



# Briefing Note

# Carbon Offsetting

## 1. What is it and how does it work?

The idea behind carbon offsetting is that the carbon emissions generated through an activity (such as driving or flying) can be calculated, then someone is paid for an initiative that in theory reduces carbon dioxide emissions by an equivalent amount<sup>1</sup>.

Carbon offsetting is being promoted as a relatively pain-free way of tackling climate change. A growing number of schemes now exist which claim that carbon-conscious individuals and businesses can compensate for the carbon emissions released by their activities by buying a share in various 'green' projects. These include schemes such as tree planting, destruction of highly polluting industrial waste gases of very high global warming potential, renewable energy schemes and energy efficiency projects.

Often these schemes are in developing countries because projects are cheaper there than in the UK.

However there are a number of problems with the theory. Buying offsets is not a magic bullet to prevent further climate change or a solution to the growth in emissions.

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<sup>1</sup> In theory, a carbon offset negates the release of one tonne of CO<sub>2</sub> (or other greenhouse gas) by avoiding the release of or removing from the atmosphere the same amount of CO<sub>2</sub> (or equivalent greenhouse gas) somewhere else. Note that in this briefing we are discussing the voluntary use of carbon offsets for individuals and smaller businesses rather than the trade in carbon permits for large polluting companies, although much of the commentary would also apply.

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We should also remember that the world has singularly failed to tackle climate change effectively and global emissions of greenhouse gases have accelerated in the 21<sup>st</sup> century. To avoid runaway climate change we need to do everything possible to cut emissions *in absolute terms*.

### **2. What does Friends of the Earth think about carbon offsetting?**

Friends of the Earth does not recommend carbon offsetting for a number of technical, ethical and practical reasons.

Friends of the Earth, along with a number of other organisations, is very concerned that carbon offsetting is delaying the urgent action needed to cut emissions and develop alternative low-carbon solutions. Offsets could even encourage businesses and people to continue with or increase unnecessary polluting activities, promoting the mindset “I’ve offset so it’s OK to fly”, “I’ve offset so it’s alright to drive to work”, etc. Friends of the Earth’s concerns include the following:

- We no longer have the luxury of living energy wasteful lifestyles in wealthy countries while paying others to reduce emissions overseas. This is the clear conclusion from scientists, who are urging dramatic reductions in greenhouse gases if we are to avoid the worst impacts of climate change in all countries of the world. The rich world needs to reduce its emissions substantially and very fast - in the UK by at least 80% by 2050. We also need to help developing countries adopt clean low carbon technologies and cope with the unavoidable impacts of climate change. We cannot continue to pollute and expect others to make all the effort. This will not work and is inherently unfair.
- The longer we delay action on actually cutting emissions, the worse the problem gets and the harder it will be to cut them later on. For example, in the UK, if we offset CO<sub>2</sub> from flights but continue to promote growth in aviation infrastructure, it will be harder to cut emissions later on when the runways have been built and the demand stimulated.
- Individuals and organisations that are considering cutting emissions may be encouraged not to bother – because they can offset instead. Some argue that the offsets market helps companies become aware of their carbon footprint, but there are plenty of other avenues for this.
- There are strong concerns over the environmental credibility of many of the offset projects and their contribution to sustainable development. For example, tree-planting schemes are particularly problematic. The trees may not survive due to disease, fire, political pressures and even climate change itself. At least some large scale plantations have decreased biodiversity, displaced people and caused social disruption.

Note that we support well-designed forestry projects – indeed protecting and improving these habitats around the world is absolutely crucial in the fight against climate change – it is simply that they cannot be guaranteed to *offset* our carbon pollution.

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- Money for an offset scheme should only be funnelled to projects that would not have happened unless the offset money was provided, but it is difficult to know this with any certainty. Indeed the availability of money may encourage dubious claims and investigations have revealed a number of offset schemes (such as hydroelectric dams) that would in all likelihood have gone ahead even without the offset funds. But if a scheme is not truly 'additional', no real gains are being made in the fight against climate change and the original funding may be released for other purposes which might not have anything to do with reducing carbon emissions. This could even cause an increase in carbon emissions in countries that have no limits or caps on their emissions.
- Whilst offsets should be used (in theory) as a last resort after undertaking all measures to reduce emissions, offsets have been sold in entirely inappropriate situations. For example, one car manufacturer has advertised gas-guzzling 4x4 vehicles with offsets -encouraging even higher emissions. Clearly, the real solution would be for people to buy more energy efficient cars (or use public transport).
- Other problems exist such as uncertainties over the carbon accounting, lack of verification of many schemes and a danger that projects can be imposed on developing country communities with no consultation.

The Government has recognized some of the problems of the offset market, such as a lack of information to buyers and the poor quality of some projects. A Code of Best practice has been produced but is only voluntary, and in any case does not address some fundamental problems. A "Gold Standard" scheme has been developed by NGOs, and while the criteria are very good and projects bring useful benefits to communities, we would still argue that using the projects to offset our pollution is not the right approach to tackling climate change. Friends of the Earth believes that we should campaign for measures that cut emissions such as rules and regulations and incentives to make it cheaper and easier for everyone to do the right thing by the climate.

### **3. Government action – creating a low carbon economy**

Government can influence behaviour at both the individual and corporate level by sending clear signals about what we need to do. That's why we're campaigning through The Big Ask climate campaign for the UK Government to introduce a strong climate change law which commits the UK to making annual reductions in the UK's carbon emissions across all sections of society (homes, transport, business, industry etc). We need to create the framework necessary to allow the solutions to climate change to flourish – for example clean energy, efficient cars, a 21<sup>st</sup> century public transport system, help for people to make their homes energy efficient. We also need to provide technological and financial assistance to developing countries. A strong law would allow the UK to do its fair share of cutting global emissions and would set an example the rest of the world could follow.

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For companies to invest in new carbon-saving products they need to be confident that the Government is determined to move towards a low-carbon economy. The greater certainty that would arise from setting annual targets for CO<sub>2</sub> cuts would help achieve this. This would encourage businesses and individuals to reduce emissions at source as much as is practically possible by looking at energy conservation and efficiency measures (e.g. using more efficient vehicles, solar heating for water, etc).

### **4. What does Friends of the Earth recommend?**

The priority must be for governments, businesses and individuals to do all they can to cut down or avoid carbon emissions. For ideas on how to do this as an individual, visit Friends of the Earth's website: [www.foe.co.uk/living/tips](http://www.foe.co.uk/living/tips).

In addition

- If you believe, like Friends of the Earth does, that governments have the major role in fighting climate change then you can take action with us, or support us financially.
- You could also support practical projects which help communities in poorer countries get access to safe, clean, renewable energy and adapt to the impacts of climate change that are now unavoidable. Well known charities such as Practical Action or Christian Aid are helping to bring truly sustainable development to communities that sorely need help, and there are many other charities that operate to very high standards.

If you join a UK campaign or fund projects abroad, you might regard your contribution as linked to your (unavoidable) emissions. This would be entirely understandable motivation which we would welcome – but we hope that we have explained why this would not “neutralise” your emissions.