

Amazon Watch – Asia Pacific Environmental Network – Battle Creek Alliance – California Environmental Justice Alliance – Carbon Trade Watch – Center for Biological Diversity – Center on Race, Poverty and the Environment – Communities for a Better Environment – Filipino American Coalition for Environmental Solidarity – Food & Water Watch – Forests Forever – Friends of the Earth-US – Greenpeace International – Global Community Monitor – Global Exchange – Grassroots Global Justice Alliance – Greenaction for Health and Environmental Justice – Green Party of Alameda County – Health of Mother Earth Foundation (Nigeria) – Justice in Nigeria Now! – Indigenous Environmental Network – International Indian Treaty Council – Movement Generation: Justice and Ecology Project – Oilwatch International – Rainforest Action Network – Sierra Club California – Seventh Generation Fund for Indigenous Peoples

May 3, 2013

The Honorable Jerry Brown  
Governor of California  
c/o State Capitol, Suite 1173  
Sacramento, CA 95814  
Via fax: (916) 558-3160

Mary Nichols  
Chairman, California Air Resources Board  
1001 "I" Street  
Sacramento, CA 95814  
Via fax: (916) 327-5748

**Re: Climate Change Policy – International Forest Offsets in California's Cap and Trade Program**

Dear Governor Brown and Chairman Nichols,

Following the recent release of the recommendations put forward by the *REDD Offsets Working Group (ROW)* we would like to use this opportunity to explain why we urge you not to approve the use of international forest offsets as a compliance option within California's emissions trading scheme.

For years our organizations, most of which are based in California, have been working toward the protection of forests, preventing catastrophic climate change, and promoting ecological justice and social equity. In this context we applaud the State of California for considering new ways to curb its emissions and protect the last remaining tropical forests. However, ROW's proposal to use rainforests as an offset to replace industrial emissions would achieve none of these objectives.

Science tells us that in order to have a realistic chance of stopping catastrophic climate change, we need bold action on reducing industrial emissions *and* tackling deforestation at the same time.

Doing just one of the two will simply not be enough. Unfortunately, ROW's proposal is not only unlikely to deliver real, additional and permanent emission reductions, but it would also prevent Californians from getting the benefits of AB 32 at home. By allowing enterprises to buy international forest offsets, the amount of industrial emissions *within* the state would be greater than otherwise allowed by law, exposing people here in California to greater health and environmental risks, and preventing progressive Californian companies from benefitting from new technologies and innovations.

While many problems exist with offsets in general, there are significant issues unique to tropical forests which make them broadly unfit to offset industrial emissions as proposed by ROW. One of these is permanence: end-of-pipe emissions stay in the atmosphere for centuries, if not millennia, where they contribute to climate change, whereas reductions in forest emissions cannot be reasonably guaranteed for such a period of time given how quickly forests can be degraded by companies, pests, and even the impacts of climate change. Other inherent problems that prevent subnational forest offset projects from actually reducing emissions are: non-additionality, in which offsets are used to protect a forest area that would have been protected anyway; and leakage, whereby the drivers of deforestation (such as timber companies) merely shift from one part of the country to another, or across an international border. Due to those issues, the inclusion of subnational forest offsets in California's cap and trade program would likely increase rather than decrease emissions relative to AB 32's objectives.

Tropical forests have unique social, economic and cultural significance to those who live in and depend on them for their livelihoods. Independent investigations into the promotion of international forest offsets have raised serious concerns related to human rights violations and there is major opposition from indigenous peoples and local communities in both Chiapas, Mexico and in Acre, Brazil (the two jurisdictions where California would most likely obtain its initial credits), to the proposal put forth by ROW. Similar concerns have arisen in Nigeria and Indonesia, which are under consideration for future inclusion in the program. Given these concerns, we are compelled to point out that many of the key features of the proposed REDD program, including improved forest governance, the development of relevant legal frameworks, and the rights of indigenous peoples and local communities (including their full, effective participation and free, prior, informed consent), are beyond the regulatory authority of the State of California.

For these and other reasons, other major emissions trading schemes such as the European Union ETS have rejected the inclusion of international forests as an offset option. Additionally, a comprehensive assessment of REDD+ conducted by experts in derivatives trading has found that "using carbon markets to finance REDD... is likely to be a drain of resources, both in terms of money and time, away from the very serious problems REDD seeks to address."<sup>1</sup>

We would therefore ask that you not permit the use of international forest offsets for compliance in California as proposed by ROW, since they will not deliver real, additional, and permanent emissions reductions and could lead to serious human rights violations and social problems.

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<sup>1</sup> The Munden Project, March 2011, REDD and Forest Carbon. <http://www.mundenproject.com/forestcarbonreport2.pdf>

To really tackle tropical deforestation at its root, California policymakers should consider examining how the state's existing policies, including those related to procurement, public investment, fuels, and other issues, may enable rainforest destruction through contributing to demand for petroleum, timber, soy, paper, palm oil, and other commodities.

We appreciate California's interest in helping to protect tropical forests and would be happy to discuss with you steps the State could take to achieve that end. You may contact Jeff Conant at Friends of the Earth-US at [jconant@foe.org](mailto:jconant@foe.org); (510) 900-0016).

Sincerely,

Amazon Watch  
Asia Pacific Environmental Network  
Battle Creek Alliance  
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Communities for a Better Environment  
Filipino American Coalition for Environmental Solidarity (FACES)  
Food & Water Watch  
Forests Forever  
Friends of the Earth-US  
Grassroots Global Justice Alliance  
Greenpeace International  
Global Community Monitor  
Global Exchange  
Greenaction for Health and Environmental Justice  
Green Party of Alameda County  
Health of Mother Earth Foundation (Nigeria)  
Justice in Nigeria Now!  
Indigenous Environmental Network  
International Indian Treaty Council  
Movement Generation: Justice and Ecology Project  
Oilwatch International  
Rainforest Action Network  
Sierra Club California  
Seventh Generation Fund for Indigenous Peoples