



CAN International Position on Carbon Offsetting

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Climate Action Network (CAN) is a global network of more than 1,800 civil society organisations in over 130 countries driving collective and sustainable action to fight the climate crisis and to achieve social and racial justice. CAN convenes and coordinates civil society at the UN climate talks and other international fora.

Humanity will not limit global warming to 1.5°C without dramatically reducing emissions from burning fossil fuels and land-use change. Whilst CAN strongly advocate financing for climate action, including for the protection and restoration of carbon-rich and biodiverse ecosystems, **CAN rejects the practice of offsetting to tackle the climate crisis. We reject public, governmental and corporate offsetting. There are far better and more valid alternatives for protecting biodiversity than offsetting. These include effective regulations, contributions, donations, protection of the rights of indigenous communities, and other means.**

It is clear that many offset projects, for instance, under the Clean Development Mechanism (CDM) in the Kyoto Protocol, did not deliver “additional” reductions and that the CDM mechanism has failed to reduce emissions.

CAN rejects offsets because of the following reasons and principles:

- **Offsetting claims do not add up to a 1.5 C pathway and serves greenwashing to delay action**
 - There is no climate and environmental space for diluting the need to equitably phase out fossil fuels, a necessary condition to meeting a 1.5 C pathway. The gap between collective NDCs and the carbon budget identified by the IPCC is far larger than the supply of credible offset projects.
 - Among the largest promoters of offsets are fossil fuel companies¹. However, these companies’ plans to compensate for their emissions require more land use than is available, with major implications for biodiversity and food security. These concerns particularly apply for reforestation and

¹ See e.g. Greenpeace: [3b500e9b-words-vs-actions-the-truth-behind-fossil-fuel-advertising.pdf](https://www.greenpeace.org/global/wp-content/uploads/2019/03/3b500e9b-words-vs-actions-the-truth-behind-fossil-fuel-advertising.pdf) ([greenpeace.org](https://www.greenpeace.org))

afforestation/plantations. Existing demand for offsets from four of the world's largest oil and gas corporations —BP, Eni, Shell and TotalEnergies— could require them foresting an area of land equivalent to more than twice the size of the UK (Oxfam, 2021).

- Fossil fuel companies and other big polluters, such as agribusiness, use offsets as a greenwashing tool in the absence of substantive plans to reduce coal, oil and gas extraction to cut emissions in line with the 1.5 C target.

- **Methodological Weaknesses**

- In contrast to proper regulated emissions trading systems with monitored sectoral targets (cap and trade), offsets are based on heterogeneous methodologies, baselines that are often exaggerated, and poor independent review. Offsetting schemes do not cap absolute emissions. This allows for the lack of environmental and social effectiveness, lack of additionality, leakage and permanence issues². Because of these, offsets fail to contribute to, or even undermine, the global remaining carbon budget for staying in the 1.5°C pathway.

- **Permanence Challenges of land-based carbon Offsets**

- The IPCC states that we cannot meet the 1.5 C target without the use of land-based mitigation. Indeed, the protection and restoration of biodiverse natural ecosystems is essential to a 1.5°C pathway. Resilient mitigation outcomes in land, forest, and other ecosystems depend upon maintaining and restoring ecosystem integrity in order to maximise their stability and minimise risk of loss. Biodiversity plays a crucially important functional role in underpinning ecosystem integrity. Greater attention must be paid to the full range of factors that influence ecosystem integrity and stability. The proven most effective way to protect biodiverse ecosystems is through the safeguarding of the rights of indigenous peoples.
- It is impossible, however, to guarantee long-term permanence of carbon storage in trees, plants and soils, as they are at risk of fire, deforestation, pest attacks, plowing, drought, and other factors. Loss of permanence will increase atmospheric carbon, due to forest fires, and other sources – further accelerating global warming while more fossil fuels are being combusted. Offsetting CO₂ from fossil fuels brought up from geologically stable sources underground, with land use activities at risk of impermanence, therefore does

² See Carbon Market Watch 2021:

<https://carbonmarketwatch.org/publications/two-shades-of-green-how-hot-air-forest-credits-are-being-used-to-avoid-carbon-taxes-in-colombia/>

not meet environmental integrity requirements. Separate targets that differentiate between goals for reducing fossil emissions, and goals for protecting biodiverse ecosystems, can ensure transparency in both vital areas of action, helping to maximise the contribution of all sectors to climate mitigation.

- **Quantification Challenges**

- If a project developer generates carbon offsets from projects such as the protection of a rainforest area from logging, leakage might occur if logging shifts to nearby plots. Such cases bring no real reduction in emissions yet generate misleading carbon credits, which can then be used by polluters to justify their ongoing pollution in the place of real emission reductions.
- Setting quantified baselines to measure the impacts of projects, and assessing the additionality of these projects to ensure that they truly deliver reductions that would not have happened anyway, is highly challenging. It is unrealistic to assume that credits can truly measure impacts on a tonne-per-tonne basis.

- **Violation of Human Rights and Indigenous Peoples' Rights**

- Even with some safeguarding measures in place, offsets have resulted in the violations of Human Rights and the rights of Indigenous Peoples, as Indigenous lands are targeted by offset project developers.

Major existing (EU, UK ,and other European states) cap and trade systems do not include or allow for offsets to be part of their compliance regime. In fact, these offsets were banned largely due to integrity concerns. Important scientific studies by major international organisations like the Intergovernmental Panel on Climate Change, the International Energy Agency, and the International Renewable Energy Agency do not promote or consider offsets as a climate mitigation solution. Experience, observations and scientific analysis tell us that offsetting, with its wider implications on the carbon cycle and political impacts on effective GHG reduction policies, is at large counter-productive.

A more credible and effective alternative to offsetting, in particular for private sector actors wishing to contribute to mitigation actions outside their value chains, is the “contribution approach.” Under this approach, companies do not claim their own emissions have been offset or neutralized. In addition to decarbonizing their own activities in line with 1.5C compatible pathways, they contribute funds for example by pricing their remaining emissions at the level of the social cost of carbon, and invest this in activities that meet climate, biodiversity and social objectives and claim acknowledgement for these actions.

The role of the voluntary carbon market for offset credits is growing. Private companies are seeking claims of “net zero,” “carbon neutral,” or that their own emissions are “offset” by purchasing carbon credits. While this is portrayed as a tool to fight the climate crisis, such representations risk misleading the public about private sector actions, and deflecting attention from the urgent, transformative actions needed to address the climate crisis.³

³ BirdLife International, Wetlands International, National Wildlife Federation, and Environmental Defense Fund and Tree Aid do not agree with this position. They are of the opinion that if complementary to steep emission reductions and aligned with science-based targets, carbon credits to compensate residual emissions can shrink the financing gap for ecosystem conservation and restoration, with significant co-benefits, including for adaptation. Carbon credit protocols must respect legal and traditional rights, sustain biodiversity, and meet social and environmental integrity requirements