

Carbon Trading

WILL IT REDUCE GLOBAL WARMING?

Carbon emissions trading — the buying and selling of permits to emit greenhouse gases caused by burning fossil fuels — is becoming a top strategy for reducing pollution that causes global climate change. Some \$60 billion in permits were traded worldwide in 2007, a number expected to grow much larger if the next U.S. administration follows through on pledges to reduce America's carbon emissions. Advocates say carbon trading is the best way to generate big investments in low-carbon energy alternatives and control the cost of cutting emissions. But carbon trading schemes in Europe and developing countries have a mixed record. Some industries are resisting carbon regulations, and programs intended to help developing countries onto a clean energy path have bypassed many poor nations, which are the most vulnerable to the impacts of climate change. Some experts argue that there are simpler, more direct ways to put a price on carbon emissions, such as taxes. Others say curbing climate change will require both taxes and trading, plus massive government investments in low-carbon energy technologies.

Environmental activists from around the world urge officials at a U.N. climate conference in Bali, Indonesia, last December to finish their work on a framework for negotiating a new global warming treaty to limit emissions of planet-warming gases. Trading carbon emission allowances is the most popular strategy for addressing climate change.

