

# CARBON TRADING – HOW IT WORKS AND WHY IT FAILS

en castellano

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Carbon trading lies at the centre of global climate policy and is projected to become one of the world's largest commodities markets, yet it has a disastrous track record since its adoption as part of the Kyoto Protocol. Carbon Trading: how it works and why it fails outlines the limitations of an approach to tackling climate change which redefines the problem to fit the assumptions of neoliberal economics. It demonstrates that the EU Emissions Trading Scheme, the world's largest carbon market, has consistently failed to 'cap' emissions, while the UN's Clean Development Mechanism (CDM) routinely favours environmentally ineffective and socially unjust projects. This is illustrated with case studies of CDM projects in Brazil, Indonesia, India and Thailand.

UN climate talks in Copenhagen are discussing ways to expand the trading experiment, but the evidence suggests it should be abandoned. From subsidy shifting to regulation, there is a plethora of ways forward without carbon trading – but there are no short cuts around situated local knowledge and political organising if climate change is to be addressed in a just and fair manner.

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Chapter 1 »

introduces carbon trading, how it works and some of the actors involved.

## Chapter 2 »

explores the origins and key actors involved in building the architecture of emissions trading.

## Chapter 3 »

examines the performance of the EU ETS and finds that it has generously rewarded polluting companies while failing to reduce emissions. Many of the scheme's flaws, from the overallocation of permits to pollute onwards, are found to be fundamental to the cap and trade approach more generally.

## Chapter 4 »

outlines the performance of the CDM and looks at four case studies of CDM projects in Thailand, India, Indonesia and Brazil; it argues that off sets projects, even those that promote renewable energy, will not be a solution to climate change.

## Chapter 5 »

outlines what could work and ways forward for political organising around questions of climate change.

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