



UN carbon markets face continued stand-off

Science and respect for human rights must be at the heart of any future rulebook

After 3 weeks of technical discussions between country negotiators, little progress has been made to approach agreement on Article 6 of the Paris Agreement pertaining to carbon markets. Countries have even reinforced their stance on certain long-held positions, which in some cases is welcome (including human rights) and in other cases less so (weakening rules for environmental integrity). Given the impasse observed in these discussions, securing good carbon market rules at COP 26 requires political will and integrity to ensure that markets increase climate ambition.

For Carbon Market Watch's overall perspective on Article 6, see [here](#). CMW has also been publishing a series of technical submissions, responding to a call for input from the UNFCCC: [April](#), [May](#), [June](#).

After years of discussions on the same points, it's perhaps not surprising that three weeks of technical talks between country negotiators did not bridge major gaps in agreement on the Paris Agreement's rules concerning carbon markets.

In fact, countries appear to be just as firmly entrenched -- if not more so -- on key sticking points:

- Should emission reductions be counted twice? You'd think logic and environmental integrity considerations would have long ago ended "debate" on this point: they should not be double-counted.
- Should safeguards exist to ensure market mechanisms reduce emissions overall and don't infringe human rights? Yes, even points as basic as that don't have full consensus, and no, the answer is not that the market's self-regulation is an adequate guarantee.
- Should Kyoto Protocol emission reduction units be allowed to transition to the Paris Agreement? You may have already guessed the answer is no, since transitioning largely flawed and non-additional credits defies logic and harms the climate.
- Should countries adhere to strict reporting requirements? Some countries seem to want to avoid reporting requirements, which begs the question of how market-based emission reductions can be transparently accounted for if they're not actually reported.



- Should baselines follow a standardised model or can countries instead pick elements as they wish? Given the importance of getting uniform baselines right (no free-for-all...), it is not a good sign the topic has received little attention, including during these sessions.

The one positive development was that many governments, such as those from Canada, Mexico, Bolivia and more¹, were calling for human rights and the rights of indigenous peoples to be re-incorporated into negotiation texts.

For context, during the final hours of the COP 25 in 2019, countries began approaching dangerous compromises, such as sacrificing proper accounting requirements and dropping reference to human rights in the Article 6 rulebook, for the sake of reaching a deal. Unacceptably, countries championing environmental integrity and human rights might have been willing to make such rushed concessions just to finalise a deal, which eventually failed. It's thus good to see countries recognise the major lapse of judgment at Madrid by upholding human rights and rules for environmental integrity loud and clear.

But overall, the fact that countries mainly restated well-known positions confirms that progress on Article 6 will require political breakthroughs to advance. Many issues have already been essentially resolved from a technical perspective. However, further advances are blocked due to political redlines: i.e. transitioning old Kyoto Protocol units would increase emissions overall, but is still championed by the likes of Brazil, China, India and others² due to political priorities. Making political “breakthroughs”, through compromise or bundling of issues, carries large risks: science and environmental integrity should not be negotiable. A more neutral analysis of the risks of various proposed options, to be carried out by the UNFCCC secretariat as proposed by some countries, could help shed light on these risks.

An important next step will be the minister-level meeting planned by the UK COP organisers in a few weeks, which might help progress on Article 6. But there again, progress should not come at the expense of environmental integrity, and all eyes will be on ministers to ensure that no harmful deals are cut. One should hope that the renewed emphasis on human rights and environmental integrity by certain countries during these last weeks will push others to relinquish harmful redlines that should long ago have been put to rest.

¹ Australia, Bolivia, Canada, the EU, Mexico, Norway, as well as many other countries on behalf of [negotiating groups like the Environmental Integrity Group, the Independent Alliance of Latin America and the Caribbean, and the Least Developed Countries](#), called for human rights and the rights of indigenous peoples to be re-incorporated into negotiation texts.

² Also in support of the problematic transition of old Kyoto Protocol units are two negotiating groups: [the Arab Group and the Like Minded Developing Countries Group](#).