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THE CARBON EMISSIONS MARKET BOTTOMS OUT IN ONE SOUTH AFRICAN COMMUNITY

By Rachael Moshman*

Members of the Durban, South Africa community are not celebrating the most recent international solution for addressing climate change. The Kyoto Protocol, an international agreement to reduce greenhouse gas emissions, went into effect in early 2005 with some optimism for what a carbon emissions-based market could do for preventing climate change. For the citizens of Durban, however, the carbon emissions market is contributing to a future of continuing health concerns and life next to a toxic landfill.

Through Flexible Mechanisms in the Kyoto Protocol, countries and private companies are able to buy credits for carbon emissions reduced in other countries to compensate for the carbon emissions they are not reducing themselves.¹ The Clean Development Mechanism ("CDM") encourages developed countries and private companies to invest in emission reduction projects in developing countries in exchange for carbon credits that will be counted as a reduction in the funder's overall carbon emissions output.²

The funding of carbon emission reduction projects for the developing world is an attempt to address the inequitable impact that developing countries experience from climate change. The developed world has been contributing to climate degradation since the first days of industrialization. Since 1850, 80 percent of all carbon dioxide emissions have come from developed countries, and developed countries will continue to contribute far more than developing countries for some time to come.³ Meanwhile, although climate change is caused disproportionately by the industrialized world,⁴ developing countries are more susceptible to natural disasters brought on by climate change.⁵

Apparently recognizing the unequal impact of climate change on developing countries, the World Bank approved

the creation of the Prototype Carbon Fund ("PCF") on July 20, 1999.⁶ The PCF aims to reduce climate change and promote the World Bank's goals for sustainable development.⁷ While PCF projects are meant to attract investments in developing countries under the CDM,⁸ it is possible the

World Bank also recognized an opportunity for profit in a burgeoning carbon emissions market. The World Bank has established itself as a broker of carbon emission trading between the North and the South, for which it will charge a commission of eight to ten percent.⁹ Though the World Bank claims it charges the commission only to cover costs, a memo leaked from the World Bank in 1999 estimates that the bank saw its involvement as brokers bringing a potential profit earning of \$100 million in just the first year.¹⁰

In the meantime, complaints about PCF projects, which have now been established all over the developing world,¹¹ have been surfacing from the communities that are supposed to be benefiting from

these projects. Durban, South Africa, a community predominantly populated by people of color,¹² is home to the Bisasar Road landfill, which was established during apartheid.¹³ The South African Government used the landfill to deposit toxic waste coming from mostly white communities.¹⁴ Once an area full of beautiful biological diversity, Durban has become a toxic, foul-smelling wasteland suffering from increased cancer clusters in the immediate vicinity of the landfill.¹⁵



Boy walking past the Bisasar Landfill.

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Durban received election-time assurances from the African National Congress that the site would be closed.¹⁶ However, in 2002 the World Bank promised profits for the mayor of Durban in exchange for implementing a project that would capture methane gas escaping from the landfill and convert it into electricity.¹⁷ The World Bank receives \$15 million dollars for the Durban Landfill Gas to Energy project from funders looking to trade in carbon credits.¹⁸ While the World Bank promises that the project positively affects local groundwater and air quality, creates a small increase in skilled local jobs, and brings profit for the municipality,¹⁹ the quality of life of people living near the landfill continues to be debilitated. Cancer remains a threat, and now the power plants that generate electricity from the

landfill's captured methane produce noise and toxic gases, such as benzene and formaldehyde.²⁰

With the World Bank choice to fund PCF projects such as the Durban site, which represents relatively profitable pickings when compared to projects that could bring real sustainable change to the developing world, the developing world will continue to suffer disproportionately from climate change. Today, the people of Durban are suffering twofold from the passing of the Kyoto Protocol. Not only is this added suffering legally sanctioned by the Kyoto Protocol, but the developed world can continue to emit carbon dioxide because it has been granted that right by the funding of a harmful project.



ENDNOTES:

¹ Kevin Bruno, Joshua Karliner, and China Brotsky, *Greenhouse Gangsters vs. Climate Justice*, Corp Watch, 14, Nov. 1999, available at <http://www.corpwatch.org/downloads/greenhousegangsters.pdf> (last visited Mar. 28, 2005).

