

Corporate power versus the planet?

The world is slowly waking up to the reality of climate change, but agreeing effective action is still an enormous task. That task is being made harder by demands from big business that its interests remain central to any solutions that are proposed.

Climate change is already affecting the planet, and it is the world's poorest who are being hardest hit. Flooding from severe storms, sea level rises and melting glaciers are hitting millions in Asia and Latin America, while parts of sub-Saharan Africa are starting to see sustained droughts. Deaths and increased poverty are the results.

The inequality in responsibility for climate change is stark. Half the world's CO₂ emissions each year come from rich countries, where only 15 per cent of the world's population live. The world's poorest countries together account for only 0.5 per cent of CO₂ emissions.

Rich countries owe an ecological debt to impoverished countries, and need to help them financially to adapt to the effects of climate change. But our biggest responsibility is to reduce our emissions and shift to a low carbon economy. Unfortunately, many big companies are opposing actions to tackle climate change and are proposing 'solutions' which don't solve the problem, and may even make it worse.

Biofuels

In 2007, the European Union (EU) announced a target of 10 per cent of road transport fuel to be made up of biofuels by 2020. Transport makes up 24 per cent of the EU's contribution to climate change, so the transport sector and European governments are hoping that biofuels can be a 'quick fix' for reducing carbon emissions.

Partly as a result of the demand for biofuels, the price of grain on the world market is already increasing. Staple foods are becoming less affordable for the poorest people, and thousands have protested in Indonesia, Mexico and various African countries recently over food prices. Biofuel production inevitably competes with food production, since the buying power of rich northern biofuel consumers is greater than the buying power of poor southern food



Women from Brazil's Landless Workers' Movement protest against ethanol production from sugarcane plantations.



consumers. For the UK to meet just the EU's 10 per cent target from within its borders, it would have to devote all of its arable land to biofuels, yet the impact of the process of biofuel production on rural communities in the developing world is potentially disastrous (see box).

Furthermore recent scientific reports have suggested that biofuels made from corn, sugar cane and soy could have a *worse* impact on the climate than burning fossil fuels. Most agrofuels are grown on large monoculture plantations. Such plantations require large scale deforestation or peatland clearance which actually contributes to climate change, as do the nitrous oxide emissions from chemical fertilisers.

In fact it was lobbying by companies with investment in biofuels such as British Sugar, Volkswagen and Shell which was the biggest factor in initiating the EU's 10 per cent target. That's because the main beneficiaries of the rush to biofuels are neither the climate nor poor farmers, but multinational corporations.

"We are taking away food from poor people's tables and putting it into rich people's cars."
Annie Sugrue, southern African campaigner

Biofuels and rural communities



Exploitation of workers on plantations.

In the Brazilian sugar-cane industry, cutters receive only 70 pence per ton of sugar cane cut, and many people have died in sugar cane plants and plantations.



Unemployment and the destruction of the rural economy. Actual levels of employment generated by biofuel production are very low. The spread of agrofuel plantations weakens the rural economy, increases poverty, and pushes people into the cities where they swell the slums.



Human rights violations. In Tanzania one plantation planned by UK-based Sun Biofuels will see 11,000 people evicted. Oil palm plantations in Indonesia have been imposed on local people with adverse effects on their livelihoods. Human rights often suffer as biofuel companies move in.



Water stress. In India it takes 3,500 litres of water to produce 1 litre of sugar-cane derived ethanol. Scarce water resources could be further depleted.



PHOTO: TRANSNATIONAL INSTITUTE

Carbon trading

Another strategy for supposedly tackling climate change while allowing 'business as usual' is carbon trading – essentially making a market out of carbon. The idea is that reductions in carbon emissions are easier and cheaper for some businesses to make than others. By issuing emissions permits each year, which are gradually reduced over time, but which can also be bought and sold, governments can in theory achieve an overall reduction in carbon emissions at the lowest possible cost to the economy.

Yet the only scheme actually up and running has been beset by problems. The European Emissions Trading Scheme started in 2005 and includes large industrial plants such as power stations and factories, just under half of the EU's CO₂ emissions. Though the permits are issued for free, power generators have raised prices to 'compensate' for the costs of the scheme, resulting in windfall profits. At the same time companies overestimated their emissions on entering the scheme, which led to a low market price for the permits and reduced incentives to reduce emissions.

Little wonder that EU emissions are still rising. The EU intends to fill in some of the holes in the scheme from 2013. For instance it intends to auction some permits

"Not only does the carbon trading mechanism not work, it makes the greedy north feel like they have done something meaningful while we keep drowning. Using the market to solve a problem the market created seems little short of insanity"

Sandy Gauntlett, Pacific People's Environment Coalition

instead of giving them away. But the EU has no intention of removing one of the biggest problems with the Emissions Trading Scheme: the fact that carbon credits can simply be bought from developing countries to substitute for emissions reductions within the EU.

