

Part of complete coverage on
Environment



Comment: Salvation lies in carbon trading

By **Graciela Chichilnisky**, author and architect of the carbon market
December 3, 2009 4:22 a.m. EST

[Twitter](#) | [Share](#) | [Email](#) | [Save](#) | [Print](#)

[Recommend](#) | [Sign Up](#) to see what your friends recommend.



GRACIELA CHICHILNISKY

Editor's Note: Graciela Chichilnisky worked extensively in the Kyoto Protocol process, creating and designing the carbon market that became international law in 2005. She has written 215 scientific articles and 14 books, including "Saving Kyoto: An insider's guide to the Kyoto Protocol." Professor Chichilnisky also served as the lead author on the Intergovernmental Panel on Climate Change (IPCC), which received the 2007 Nobel Prize for its work in deciding world policy with respect to climate change.

Graciela Chichilnisky was lead author of the IPCC's Fourth Assessment on climate change

STORY HIGHLIGHTS

- Graciela Chichilnisky explains why the carbon market can cut emissions and create wealth
- Chichilnisky designed the carbon market which now trades \$120 billion each year
- She was lead author of the IPCC's Fourth Assessment released in 2007
- Author of 14 books, the most recent of which is "Saving Kyoto"

Two market mechanisms within the Kyoto Protocol can help overcome the North-South divide, and help reach a solution between rich and poor nations while overhauling the world's energy industry and creating win-win solutions for the world economy.

The carbon market that I designed and drafted into the [Kyoto Protocol](#) is now trading \$120 billion annually through the European Union Trading System. It starts by setting firm emission limits and allows those who over emit to compensate those who under emit, so far by \$120 billion per year.

This secures a firm lower emission ceiling and provides market flexibility, creating incentives to introduce new clean technologies and products. Through its Clean Development Mechanism (CDM) the carbon market has provided an additional \$25 billion investment in clean, productive commercial projects in developing nations that are compensated with tradable carbon credits.

This one-two punch follows a market approach and does not require donations or aid -- in fact it creates wealth, it is a profitable way of decreasing emissions. As such it is more hopeful and real than old fashioned aid, which often does not work.

The carbon market creates a new form of clean development in poor nations, and is expected to trade \$2 to \$3 trillion in a few years, becoming the largest commodity market in the world.

The carbon market makes plenty of funds available for industrialized and developing nations alike -- to produce clean products and services. All that is needed for this to work is to set carbon limits for over emitting nations and let the market work.

This neat market process is unique in the world, but it is not without political enemies. It requires that nations agree to divide the allocations of permits -- this is what was agreed in the Kyoto Protocol and what is at stake in Copenhagen today. Two recent books, "The Hot Topic" by Gabrielle Walker and Sir David King, and "Saving Kyoto," by the author of this article and Kristen Sheeran, argue that we need to limit emissions anyway and dividing obligations is politically more achievable than carbon taxes, which



ADVERTISEMENT

NewsPulse »

Most popular stories right now

[Why are moms dressing like their teen daughters?](#)

[Moore: Get ready for President Rick Perry](#)

[Stocks jump on Cisco, jobless claims](#)

[Officer recounts run-in with Dougherty trio](#)

[Michael Jackson tribute line-up revealed](#)

[Explore the news with NewsPulse »](#)



would require a global tax authority and is unlikely to emerge.

There is more to the carbon market than meets the eye. This market changes the cost of energy in goods and services worldwide, changing the energy industry's economic incentives: For the first time ever clean energy is now more profitable and fossil sources are costlier and less desirable.

The new incentives arising from the carbon market create a sea change in the world economy. This is apparent from Chevrolet's new higher mileage automobiles, 10 percent ethanol in U.S. gas pumps, wind power farms, and technologies based on solar power and others that clean a coal plants' emissions.

The carbon market has the ability to overcome a cruel quandary for developing nations

—Graciela Chichilnisky



The CDM of the Kyoto Protocol has provided \$25 billion for private investments in developing nation that reduce emissions. It can be extended to allow negative carbon power plants that produce electricity while reducing carbon in the atmosphere.

Cogenerating electricity with carbon capture is a win--win solution for the energy industry that builds power plants for profit, and also for poor developing nations who need more energy and a cleaner form of industrialization.

These plants can bring most of the Clean Development funding to go to Africa and Latin America because they can capture more carbon than they emit -- which was not possible until now. Africa produces only three percent of the global emissions and Latin America about five percent so they did not attract such funding until now, but with negative carbon technologies they can reduce more carbon than they emit and attract most of the clean development funding.

President Mohamed Nasheed of the Maldives Islands was supportive of this approach when we discussed it last month and so were other small island representatives at a recent UN Headquarters conference sponsored by AOSIS, the coalition of 43 small island states that are most vulnerable to climate change and have 25 percent of the vote at the UN and in Copenhagen.

The carbon market has one more ace up its sleeve. It has the ability to overcome the cruel quandary for developing nations that desire to follow a cleaner development path and yet fear commitments that prevent them from growing and gives priority to poverty alleviation.

A modest improvement upon the carbon market that I have proposed allows properly regulated simultaneous options that, when traded between China and the U.S., can give each what it wants. The Chinese representative has officially agreed with this proposal at a UNCTAD meeting in Geneva this April. Through this financial mechanism, the U.S. can say truthfully that it forced China to reduce its emissions and China can say truthfully that it will be properly compensated for this. Both save face and both move simultaneously towards a cleaner and more profitable future.

In a few days, all this will be at the table in Copenhagen. It is a difficult but promising new beginning for the world economy. Will the nations of the world make it work? Our own future may be at stake.

[Twitter](#) [Share](#) [Email](#) [Save](#) [Print](#)

[Recommend](#) [Sign Up to see what your friends recommend.](#)

FOLLOW THIS TOPIC [+](#)

We recommend

- [Justices reject multistate lawsuit over global warming](#)
- [Just hot air? Justices debate lawsuit over global warming](#)
- [\(HFR for Earth Day\) Pace of polar ice melt 'accelerating rapidly'](#)

More World »

- [British PM: Police waited too long to act](#)
- [Syrian forces push into Saraqib, death toll escalates, group says](#)
- [5 NATO service members killed in southern Afghanistan](#)



ADVERTISEMENT

careerbuilder.com

- [Healthcare Jobs](#)
- [Sales and Marketing Jobs](#)
- [Finance Jobs](#)

Quick Job Search

Keywords City

Job type State

[SEARCH](#) [more options »](#)



75° HI 76° LO 57°
Odd, W Weather forecast

POWERED BY Google

SEARCH

[Home](#) | [Video](#) | [NewsPulse](#) | [U.S.](#) | [World](#) | [Politics](#) | [Justice](#) | [Entertainment](#) | [Tech](#) | [Health](#) | [Living](#) | [Travel](#) | [Opinion](#) | [iReport](#) | [Money](#) | [Sports](#)
[Tools & widgets](#) | [RSS](#) | [Podcasts](#) | [Blogs](#) | [CNN mobile](#) | [My profile](#) | [E-mail alerts](#) | [CNN shop](#) | [Site map](#)

CNN ©2011 Cable News Network. Turner Broadcasting System, Inc. All Rights Reserved.

[CNN en ESPAÑOL](#) | [CNN Chile](#) | [CNN Expansion](#) | [العربية](#) | [한국어](#) | [日本語](#) | [Türkçe](#)

[Terms of service](#) | [Privacy guidelines](#) | [Ad choices](#) | [Advertise with us](#) | [About us](#) | [Contact us](#) | [Work for us](#) | [Help](#)

[CNN TV](#) | [HLN](#) | [Transcripts](#)