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The New Deal Makers of the Amazon

Climate Watch Blog

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Climate Change Headlines
<p><u>U.N. Forecasts Less Than 1 Bln Kyoto Offsets By 2012</u></p> <p>Source: Reuters - A United Nations agency on Wednesday cut its forecast for pre-2012 Kyoto Protocol carbon offsets, estimating for the first time that less than 1 billion tonnes will come to market before the climate pact expires.</p>
<p><u>JA welcomes Spanish donation to Adaptation Fund</u></p> <p>Source: Jamaica Observer - JAMAICA has welcomed news of Spain's euro 45-million contribution to the Adaptation Fund, from which developing countries are to benefit in their efforts to fortify themselves against the ill effects of climate change.</p>
<p><u>Japan, Germany, Denmark ready to cooperate with Belarus under Kyoto Protocol</u></p> <p>Source: BelTA - Japan, Germany and Denmark are ready to cooperate with Belarus within the framework of the Kyoto Protocol, Alexander Grebenkov, national coordinator-expert of the Support to the Kyoto Protocol Implementation project, told reporters.</p>
<p><u>Kenya Turns to Carbon Trade in a Bid to Curb Climate Change</u></p> <p>Source: Newstime Africa - Kenyan Prime Minister Raila Odinga has said the country is keen to partner with investment bankers to promote trading in carbon markets and ensure the rehabilitation of the Mau and other threatened forests in the country.</p>
<p><u>How China and India Sabotaged the UN Climate Summit</u></p> <p>Source: Spiegel - What really went on at the UN climate conference in Copenhagen? Secret recordings obtained by SPIEGEL reveal how China and India prevented an agreement on tackling climate change at the crucial meeting.</p>
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Scores of developers have arrived in Manaus to approach Brazilian landowners about developing carbon-offset programs.

A century ago, if you made the long journey from the United States to the port town of Manaus, gateway to the Amazon, it would most likely have been in search of rubber. This city of around 2 million, set along the Rio Negro, and surrounded in every direction by hundreds of miles of jungle, is where the rubber deals were cut: European and American businessmen gathered in this rough frontier town to buy the raw sap that drips from rubber trees. Many millions of dollars passed through here during the rubber boom of the 19th and early 20th century.

On a reporting trip to Manaus earlier this month, I came across a curious legacy of the town's historical past -- the Teatro d'Amazonas, otherwise known as the Manaus Opera House. Built by the rubber barons in 1896 on an elevated tree shaded plaza, it was meant to feed a yearning for the high arts back home. Construction materials for the theater -- the Carrera marble, the ornate iron-grill work, the heavy cloth curtains -- arrived by sea on a three-month journey from Europe.

Fans of Werner Herzog may recall that the tormented Fitzcarraldo, in the movie of the same name, made a foray to this opera house during his crazed attempt to transport a steamship up-river, hoping to catch a performance of the legendary Enrico Caruso. "Everything in that movie was true," commented Grace, a young Brazilian university student, who was our guide, "except Caruso never sang here."

Companies are now scouring the Amazon in search of forests to preserve, even though it's unclear what these "offsets" will be worth until Congress passes climate legislation.

One hundred years later, European and American prospectors have returned, not to extract the sap from trees, nor to cut them down for their fine timber, but in search of a very 21st-century commodity: carbon. The rapid destruction of the rainforest during the last two decades has made Brazil the world's fourth largest greenhouse gas emitter. The pollution caused by this deforestation makes up 20 percent of the world's total CO2 emissions.

As Jeffrey Horowitz told Carbon Watch recently, "We want to make the forests worth more alive than dead." Horowitz leads a coalition of industry and environmental groups in the U.S. looking at how such partnerships can slow deforestation by putting a value on the remaining forests.

To that end, big energy producers and suppliers like American Electric Power, General Motors, Chevron, Duke Energy, and Pacific Gas & Electric have already put their legislative weight behind the concept of offsetting their emissions at home by investing in forests abroad and agreeing not to cut them down -- a practice known as "avoided deforestation."

Many of these companies are now scouring the Amazon in search of forests to preserve, even though it's unclear what these "offsets" will be worth until the U.S. Congress passes climate change legislation that will set industry emissions limits and what options are available to meet them. The Waxman-Markey bill passed the House last June, but this and other climate measures have been languishing in Congress ever since.

Nevertheless, gearing up to serve all this market potential is a growing cadre of carbon brokers and developers.

During my first trip to the Amazon, I learned that scores of developers (at least two of them American, Veticom and New Carbon Finance) had approached Brazilian landowners about developing carbon-offset programs. Brazil's director of the Amazon Conservation Team, Vasco van Roosmalen, told me that in the first three months of 2010 he had been flooded with calls from a coalition of indigenous groups requesting consultations about how to respond to such queries, and about the status of [REDD](#), the U.N. framework by which all this stored carbon is to be measured, certified and eventually transacted.



Brazil has been cracking down on illegal loggers and getting serious about enforcing its deforestation laws.

Given this new premium on trees, Brazil has been cracking down on illegal loggers and getting serious about enforcing its deforestation laws. Last year, the government announced deforestation rates had fallen by nearly 50 percent from the dramatic losses recorded between 2000 and 2005. Brazil is also by far the most sophisticated nation for both monitoring and enforcement when compared with other heavily forested countries such as Indonesia, Papua New Guinea and the Congo. This means Brazilian forest credits will likely be far more expensive than those in other countries, creating a bifurcated universe of forest carbon credits of varying levels of credibility.

In December, USDA Secretary [Tom Vilsack](#) told Carbon Watch that the U.S. had pledged \$1 billion to a \$3.5 billion global fund over the next 10 years to help Indonesia, Papua New Guinea, the Congo, Costa Rica and others complete the inventories and monitoring that are the essential first steps to enabling U.S. firms to legitimately begin using these forests against their emissions.

The federal government would like all forest deals to be conducted through a coordinated national conservation plan. But those preparations face major challenges, first among them establishing clear ownership of forest lands.

Even in Brasilia, Brazil's geometrically planned capital in the middle of the alto plano, land titles remain unclear.

Contracts are what is known as buyer-seller deals: property is passed from one to the other without any reference to who actually owns it. And if that's the case in the modern grid city of Brasilia, then consider the sprawling Amazon. In some Amazonian states like Para, there are roughly six times as many land claims as there is land.

Which begs the question: Who owns the rights to the carbon credits? Or more precisely, who's entitled to make money from them? When it comes to doing business, who, exactly, do you pay?

In Brazil, there's already a lot of tension over these questions. The federal government would like all forest deals to be conducted through a coordinated national conservation plan; state governments have expressed their desire to pursue forest deals autonomously; while indigenous leaders assert that much of the forests are their ancestral homes to which they have the rights.

A study conducted last year by the international law firm [Baker & McKenzie](#) for the Brazilian government concluded that existing provisions in the country's constitution give the indigenous a firm legal standing to claim the funds generated from carbon credits on their land. It's a finding that promises to further complicate an already complex calculus.

In a broadcast story airing in May, FRONTLINE and CIR will be looking at how this new trading frontier is playing out in real time on the ground in Brazil. In the meantime, we will be posting developments on Carbon Watch as we go.

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The Teatro Amazonas, otherwise known as the Manaus Opera House. Construction materials for the theater arrived by sea on a three-month journey from Europe.

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