The UN's Clean Development Mechanism is the main generator of such credits. Factories in places such as India have received saleable credits for partially cleaning up, and then used the revenue to expand what are still highly polluting industries. Local communities suffer and in some cases greenhouse gas emissions actually go up.

Yet even if Clean Development Mechanism projects can be made to work, in order to tackle climate change we need to ensure clean and sustainable development happens in the south *as well as* reducing emissions in the north, not instead of reducing them. Furthermore, relying on a system of carbon trading alone assumes that 'markets' will always provide a solution, when in fact the shift to a low carbon economy requires significant government intervention, such as regulations, subsidies and taxes.

Flying matters

Aviation is the fastest growing source of the UK's greenhouse gas emissions. The solution to this problem supported by both the government and British Airways is the inclusion of aviation in the European Emissions Trading Scheme. Yet the European Commission estimates that the scheme will add less than £6 to the cost of a return flight. With the overall cost of aviation continuing to decline, the impact on aviation growth will be negligible.

WDM has argued that the urgency of climate change means we need an environmental tax on aviation, and we have already achieved a campaign success when the government announced in 2007 that Air Passenger Duty would be replaced by a tax on flights, thus linking taxation directly to emissions. Now we need that tax to be set high enough to actually halt the growth in flying.



Sponge iron factory in Raipur, India.

PHOTO: THE CORNER HOUSE

Carbon offsetting

We are often told we can 'offset' our emissions from a particularly polluting activity for a small fee. The fee goes to plant trees to soak up CO₂, or help people in the global south reduce their emissions.

Yet treeplanting has been widely discredited because the polluting activities take place when the trees are planted, but they only soak up the CO₂ emissions generated over their whole lifetime – and that's if they aren't destroyed or die before then. And plantations in poor countries like Uganda have resulted in local people losing access to what was effectively common land and a source of their livelihood.

Offsetting encourages us to think we can buy our way out of the changes we need to make to the way we live. It also allows companies like HSBC and Sky to greenwash their reputations by claiming they are 'carbon neutral' as a result of offsetting, even while their emissions are growing.

Corporate power versus the planet

Only a few years ago, some companies were saying climate change wasn't a problem. Exxon Mobil even funded think tanks that denied it was happening.

Now, as the real impact of climate change starts to hit us, corporations are suddenly trying to claim leadership on the issue. Desperate to avoid regulation which may hit their profit margins, much of big business is pushing governments and their populations to buy market-based solutions.

In most cases it's an easy sell. For several decades official global politics has been dominated by a model of corporate globalisation. Economic growth and increased consumption are the goals for humanity and to achieve this, multinational corporations must be given free reign.

Reducing barriers to trade, keeping corporate taxes low and eliminating regulation have been the orthodoxy.

In this context, market solutions which reassure corporations of continued economic growth seem like the only way forward. Yet to really tackle climate change, we need more government intervention, not less.

Heavy investment in renewable technology is essential, together with changes to our infrastructure and effective regulation to ensure we reach a low carbon economy. And we also need to challenge the dogma which says that unrestrained economic growth is best for humanity.

"I believe that at the root of the problem [of climate change] is an economic system that promotes more and more consumption. Big corporations are the ones running the show."

Ricardo Navarro, Centre for Appropriate Technology, El Salvador

Biofuels, carbon trading and offsetting are not problems because they are favoured by corporations, but because they are ineffective. Multinational companies like them because real solutions conflict with their short-term interests. The power that big business wields needs to be tackled if we are to avoid catastrophic climate change.

Demanding climate justice

The people of the world's poorest nations and communities aren't taking the climate crisis lying down. Through the UN climate negotiations in Bali and elsewhere, southern governments are demanding that the richest nations take responsibility for the disaster they have created. But increasingly social movements and grassroots organisations based in developing countries are also realising that just any old action won't do. La Via Campesina, the international peasant movement, along with other global justice organisations, have issued a call to arms against pro-corporate 'solutions'. Instead, they say, we should respond to climate change through reduced consumption, payment of an ecological debt from rich to poor countries, investment in community-led renewable energy, and sustainable family farming geared to meeting the right of all people to healthy food.



PHOTO: TRANSNATIONAL INSTITUTE

Farmers from La Via Campesina at the UN Climate Conference in Bali, 2007.

What is WDM doing?

The World Development Movement is at the forefront of pushing for real solutions to the climate crisis. Our local groups and activists have been demanding the UK

government takes concrete steps towards a low carbon economy, and we're working with groups in the global south to put justice for the poorest at the centre of the climate agenda. Find out more and join us at www.wdm.org.uk/climate