



Carbon trading in South Africa: Plus ça change?

Peter Newell

review of:

Patrick Bond, Rehana Dada and Graham Erion (eds.) (2009) *Climate change, carbon trading and civil society: negative returns on South African investments*. Pietermaritzburg: University of KwaZuklu-Natal Press (PB: pp. 231, £26.50, ISBN 1869141415).

Whether carbon markets have a role in responding to climate change and delivering positive benefits to the developing world is a question that continues to generate lively debate and is rightly subject to ever more critical scrutiny. From cases of climate fraud and corruption in carbon markets to instances of displacement and the exposure of poorer people to negative social and environmental effects from hosting CDM (Clean Development Mechanism) projects, there is mounting criticism of the effectiveness and equity of using offset and trading mechanisms to tackle climate change.

This book strengthens these critiques by providing a wide-ranging critique of all aspects of carbon trading and its principal proponents, such as the World Bank, and its principal beneficiaries which in the South African context, according to contributors to this volume, are large energy companies such as Eskom and 'big oil'. While some chapters focus on specific aspects, actors and issues within carbon markets – for example, the general critique provided by Heidi Bachram, or the critical evaluations of the World Bank and its Prototype Carbon Fund provided by Daphne Wysham and Janet Redman in one chapter, and by Larry Lohmann, Jutta Kill et al. in another – many relate carbon markets to much broader issues around power and wealth creation in the energy sector. Patrick Bond, for example, provides a useful critical historical overview of energy politics in South Africa while activists from GroundWork draw attention to the exploitative role of 'big oil' in Africa's (under) development. This is important and appropriate since for all their hype carbon markets are just one small part of a much bigger landscape of energy politics and though finance through carbon markets does provide the largest source of revenue for mitigation in the developing world, it pales into insignificance alongside business as usual investments in climate changing fossil fuels. The question is whether carbon trading can provide one means of tipping the balance of power away from fossil fuels and towards cleaner and more sustainable forms of energy.

The latter part of the book concentrates on civil society strategies aimed at bringing about climate justice: paying ecological debts, invoking litigation against corporations, maintaining community control over resources and keeping attention squarely on those states and corporations that bear most responsibility for causing climate change in the first place, but which seek to make sure the 'polluted adapt' rather the 'polluter pays'. This includes campaigns to 'Leave oil in the soil', compensation initiatives such as that proposed by the Ecuadorian government whereby it will agree not to exploit oil in the Yasuni national park if it is at least partly reimbursed for lost oil revenues. But mostly faith is placed in community groups, trade unions and environmentalists to challenge the patterns of resource and social exploitation that underpin the fossil fuel economy. It would have been interesting to know more about the tensions that arise in joint campaigning between unions and environmentalists, for example, when jobs in the fossil fuel sector are under threat and the extent to which these can be reconciled under the banner of 'just and green jobs' or advance ideas around a 'just transition'. The book devotes much more attention to the divisions between those environmentalists that seek to engage with and shape carbon markets and those, such as the contributors to this book, that remain firmly opposed to the idea that carbon trading has any role to play at all in efforts to combat climate change. Differences of opinion on this issue led groups such as Earthlife in South Africa to leave the global Climate Action Network for its engagement with carbon markets.

With the exception of the chapter by Graham Erion (with Larry Lohmann and Trusha Reddy), most contributions do not engage with the details of carbon trading in South Africa, however, a fact that may disappoint some readers attracted to the book by its title. There are only 19 registered CDM projects in South Africa at the moment and so carbon trading is not the big story despite moves to set up tradeable renewable energy certificates and the like. Graham Erion's chapter covers the Bissasar road landfill gas methane project supported by the World Bank Prototype Carbon Fund which, it is claimed, provided a financial life-line for a highly contaminating plant that local residents had been fighting hard to close down. It seems to provide evidence for the claim that carbon market finance often ends up propping up polluting industry rather than supporting cleaner ones. Likewise, the energy and chemical giant Sasol's application for CDM status for a project which its own annual reports suggested had already been planned, as exposed by Earthlife and other groups in South Africa, demonstrates the potential for abuse and gaming the system by powerful actors. Problems of poor coordination and lack of follow-up are also apparent in the distribution by UK carbon offset company Climate Care of energy-efficient light bulbs in an area of Cape Town where the para-statal company Eskom was also offering them for free. The familiar themes of fraud, duplication and dubious additionality abound.

