

The Emmett Institute [submitted a comment to the California Air Resources Board](#) (CARB) yesterday in support of its [proposed Tropical Forest Standard](#) (“Standard”). If approved, this Standard would provide CARB a set of criteria to follow when determining whether to trade tropical forest offsets between California’s Cap and Trade Program and a foreign emissions trading system (ETS). Given the critical role that tropical forests play in [cooling the atmosphere](#) and [sequestering carbon](#) – as well as the [detrimental carbon emissions stemming from tropical deforestation and degradation](#) – establishing linkages to trade tropical forest offsets would allow California to play a larger leadership role in combating global climate change. Importantly, the Standard itself does not itself establish any actual linkages with foreign ETSs – the proposed Standard only presents criteria which CARB would follow should CARB establish such a linkage. To accept tropical forest offsets, CARB must follow the time-extensive process of establishing a linkage with another jurisdiction as it did with Ontario and Quebec.

Considering these constraints and assets together, approving the Standard provides vastly more benefits than costs. First, this Standard incorporates best practices developed by leading international tropical forest conservation institutions, including the Intergovernmental Panel on Climate Change, the World Bank’s Forest Carbon Partnership Facility and Carbon Fund, and the Governor’s Climate and Forests Task Force. These best practices integrate multiple criteria that alleviate typical grievances with tropical forest offset trading, including: social and environmental safeguards, government transparency, using best available historical annual deforestation rates, leakage safeguards, among many others. In this way, California has utilized its abundant resources and ambition to create a high-quality model that it and other ETSs could implement into their cap-and-trade programs.

Second, expanding types of offsets that California’s regulated entities could use to comply with Cap-and-Trade Regulations will retain political buy-in. Tropical forest offsets in foreign jurisdictions will present more affordable avenues for compliance with the Program, improving its long-term sustainability. This will be particularly important after 2020 when Cap-and-Trade Regulations become significantly more stringent. At the same time, regulated entities cannot replace emissions reduction efforts with these offsets, since offsets can only be used to cover 8% of compliance requirements. This Standard simply expands the types of offsets available, and improves offset affordability, without diminishing the need for regulated entities to reduce emissions.

Third, by approving this Standard, California will retain its global leadership in climate policymaking while avoiding possibility of creating immediate linkages. Indeed, this Standard is merely a set of criteria, and does not itself establish any linkage with another

jurisdiction. Further, other ETSs will be able to take advantage of California's abundant resources and ambition used to develop this model by replicating it for their own trading programs. That provides more global benefits too, given the quality of this Standard. Therefore, even if California never establishes any linkages with another jurisdiction for accepting tropical forest offsets, this Standard will provide a net benefit.

For these reasons and more, approving the proposed Tropical Forest Standard will help California retain its global leadership in climate policy by providing a high quality model for itself and other ETSs. At the same time, this Standard combined with the Cap-and-Trade Regulation prevents future tropical forest offsets from losing integrity in efficacy and incentivizing regulated entities away from reducing emissions.

Combating climate change on a global scale is not getting any easier, especially given the [recent IPCC report](#) and the rise of populist-right political regimes uninterested in climate action on a national or international scale. Indeed, the election of President Jair Bolsonaro in Brazil, who has [advocated against the interests of the Amazon rainforest and the Paris agreement](#), means that subnational governments must increase efforts to fill the gap in climate action more than ever. In short, California should approve the Tropical Forest Standard to maintain a global focus on climate action where national governments are failing to do so.