

The COP26: How Capitalists Turn Pollution into Profit

COP26 will urge the 195 countries to deliver on the promises they made when agreeing on the Paris Agreement during COP21 in 2015. One of the most important goals of this agreement was to reduce the amount of harmful greenhouse gases – in particular CO₂, which is the subject of this article – in order to keep global temperature below 2C and to limit it to 1.5C, which they regard as the main cause of climate change and its catastrophic impacts.

The path to achieving their ostensible goals is as expected purely capitalistic. On the first day of COP26, Prince Charles for instance said, “putting a **value on carbon**, thus making **carbon-capture solutions more economical**, is absolutely critical”, when calling for actions “to tackle the **carbon already in the atmosphere**”. Similarly German chancellor, Angela Merkel called for the “adoption of **global carbon pricing**” supposedly to encourage the clean energy transition. Clearly the COP26 is a trade venue, where price negotiations are on the table for the new capitalist commodity “CO₂”.

What kind of commodity is CO₂ and on what market is it traded?

The basis for creating carbon credits was laid in the Kyoto Protocol and EU’s Emissions Trading Scheme (EU ETS). All countries, who have signed COP decisions, like the Paris Agreement, are obliged to set a cap for the amount of greenhouse gases to be released into the atmosphere. If a company goes over the prescribed emissions limit, it must buy or use saved credits to stay under the emissions cap. If a company stays under that cap, it can save or sell those credits. This is known as a “**cap-and-trade**” market. Thus CO₂ has become a commodity, whose price is defined according to the principles of “Supply and Demand”. This means, that these climate agreements and COPs basically create the legal foundation to give companies the property rights to pollute, i.e., a right that can be acquired and sold by private companies!

In fact; 1 ton of carbon dioxide removed from the atmosphere is traded as a “carbon credit” and sold on the so-called “carbon-market”. According to Ecosystem Marketplaceⁱ the **voluntary carbon market** has reached \$6.7 Billion and is on track for annual market value record of \$1 Billion+ for 2021.

According to the World Bank’s “State and Trends of Carbon Pricing” reportⁱⁱ, released in May 2021, about 64 carbon compliance markets are now in operation around the world, where carbon pricing generated \$53 Billion in revenue in 2020-21. The largest carbon compliance markets are in the European Union, China, Australia and Canada.

Just like other markets, the carbon-market uses the supply-and-demand mechanism to its full extent, i.e., the companies that have excess of CO₂-quotas sell them to other companies that use them to increase pollution. Thus investing in new technologies to reduce carbon-emissions will not reduce carbon-emissions.

The carbon-market is strengthened through various policies, like the Clean Development Mechanisms (CDM), which was defined in the Kyoto Protocol, which are misleadingly defined as an emission-reduction project in developing countries. While in reality CDM allow industrialized countries to increase their CO₂-quotas through the purchase of CO₂-credits, who have the necessary (financial and political) means to increase their CO₂-quotas through the purchase of CO₂-credits from developing countries. Thus, instead of reducing pollution, they rather pave the way for these companies to continue pollution. Such an example is the chemical factory in the province of Gujarat in India, owned by Gujarat Fluorochemicals Limited, whose main base is in London and part of the UN’s “green” projects. The factory sold its carbon credits to European polluters, which has not resulted in any cuts to emissions neither in India nor in the EU. Additionally this factory polluted the water in the surrounding area to the extent

that it is undrinkable. The water is now known as the water of death. Consequently, the harvest has been destroyed and the surrounding areas of land are no longer cultivable.

Another effect of these Cap-and-Trade based carbon-credits system is that younger industries (compared to those in the West) are subjected to the demands of the West to reduce their carbon emission by exaggerating the assessment of quotas. As a result, they are forced to constraint their industry and economic prosperity in order to remain within their assigned CO2-quotas. Development of industry, however, requires increase in the factories' production, which entails an increase in the amount of carbon emissions rather than a decrease. When considering that the greater part of non-western countries, including the countries in the Muslim world, has no real industry, their developing will be prevented outright. Furthermore they will be compelled to sell their CO2-quotas to the developed countries - with a result similar to India. The outcome is increased harmful production on the cost of human and nature according the needs and demands of the West.

Additionally one must know that the cap-and-trade system was designed on purpose to raise the cost of energy. Under the current economic crisis, an expensive energy policy is counterproductive for smaller businesses and consumers. That is however of no importance for the capitalist governments, as they will achieve additional increase in government revenues through the carbon-trade. Alongside this it is claimed that a reduction of the consumer's electricity consumption will reduce the carbon-emissions caused by electricity. A brief additional comment: Cattle is accused of being the No. 1 agricultural source of greenhouse gases worldwide. Thus the capitalists demand a reduction of livestock, and to replace it by artificial meat to nurture mankind. These cheap attempts simply serve to blanket the hypocrisy and greed of Western capitalist politicians and companies.

In conclusion, the western solutions and agreements put forward as answers to the climate problem are nothing but guarantees for the western companies that the climate and environment do not become a barrier for their economic growth and achievement of profit. We should remind ourselves that it was the greed of the capitalists that caused the environmental crisis primarily.

Ones more it becomes obvious, there is no chance to achieve sustainable harmony between the human's needs and the beauties and blessings created on this planet, except by returning the rule to the One, who created both of them. And it is only the system of Islam, implemented under the rule of the Khilafah (Caliphate), which is able to put an end to the capitalist world order.

#EnvironmentalCrisis #أزمة_البيئة

Written for the Central Media Office of Hizb ut Tahrir by

Zehra Malik

Member of the Central Media Office of Hizb ut Tahrir

ⁱ <https://www.ecosystemmarketplace.com/carbon-markets/>

ⁱⁱ <https://www.worldbank.org/en/news/press-release/2021/05/25/carbon-prices-now-apply-to-over-a-fifth-of-global-greenhouse-gases>