be recognised. Discussions on policies and future mechanisms must empower these people to directly engage in international and national processes on future mechanisms and approaches to reduce deforestation. Human rights, free prior and informed consent, equitable benefit sharing, respect for traditional knowledge, and land tenure security all need to be central components of policy discussions on REDD.

Mechanisms established to reduce emissions through preventing forest destruction must take into account the rights of forest and indigenous peoples both in principle and in its operation.

5. A national approach must be taken to accounting for REDD, not a project based approach which suffers from the problem of "leakage"

"Leakage" occurs where an activity stopped in one place moves to another, with overall emissions either unaffected or not reduced as much as in the absence of leakage. Project based and sub-national level activities (where activities are undertaken in states or provinces) are also prone to significant leakage effects.

Leakage may occur, and in many cases is likely to occur, across international boundaries. Where forest destruction has been stopped in one country, due to the dynamics of commodity markets for products, such as soybean, palm oil and beef, or shifting settlement patterns, it may occur in another country where such patterns cross national boundaries. Adopting a national-level approach to REDD will reduce leakage within a country, but is unlikely to address leakage that occurs at the international level.

¹ <http://www.wrm.org.uy/GFC/CANNOTSAVEIT.pdf>

² <http://www.iwgia.org/sw248.asp>

Forest destruction is not reduced if protecting forests in one country merely leads to increased logging in another. As a consequence, a REDD mechanism requires widespread participation by countries with tropical forests in order to prevent as much leakage as possible.

There need to reduce leakage effects from REDD, also demands national-level accounting. A focus on capacity building for countries to develop a national emissions approach with effective monitoring and verification and institutional support is essential for any REDD mechanism.

We thank you for your consideration of the above issues. Should you require any further information, please do not hesitate to contact us. As you are aware, Greenpeace made a broader submission to your review last week, which we ask you to consider in conjunction with this submission.

Yours sincerely,



Helen Oakey
Head of Political Unit
Greenpeace Australia Pacific

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