² *Global Warming, Unnatural Disasters and the World's Poor*, Global Advocacy Team, Christian Aid, Nov. 2000, available at <http://www.christian-aid.org.uk/indepth/0011glob/globwarm.htm> (last visited Mar. 13, 2005).

³ Belin Balanya, Ann Doherty, Olivier Hoedeman, Adam Ma'anit, and Erik Wesselius, *Greenhouse Market Mania: UN Climate Talks Corrupted by Corporate Pseudo-Solutions*, CORPORATE EUROPE OBSERVATORY, p.25, Nov. 2000, available at <http://www.corporateeurope.org/greenhouse/mania.doc> (last visited Mar. 28, 2005).

⁴ See Anup Shah, *Global Warming, Climate Justice and Equity*, Global Issues, Dec. 2004, available at <http://www.globalissues.org/EnvIssues/GlobalWarming/Justice.asp> (citing a Christian Aid report from 1999 that industrialized countries owe developing countries \$600 billion in costs associated with climate change) (last visited Apr. 10, 2005).

⁵ See *Global Warming*, *supra* note 2, listing the following factors: large numbers of people are living in disaster prone areas (low-lying coastal areas and small island states), heavy reliance on natural resource based economic activity, poor infrastructure, lack of economic resources for disaster readiness and rehabilitation.

⁶ *About Us*, Prototype Carbon Fund, 2005, available at <http://carbonfinance.org/pcf/router.cfm?Page=About> (last visited Mar. 25, 2005).

⁷ *Id.*

⁸ *Preparing the Birth of the Carbon Economy*, Det Norske Veritas, Oct. 2003, available at http://www.dnv.com/publications/dnv_forum/by_subject/certification/Preparingthebirthofthecarboneyconomy.asp (last visited Mar. 13, 2005). Ken Newcombe, manager of the PCF, said, "It is a key role for the World Bank to help the developing world benefit from the enormous investments required by the developed countries to combat the climate change problem. Our mission is to pioneer the market for project-based greenhouse gas emission reductions within the framework of the Kyoto Protocol and to contribute to sustainable development."

⁹ Daphne Wysham, *Carbon: Under Kyoto, A Hot Commodity*, CorpWatch, Feb. 2005, available at <http://www.corpwatch.org/article.php?id=11893> (last visited Mar. 13, 2005).

¹⁰ *Id.* The role of broker by the World Bank appears to be a unilateral appointment, not requested by the signatories of the U.N. Climate Convention, the Kyoto Protocol, and even discouraged by US Treasury officials recognizing a potential conflict of interests.

¹¹ *PCF Projects*, Prototype Carbon Fund, 2005, available at <http://carbonfinance.org/pcf/router.cfm?Page=Projects> (last visited Mar. 25, 2005). Projects have been established in Brazil, Bulgaria, Chile, China, Columbia, Costa Rica, Czech Republic, Guatemala, Hungary, Indonesia, Latvia, Moldova, Philippines, Romania, South Africa, and Uganda.

¹² Shankar Vedantam, *Kyoto Treaty Exploits Poor, Some Say: Carbon Trading System Called a Form of 'Colonialism'*, MSNBC, Mar. 2005, at <http://www.climateark.org/articles/reader.asp?linkid=39972> (last visited Mar. 13, 2005) [hereinafter Vedantam].

¹³ Daphne Wysham, *Carbon Rush at World Bank*, ASIA TIMES, Feb. 2005, at <http://www.climateark.org/articles/reader.asp?linkid=39501> (last visited Mar. 13, 2005).

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ Vedantam, *supra* note 12.

¹⁷ Wysham, *supra* note 13.

¹⁸ PCF Projects, *supra* note 11.

¹⁹ *South Africa: Durban Municipal Solid Waste*, Prototype Carbon Fund, 2005, available at <http://carbonfinance.org/pcf/router.cfm?Page=Projects&ProjectID=3132> (last visited Mar. 25, 2005).

²⁰ Wysham, *supra* note 13.