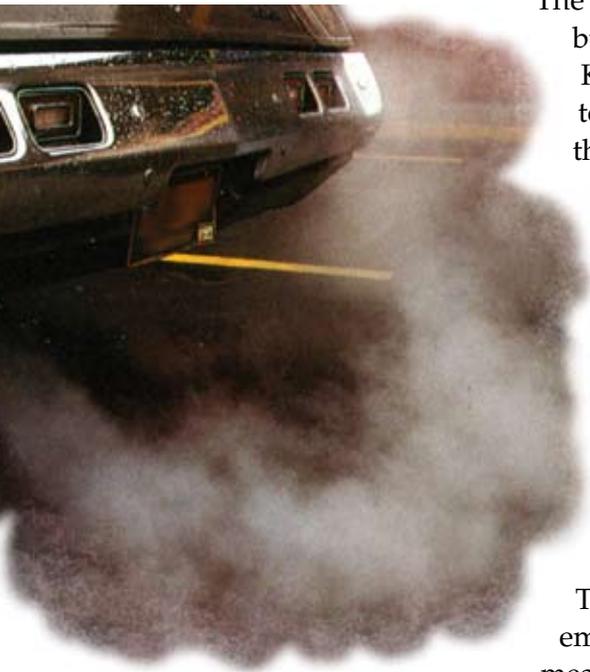


THE RIGHT TO POLLUTE



The concept of carbon permits, a bureaucratic byproduct of the Kyoto agreement is confusing to many. One was described the carbon permit concept in this manner. Two people living beside each other each drive a car and the government requires that the cars have a certain emission level before being allowed on the road. One person has a new car with the latest technologies, meaning that the emission levels are far below the standard set by government.

These are called negative emissions. The neighbour, meanwhile, drives an ancient beater that sends black smoke out of its tailpipes.

The owner of the beater is allowed to buy the negative pollution points from his neighbour because the average pollution emitted by both cars is within the acceptable standard. As the beater rattles down the road belching black smoke, it does so courtesy of the high standard set by the other car.

“The owner of the beater is allowed to buy the negative pollution points from his neighbour”

In much of the world, carbon permits or the right to pollute are sold from one business to another. Last year, in Europe, the selling of these permits from clean industries to dirty factories became a \$10 billion (US) business in a year. Over the summer, the trading price of European carbon permits dropped as much as 70 per cent. The reason was that there were more for sale than there were takers. For some reason, the dirty industries weren't buying.

Under the Kyoto accord, 36 industrial nations agreed to cut emissions so that by 2012 they would be putting out five per cent less carbon into the atmosphere than they were in 1990. The European Union took an eight per cent cut.

“World Wildlife Federation charged that industry intentionally gave the governments the wrong numbers”

European governments told 10,500 factories how many tons of carbon dioxide they could put out and the governments established limits that would either require industry to install new technology or adopt energy efficiencies. Companies that could not adapt quickly enough were allowed to buy permits from those that cut emissions more than they were required to and had a surplus to sell. At the end of the year, permits for over 44 million metric tons of pollution were unused because it was found that verified emissions were lower than expected. At the peak of the market, the cost of a permit allowing an industry to emit one ton of CO₂ hit \$39 (US). The European Commission offered a number of explanations for the variance. Among these was the fact that a warmer winter reduced energy use and hence had a favourable impact on emissions. Others contend that the warmer winter was a result of global warming, which in turn is a result of excessive energy related emissions.

A spokesman for the World Wildlife Federation charged that industry intentionally gave the governments the wrong numbers so that ceilings would be set artificially high giving them the ability to operate at higher polluting levels. Critics of this notion countered that industry would not likely be part of a scheme that would lead to a drop in the price of a commodity of more than 70 per cent.

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