Rethinking carbon markets and economic values for sustainable development

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"All the birds clap loudly and cheerfully because the emission reduction goal is accomplished. The Earth will become beautiful again like it used to be, and the pond will have plenty of fish".

—In "GHG Emissions"; *The Kingfisher Story Collection* (2022)

[**WORLDVIEW**]

The relationship between carbon markets, especially voluntary ones, and climate justice is complex. These markets allow companies in the Global North to offset their emissions by purchasing carbon credits from projects in the Global South, such as reforestation or renewable energy initiatives. The goal is to achieve carbon neutrality while supporting emission-reducing projects elsewhere [1,2].

Pande [2] recently emphasized that while carbon markets are designed with positive intentions, such as supporting reforestation or renewable energy projects in developing countries, they can unintentionally exacerbate inequalities. Wealthier nations may rely on these mechanisms to meet their emissions targets without making significant reductions in their own pollution. As a result, the true impact of climate action is weakened, and the economic benefits from carbon credits often fail to reach the communities they are intended to support.

Illustration. Created by Bing AI

However, evidence and arguments presented by Vuong and Nguyen [3] suggest that the repercussions of carbon credits may be more severe than those outlined by Pande [2]. Specifically, carbon markets can be utilized as instruments of modern colonialism. Wealthy countries can exploit this system, acquiring cheap carbon credits from poorer nations and reselling them at a significant markup, thereby exacerbating economic inequalities.

For example, EU carbon trading companies can purchase credits from Indonesia at $5 but then resell them on the EU market for $100 to the same Indonesian companies that export agricultural products (e.g., palm oil) and raw materials (e.g., nickel) to the EU. The revenue from this tax is then distributed to EU member states and used to fund lower-income trade partners within the EU to "incentivize decarbonization initiatives" [3].

The dynamic generated by the carbon trading system can lead to a cycle of exploitation, where the environmental and economic burdens are disproportionately placed on the Global South, like Indonesia or the Republic of Congo.

Moreover, carbon credit mechanisms, while raising public awareness about climate issues, can sometimes encourage increased consumption and emissions. The concept of "carbon neutrality" can create a false sense of security, allowing individuals and companies to continue environmentally harmful practices while believing they are offsetting their impact, while, in fact, they are not [3].

Overcoming the challenges in carbon markets requires a fundamental shift in our values and economic systems. Embracing an eco-surplus culture and applying the semiconducting principle of monetary and environmental values exchange is essential for aligning socio-cultural activities with climate change mitigation efforts and ensuring that all communities benefit equitably and that long-term environmental sustainability is prioritized.

References

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