



Oil palm plantations on peatlands won't get carbon credits under CDM

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Plantations on peatlands will no longer be supported by the Clean Development Mechanism (CDM), a framework for industrialized countries to reduce their emissions via projects in developing countries, reports Wetlands International.

The decision, which came last Friday during the executive board meeting, will bar biofuel plantations established on peatlands from earning carbon credits that could then be sold to industrialized countries to "offset" emissions. The concern is that under the CDM, carbon finance is used to perversely subsidize conversion of carbon-dense peatlands for oil palm plantations, a process that generates substantial greenhouse gas emissions, thereby undermining any potential carbon dioxide savings from use of palm oil-based biodiesel.

"We are very relieved that within a year, the CDM Board has decided to revise the existing methodology," said Marcel Silvius of Wetlands International in a statement. "This decision now ends a perverse incentive for development of plantations on peatlands."

A Wetlands International statement explains:

Last year, the CDM Executive Board approved a methodology that now gave till last week CDM credits to biodiesel plantations on so-called 'degraded lands' in developing countries. The CDM allows industrialized countries under the Kyoto Protocol (Annex B Party) to reduce their emissions via projects in developing countries. Such projects can earn saleable certified emission reduction (CER) credits, which can be counted towards meeting Kyoto targets. This methodology was meant to stimulate sequestration of carbon via replanting of degraded, devegetated land areas with renewable energy crops as alternative for conventional diesel.

In practice, this methodology gave an additional financial boost to new palm oil plantations on the logged peatswamps in Southeast Asia. These 'degraded' lands however still contain large amounts of carbon in the case of water logged organic peat soils. This carbon will be rapidly released upon drainage for plantations.

Research led by Dr. Susan Page University of Leicester found that producing one ton of palm oil on peatland generates 15 to 70 tons of CO₂ over 25 years as a result of forest conversion, peat decomposition and emission from fires associated with land clearance. In other words, biodiesel produced under such conditions has a greater climate impact than conventional fossil fuels.

As such, environmental groups are calling for a moratorium on the conversion of peatlands for biofuel production. Already about 33% of all oil palm is on peat, according to Wetlands International.

The decision by the CDM Executive Board now removes one incentive from peatland conversion, although developers—especially in Indonesia—are still targeting peat swamps for expansion. Peat lands tend to be cheaper and more available than other soil types suitable for oil palm cultivation.



Draining and clearing of peat forest in Central Kalimantan, Indonesia.
Photo by Rhett A. Butler.

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