

## Carbon trade 'to save' rainforest

**Carbon trading can be used to protect endangered rainforests by compensating nations that avoid deforestation, the World Bank has said.**

It has suggested that industrial states offset their carbon emissions by funding projects designed to reduce deforestation in developing countries.

The World Bank report said 5% of the world's rainforest is lost each decade.

The forest was more valuable if left to store carbon dioxide emissions than if cleared for pasture, it argued.

### Carbon markets

According to the World Bank, deforestation contributes to 20% of global carbon dioxide emissions.

Deforested land that is worth \$200-500 as pasture could be worth \$1,500-\$10,000 if left as forest and used to offset - or trade against - carbon emissions in the industrial world.

Carbon trading is a market mechanism intended to tackle global warming.

The most important greenhouse gas contributing to global warming is carbon dioxide (CO<sub>2</sub>), which is mainly emitted by burning fossil fuels.

The key idea behind carbon trading is that, from the planet's point of view, where carbon dioxide comes from is far less important than total amounts.

Its proponents argue that trading the right to emit CO<sub>2</sub> allows firms and nations to decide whether they should spend money on cutting pollution or on buying the right to pollute by paying someone else to cut back.

"Global carbon finance can be a powerful incentive to stop deforestation," said World Bank economist Francois Bourguignon.

"Compensation for avoiding deforestation could help developing countries to improve forest governance and boost rural incomes, while helping the world at large to mitigate climate change more vigorously."



## Environmental benefits

At the moment, carbon trading markets like that run by European Union members offer no reward to forest owners for cutting emissions by simply leaving trees where they are.

But if developing nations could tap this income, they could use the money to preserve the environmental benefits of forests and stimulate more productive agriculture on poor quality land.

The World Bank is one of the main players in carbon financing, and estimates the value of carbon traded in 2005 to be about \$10bn.

It believes the carbon market has the potential to bring more than \$25bn (£14bn) in new financing for sustainable development to the poorest countries and the developing world.

Story from BBC NEWS:  
<http://news.bbc.co.uk/go/pr/fr/-/2/hi/business/6077752.stm>

Published: 2006/10/23 17:27:51 GMT

© BBC MMVI

