

# Article 6 and Net Zero

The next Conference of Parties [COP] will take place in Glasgow, Scotland in November 2021. The host country of a COP plays a major role in setting the terms of the negotiations at that COP. As the host, the UK sent a note on 15th July 2021 to other negotiating countries, urging them to follow ‘a path to driving down emissions with mid-century net-zero commitments and raise ambitions through Article 6’.

This statement both tries to legitimize ‘net zero’ approaches, even though ‘net zero’ appears nowhere in the Paris Agreement, and to suggest that the mechanisms contained in Article 6 would ‘raise ambition’ on climate action.

It’s possible that Article 6 mechanisms could raise ambition. But it’s also highly unlikely. This brief tells why.

Article 6 is ‘unfinished business’ from the Paris Agreement. Ironically, Article 6 deals with ‘international cooperation’ to support countries in achieving the goals outlined in their Nationally Determined Contributions [NDCs]. But no consensus on how Article 6 is supposed to work has been reached, and therefore no mechanism specific to Article 6 under the Paris Agreement has been launched.

This lack of agreement reflects very different understandings of how this international cooperation might be pursued. Simply put, some Parties have wanted to focus Article 6 discussions on market mechanisms—that is, launch of a mechanism that outlines global rules for carbon markets—even though there’s nothing in Article 6 about markets.

So almost six years after Paris, and with rich countries in control of the agenda, almost all of the negotiating energy in

Article 6 has focused on proposed market mechanisms. What could have provided a useful balance between different approaches to international cooperation has instead turned into a discussion focused almost exclusively on the finer points of carbon-market creation.

Market mechanisms are being proposed by some Parties as part of Article 6.2 and 6.4. Provisions in Article 6.2 would allow for state-to-state ‘internationally transferred mitigation outcomes’ [ITMOs]—meaning that, one country could pay for mitigation activities in another country, and they each would use a ‘corresponding adjustment’ to share credit for the mitigation action, while avoiding ‘double-counting’ of the action. A 2019 paper by Climate Focus, while accepting the market premise of Article 6.2, does an excellent job overall of explaining current questions around the use of ITMOs.

Article 6.4 calls for the creation of a ‘mechanism’ that would promote GHG mitigation while fostering sustainable development. Some Parties are claiming that Article 6.4[b] provides the basis for carbon-market creation because it seeks to “incentivize and facilitate participation in the mitigation of greenhouse gas emissions by public and private entities authorized by a Party.” So here, the transactions don’t have to be state-to-state; any bank, or fossil fuel company, or other investor could propose a mitigation action. Use of the so-called ‘SDM’ would be voluntary; Parties could use a ‘no objection’ standard to acknowledge that mitigation activities involving private entities are being pursued.



The disconnect between what the Article 6 actually says, and the overriding focus on market mechanisms in actual Article 6 negotiations, explains why negotiations on Article 6 haven't been successful. In Paris, most countries thought they were agreeing to negotiate the rules that would govern a mechanism that pursued *both* mitigation ambition and the Sustainable Development Goals. They did not intend to give a 'stamp of approval' to the creation of global carbon markets.

A further challenge in Article 6 is 'OMGE', or 'overall mitigation in global emissions'—something to ensure that the transactions covered by Article 6 actually deliver a decent mitigation outcome. In a non-market context, this is less of a problem, because for example the two Parties to the action would simply divide up credit for the action, using a 'corresponding adjustment'. But in a market context governed by 'net zero' thinking, a rich-country Party [under Article 6.2], or a private investor [under 6.4], would want to take credit for the reductions it is financing, and apply them against its own 'net zero' commitment. The result? Continued emissions from the financing Party are offset by the mitigation benefit created through Article 6 action.

In CLARA's view, this is the main reason that the UK Presidency of COP26 is so eager to finish negotiations on Article 6: the U.K., and London-based financiers, want to use the Article 6 mechanism to support their own 'net zero' commitments, at a lower cost of action. Our further and related concern is that even a 'successful' outcome on Article 6 negotiations—one that creates 'new and additional' funding for carbon removals—would do so only in the context of market transactions. This would be a terrible and unbalanced outcome from Glasgow.

If credits are transferred, and the investor applies that mitigation effort to its own corporate commitment—*what reduction in overall emissions actually took place?* The Article 6 text does not require the retirement of credits; and private interests at the UNFCCC are lobbying to ensure that a requirement to retire credits is NOT included in the Article 6 rules. A number of banks, insurance companies, and fossil fuel interests represented by the International Emissions Trading Association are further lobbying at the UNFCCC to ensure that the profits they might make from any agreed market mechanism would also not be subject to any requirements to use the 'share of proceeds' from the transaction for climate action. [See Net Zero and the IETA for more on this topic].

CLARA's worst case scenario is that Article 6 negotiations legitimize the use of land-based offsets, those offsets are made fungible with other carbon credits, and use of land-based offsets is then labeled as a 'Nature-based Solution', even without any actual contribution to solving the climate-mitigation challenge.

The non-market mechanism proposed at Article 6.8, by contrast, would require 'new and additional' funding, and it would not operate according to the transactional logic of markets. [See Net Zero and Article 6.8 for more in-depth discussion of this proposed mechanism.] But the wealthy countries that are Parties to the UNFCCC have worked constantly to ensure that the focus of Article 6 negotiations is confined to possible market mechanisms. This remains true today—very little negotiating time has been devoted to Article 6.8 in the run-up to the Glasgow COP.

Agreement on a non-market mechanism would actually restore Article 6 to its original purpose: to advance all forms of international cooperation in achieving more ambitious mitigation outcomes.

To conclude: use of removals in the carbon offset market isn't ambitious climate action. If the benefit arising out of land-based mitigation is then transferred to another party through a market mechanism—that is, through carbon offsets—then no actual mitigation benefit results. Such an inequitable and exclusionary instrument will never be able to deliver the Paris Agreement target to keep global warming below 1.5°C.

It's clear that the UK Presidency has bought into this story, propagating the false narrative of net zero, shifting the emphasis from reducing emissions [necessary] to increasing removals [contingent]. Forest protection and restoration may deliver modest removals of carbon emitted in the atmosphere, but an over-reliance on removals to achieve carbon neutrality will unquestionably lock in more than 2°C of warming—the dangers of which are extensively documented in the IPCC's Special Reports on 1.5°C and on Land.

Nonetheless the UK, and others, will exert immense political pressure on developing countries to complete the Article 6 negotiations at COP 26 in Glasgow. They'll do so in service of net zero, yes; but behind that 'net zero' push we see the very strong influence of the fossil fuel and corporate interests that play such a large part in the UNFCCC negotiations. A balanced outcome from Glasgow would include strong support—including funding—for the non-market mechanism under Article 6.8.

The CLARA network includes climate justice advocates, faith groups, conservation groups, land-rights campaigners, agroecologists, and representative of peoples movements around the globe. Our commitment to social justice brought us into the climate debate and informs our approaches to climate solutions. For more information about CLARA, visit [www.CLARA.earth](http://www.CLARA.earth)

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