But are the issues less clear cut regarding other projects around energy efficiency or renewable energy? Here academics and students of climate change and energy politics may get frustrated by the lack of nuance in some of the arguments. There is not much in the way of multi-dimensional assessment of CDM projects and their claimed social and economic as well as environmental benefits and the trade-offs implied by trying to achieve these simultaneously. Is it possible, for example, to argue that the Kuyasa energy retrofit for low-cost housing project was a good one but just should have been supported with aid money rather than generate offsets that let others off the hook? The

main issue raised by the authors in relation to this project is its financial sustainability. The social and environmental benefits are not contested. Are all projects bad because of their design, the way they are governed or because ultimately they serve as vehicles for displacement of responsibility? Such reflections sometimes get lost in the polemical flow. Not necessarily a problem in a book by and for activists, though at times critical reflection gives way to rhetorical flow. Patrick Bond in his chapter on energy in South Africa, for example, challenges whether 'macro-economic stability' is the goal 'Or instead, a parasitical, slow-growth, high-poverty, unemployment-ridden, more unequal, capital-flight-prone, volatile, vulnerable, elite-oriented economic machine ploughing over poor people, whose gains are in temporarily restored profitability for big capital and conspicuous consumption bingeing for a credit-drowned petit bourgeoisie?' (p.55)

Other readers may be unconvinced by the willingness of some authors to blame all social and environmental ills on the CDM rather than attempt to isolate specific effects. Greater attention is warranted to why it is the South African government believes the CDM can benefit the country and why it has policies and programmes in place to attract investors in carbon markets. It may well be to cash in on the low-hanging fruit that CDM has to offer – for example, money for burning rubbish (to capture methane and use it for energy) and a number of municipalities in South Africa are currently looking into landfill gas projects despite the issues raised above in relation to Bissasar road. But it may also be about using carbon finance as a lever for delivering other domestic and international policy goals around energy security, tackling energy poverty or mitigating emissions through support to renewable energy. Government officials certainly claim this in the case.

If I was to have one other slight complaint, it would be that many of the chapters appear not to have been updated from earlier versions and some were published as long ago as 1994 commenting, for example, on the potential of certification initiatives such as the Gold Standard that have been around nearly 10 years now. It is also the case that there are currently a number of interesting initiatives underway in South Africa at the moment that aim to diversify the country's energy base in the wake of power outages and rising electricity prices as well as pressure to reduce emissions in one of the world's most carbon-intensive economies. These include a REFIT feed-in-tariff scheme which will provide favourable prices to renewable energy providers, proposals for a carbon tax and the roll-out of renewable energy projects such as solar water heaters in 1 million homes by 2013. None of this will unsettle the notorious minerals-energy complex which, particularly in the guise of Eskom, has managed to position itself to control access to the grid for the independent power producers as well as secure funds from the World Bank for the controversial Medupi coal-fired power station. But some developments are suggestive of movement in South Africa's energy policy matrix which warrant further attention to critically assess their potential.

Activists sympathetic to the premises of the book, however, will find the book a useful resource in the struggle against what the editors refer to as the privatisation of the atmosphere. The book brings together in one volume many of the leading critics of carbon markets such as Larry Lohmann, Jutta Krill, Patrick Bond and Heidi Bachram and so can expect to become established as a 'critical reader' on carbon trading. Embedding an analysis of carbon trading within broader systems of social, political and

economic power is also invaluable as it provides much needed context about how and why carbon trading emerged as a legitimate response to climate change and who benefits from it and how. For anyone interested in the potential and limitations of carbon markets as a vehicle for supporting emissions reductions or addressing poverty, this book will be of interest and deserves to be widely read.

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