

Hot air and carbon crooks: The reality of carbon trading

Yesterday, “*Varm luft for milliarder*”, a documentary by [Tom Heinemann](#), was broadcast on Danish television. It’s an exceptionally good documentary, with beautiful photography and featuring interviews with politicians, academics, a carbon trader, a journalist and an activist.



The narration is by Danish actor Nikolaj Coster-Waldau (Headhunters, Game of Thrones, Black Hawk Down). “One carbon credit is equivalent to one ton of carbon. Or the volume of one hot air balloon,” he tells us.

Called “Carbon Crooks” in English, the documentary presents a detailed critique of carbon trading starting with the Kyoto Protocol. It looks into the VAT carousels, computer hacking, theft, money laundering and fraud with carbon credits that have cost European tax payers an estimated €15 billion. It mentions carbon credits from wind farms in China that are not connected to the grid. And “smokeless” factories, where you can’t breathe the air. And looks in detail at a project that distributed thousands of water filters to villagers in Kenya but that hardly anyone uses. And it looks at the collapse of the carbon market in Europe.

I watched the documentary last night. This morning I started watching it again, aiming to highlight the best bits. Six hours later I have a transcript of almost the entire documentary. The best bits of this hour-long documentary are about 60 minutes long.

Regardless of your views about carbon trading you should watch this documentary. You can buy a copy [via the documentary website](#).

When the Kyoto Protocol was agreed in 1997, Bill Clinton announced it as a success:

“I’m particularly pleased at the agreement. It strongly reflected the commitment of the United States to use the tools of the free market to tackle this problem. We got what we wanted, which is joint implementation, emissions trading, a market oriented approach. It’s a huge first step. And I did not dream when we started that we could get this far. We should be very, very proud of this.”



While George Bush gets the blame for backing out of the Kyoto Protocol, Kyoto was “[made in the USA](#)” by Gore and Clinton.

A few months before the Kyoto meeting, the [Byrd-Hagel Senate Resolution](#) had been unanimously approved in the US, preventing the US delegation from signing an agreement in Kyoto (or anywhere else) to limit GHG emissions if this agreement excludes poor countries or if the agreement “would result in serious harm to the economy of the United States”.

Al Gore led the US climate negotiating team in Kyoto. Ritt Bjerregaard was an EU Commissioner and one of the EU’s negotiators in Kyoto. “Our spirits rose when we learned that Al Gore was coming ... We were quite optimistic. We simply didn’t think he’d come without being able to get something passed subsequently,” she says in the documentary.

Before Kyoto, the EU wanted cuts in greenhouse gas emissions of 15% by 2010 and a tax on emissions.

During the Kyoto negotiations Gore announced that he was “instructing our delegation right now to show increased negotiating flexibility.”

But this “flexibility” meant pushing the target down to 5.2% by 2012. Gore’s team also insisted on carbon trading as part of the agreement. “It destroyed the whole agreement,” as George Monbiot [put it](#) in 2007.

Heinemann’s documentary spares Gore’s further blushes by not pointing out that in 2004, Gore [teamed up](#) with David Blood, a former chief executive at Goldman Sachs, to set up Generation Investment Management, which profits from, er, carbon trading.

Connie Hedegaard, the EU’s Environment Commissioner, is interviewed in the documentary. Asked about the massive fraud in the EU carbon markets, she replies,

“You can always say that crimes in cyberspace are a problem. But it happens in all kinds of financial transaction systems. During the financial crisis we’ve seen transactions you can’t trace back to their origin. That’s not an excuse, but you have to know that these kinds of crimes do take place. It’s very difficult to create a system which cuts out crime. I won’t say it can’t happen again. Nobody can say that. When you trade in cyberspace, fraud is possible, just as it is when it’s not in cyberspace, but ordinary crime.”



And that is her response to €15 billion-worth of fraud, in a system that was supposed to address climate change, but which patently hasn’t.

Towards the end of the film, Kevin Anderson Professor at the University of Manchester explains the reality of carbon trading,

“Many billions, possibly even hundreds of billions of pounds of carbon is getting traded. That has nothing to do directly with climate change. Indirectly I think it makes things worse. So I would say carbon trading again is worse than doing nothing.”