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### **Trading carbon in wood products relies on international outcomes**

We may all think everyone understands that carbon remains stored in wood products after harvest, throughout their use and into their disposal. But if it was that simple, carbon in wood products would be tradable within the proposed Carbon Pollution Reduction Scheme.

But it is not, so there is obviously more to this than meets the eye.

As the forest industry heard at the recent Asia Pacific Forest Industries Climate Change Conference in Sydney, there are still some matters of scientific evaluation to be resolved. Questions like how long does carbon remain stored in wood products and in what proportions are exercising Australian and international scientific minds.

But it isn't near completed science that could result in the retention of the bias against sustainable forest management and wood products in global climate change agreements and domestic emissions trading schemes.

The unfortunate fact is that within global climate change agreements, the treatment of forests, sustainable forest management and wood products is caught up in international politics and national interests.

The major opponents of properly measuring carbon in wood products are the environment lobby from developed countries, who continue their protectionist, anti-sustainable development stance through their support for Reduced Emissions from Deforestation and Degradation (REDD). REDD aims to lock up forests in developing countries, not even allowing certified sustainable forest management, even where that is the sole source of income for a community. In compensation, green groups from developed countries – and others – argue that welfare should be paid to the affected communities.



But there are more powerful influences than the environment lobby at play here. The European Union is a big supporter of REDD. By paying welfare money to developing countries and not allowing them to access their forests and thereby denying them real incomes, developed countries get a cheap form of carbon mitigation allowing them to continue their emissions at the same levels for a relatively small cost. Never mind that they maintain the relative impoverishment of the welfare recipients.

But conversely, if carbon stored in wood products is counted, traded and has value, then sustainable forest management must be viewed as a solution to climate change and can be a tool by which sustainable development for these impoverished communities is achieved.

Any additional value added to wood products – say from the traded value of carbon included in them – that are derived from sustainably managed forests will improve the marginal economic advantage of the industry in Australia, as well as internationally. For Australia, this would be significant because it is the value of wood products that will drive the level and sustainability of long term timber rotations.

To harness this potential, the Australian industry has to work with the Australian government to ensure that its strong domestic, scientific and policy action is matched by politically savvy international activity. That's the only way to ensure that at the end of this round of carbon and climate negotiations, forests, sustainable forest management and wood products come out where they belong – on top.

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