

# Carbon offsets: a booming market or greenwashing?

November 11 2021, by Catherine Hours

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Carbon offsetting is when a company seeks to make up for its carbon dioxide emissions through investing in a project to reduce greenhouse gas output anywhere else on the planet.

Corporate carbon polluters plant trees to counter their CO<sub>2</sub> emissions,

but activists warn against greenwashing and say such afforestation schemes detract from the emissions reductions needed to combat climate change.

Voluntary [carbon](#) offsetting are being hotly debated at the COP26 climate summit in Glasgow. Here's a backgrounder.

How does it work?

Carbon offsetting is when a company seeks to compensate for its greenhouse gas emissions by investing in a project that reduces emissions somewhere else, whether next door or on the other side of the planet.

Such schemes have been around since the 1980s, and include investing in renewable energy, natural carbon sinks such as mangroves, or planting trees that absorb and store CO<sub>2</sub> as they grow.

More recently, carbon polluters can even pay companies that suck planet-warming [carbon dioxide](#) straight from the air and store it in the ground or transform it into fuel pellets, though the cost per tonne of CO<sub>2</sub> removed remains very high.

In exchange for reducing emissions, investors earn carbon credits.

Firms can be obliged to do this under mandatory initiatives such as the European Union's Emissions Trading Scheme, or can earn [carbon credits](#) on in voluntary markets.

As more and more companies commit to reaching zero net emissions, typically by 2050, many are depending heavily on [carbon offsets](#) to achieve their goals.

Is it catching on?

Airlines around the world include carbon offsetting in their plans to reduce their massive [greenhouse gas emissions](#) by 2050.

Microsoft plans to plant trees not only to become carbon neutral by 2030, but also to compensate for all the carbon emitted by the company since its founding in 1975.

Energy giants Shell, BP and ENI are also banking heavily on afforestation schemes.

TotalEnergies on Monday said it would plant 40 million trees on 40,000 hectares over the next decade in the Republic of Congo.

Former Bank of England governor Mark Carney says carbon markets are booming.

By 2030 they could reach a value of up to \$100 billion, he says, a huge leap from just \$300 million in 2018.

David Antonioli, the head of a firm called Verra that certifies carbon offsetting projects, agrees.

"There's no doubt there's going to be growth, there's a lot more interest in this market, a lot more finance available," he said.

"We're hiring as many people as we can."





An Ivorian Forest guard officer walks in the classified forest of Tene near Oumé, in Ivory Coast. Tene is the largest reforestation site in the country.

Is it sustainable?

Environmental watchdogs say carbon offsets are not a viable stand-alone solution, and that companies need first and foremost to reduce their own greenhouse gas output.

In the case of tree planting, saplings take years to grow, and even then do not last forever.

Hydroelectric dams and reforestation can displace communities, while new forests can encroach on land needed to feed the world's growing

population, set to top nine billion by mid-century.

Offsetting is "a false solution that... gives polluters an excuse to continue polluting," the Indigenous Environmental Network and Indigenous Climate Action have said.

Laurence Tubiana, who helped craft the 2015 Paris climate treaty as France's chief negotiator, also warned against greenwashing.

"Many companies, especially in oil and gas, include a lot of offsetting in their carbon neutrality plan," she said.

"But research shows offsets today don't substantially reduce emissions."

Myles Allen, head of the Climate Dynamics Group at the University of Oxford, has said "heroic reforestation" can help, but cannot be a solution to ongoing fossil fuel use.

Can you regulate it?

Voluntary carbon markets are taking off, and could be poised for sustained growth, experts say.

Carney and Bill Winters, CEO of the Standard Chartered bank, recently launched a private-sector "task force" to unify standards.

Activists from ActionAid and Greenpeace barged in on one of their meetings at COP26 last week, denouncing the initiative as a "scam".

"Stop greenwashing," young Swedish climate activist Greta Thunberg shouted as she walked out of the gathering.

Antonioli, head of the certifying firm, said NGO's concern was "valid".

But he said that he and others were working towards establishing a "minimum level of performance" for offsetting projects.

And he suggested consumer protection agencies could help check that companies were offsetting as much as they claim.

Carbon Market Watch, a non-profit group, says countries should set up oversight at the national level, regulating, for example, corporate advertising around climate action.

UN Secretary General Antonio Guterres last week said there was "a surplus of confusion over [emissions reductions](#) and net zero targets, with different meanings and different metrics".

He said he would "establish a Group of Experts to propose clear standards to measure and analyse net zero commitments from non-state actors", but gave no more details.

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