

*International
Emissions
Displacement*

International Emissions Displacement

- International emissions displacement (IED) has the potential to undermine REDD efforts.
- IED can occur with market and non-market based funding
- With carbon offset mechanisms there is a potential to actually increase emissions due to the effect of the offset plus the displaced emissions

Modelling studies on forest conservation suggest that under current trade conditions, estimated emissions displacement ranges from 45% - 90% with an average of 70% for most regions/countries

Jiangban Gan and Bruce A. McCarl, 'Measuring transnational leakage of forest conservation', 2007, *Ecological Economics*, 64, 423-432.

Timber trade as one driver of IED

- In 2003, China imported around 42 million cubic metres of timber products and 52 million cubic metres of pulp and paper.
- Russia, Malaysia and Indonesia are the three largest suppliers with New Zealand, Gabon, Germany, Papua New Guinea, Thailand and the United States, Canada and Myanmar making up the second tier of countries that supplied China.

The Chinese market has started to increase its investment in Africa with major forest trade relations established in Gabon, Cameroon, Equatorial Guinea, Republic of Congo and Mozambique.

Nearly all African timber exports to China are unprocessed logs

Japan and the United States remained the two largest importers of secondary wood products from TTO supplier countries

Illegal Timber Trade

25 percent of hardwood lumber traded globally is of suspicious origin and almost 30 percent of hardwood plywood traded globally is of suspicious origin

E. Curtin, 'What constitutes illegal logging?', 22:1 *Pacific Economic Bulletin* ,(2007),

Other Commodities in International Trade that may drive Deforestation and International Emissions Displacement:

Oil Palm: Major exporters, Indonesia, Malaysia, Thailand, PNG, Jordan

Beef and Veal: Major exporters: Brazil, Australia, India, Argentina, NZ, Canada, Uruguay, Paraguay, EU-27, Nicaragua

Soyabeans: Major exporters: United States, Brazil, Argentina, Paraguay, Canada

Means to Address International Emissions Displacement

1. "All in" Approach

- An "all in" approach would mean that all tropical forested countries have capabilities for national forest inventories and the necessary policy and legal frameworks to manage their forests on a sustainable basis.

2. Tackling Illegal Logging and Trade

- World Bank and G-8 initiated , Forest Law Enforcement, Governance and Trade (FLEGT)
- EU FLEGT and Voluntary Partnership Agreements
- US Presidents Initiative Against Illegal Logging
- NGO Initiatives including Responsible Asian Forest and Trade programme..

3. Definitional “fix”

- The definitional 'fix' would mean that only emissions displacement that could be measured and attributed to the project or country activity would be considered.
- Emissions displacement would continue.

3. Demand-Side Management of International Emissions Displacement

- It may be necessary to create disincentives for importing 'REDD unfriendly' forest products.**
- Essentially if Annex I parties wish to seek carbon credits from the REDD market, they should also be ready to accept carbon deficits as well.**
- It may be possible to create what could be called 'carbon deficit levies' (CDLs), for importing countries**

The IPCC could be tasked with developing a metric for the estimation of emissions depending on the source of the imported timber products. Once this calculation is made, a CDL could be applied to an Annex I assigned amount.

4. Discounting carbon credits

- Possible to calculate a discount factor based on international emissions displacement
- Identifying causal link between the international emissions displacement and the factor to be applied would be difficult
- May need identify commodity exports which may be linked to international emissions displacement and develop a discount factor

More work is needed to address international emissions displacement