



## INSTITUTE FOR AGRICULTURE AND TRADE POLICY

### PRESS RELEASE

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### **About IATP**

Institute for Agriculture and Trade Policy works locally and globally at the intersection of policy and practice to ensure fair and sustainable food, farm and trade systems. IATP is headquartered in Minneapolis, Minnesota with an office in Geneva.

# **Climate finance can't afford carbon markets**

## **Influence of market speculators too risky for the future of the planet**

**TIANJIN, CHINA** – A high-level advisory group to the United Nations will outline its draft proposals this week for financing efforts to combat global climate change. Carbon emissions markets are expected to be central in their recommendations. But carbon market prices would likely be too volatile to provide a reliable source of finance, and other options should be considered, according to a new analysis released today by the U.S.-based Institute for Agriculture and Trade Policy (IATP).

The United Nations Secretary-General's High-level Advisory Group on Climate Finance (AGF) will present key elements of a draft report on October 7 at the U.N. global climate talks in Tianjin. The AGF will present a final report in Cancun, Mexico at the next Conference of the Parties (COP 16) meeting in early December.

The IATP paper, "Trusting in Dark (Carbon) Markets" by Steve Suppan, warns that carbon markets are vulnerable to excessive speculation by big financial firms. Those same firms wreaked havoc on agriculture markets in 2007-08, contributing to a sharp rise in global food prices and an increase in global hunger.

"The big financial players are lobbying governments to scale up the trading of carbon," said Suppan. "But there is no independent evidence to show that carbon market price signals spur industry to make long-term investments in greenhouse gas-reducing technology. These big players are also lobbying for regulatory exemptions that would promote the carbon price volatility that delays or even drives away these investments."

IATP President Jim Harkness and Senior Program Officer Shefali Sharma will be in Tianjin to monitor the U.N. climate negotiations. IATP is co-hosting an October 5 side event in Tianjin on climate finance proposals.

"Agriculture, particularly in developing countries, is the sector most vulnerable to the effects of climate change and badly needs transparent and predictable climate finance," said Harkness. "A transition toward more sustainable practices will make agriculture, and livelihoods dependent on it, more resilient to climate change, reduce greenhouse gas emissions and strengthen global food security. We need to consider alternative climate finance proposals to make this happen."

IATP has authored a series of papers on climate change, including “Speculating on Carbon,” “The New Climate Debt” and “Climate and Agriculture,” among others. For more, go to IATP’s climate and agriculture website: [www.iatp.org/climate](http://www.iatp.org/climate).

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