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### Modest carbon price could save Borneo forests: study

Reuters, 4 June 2009 - Tropical forests in Borneo under threat of conversion to palm oil plantations could be more profitable left standing if carbon credits were priced between \$10 and \$33 per tonne, a study has found.



Forests soak up vast amounts of planet-warming carbon dioxide each year and are crucial in the fight to curb climate change.

Many governments and scientists want to put a price on the carbon locked away in forests as an incentive to curb deforestation, which contributes nearly a fifth of mankind's greenhouse gas emissions.

Researchers led by Oscar Venter of the University of Queensland in Australia studied data from 808 concessions in Kalimantan, Indonesia's part of Borneo island, covering 8 million hectares (20 million acres).

Of this area, they found 3.3 million hectares of forest within the concessions remained uncleared and was under imminent threat of being converted to oil palm plantations.

"They are not meant to be clearing forest for palm oil development. It's pretty clear that forests are being felled for oil palm," said Venter, a conservation biologist and lead author of the study published on Friday in Conservation Letters.

Venter, speaking to Reuters from Brisbane in Queensland state, said the team conducted an economic analysis by asking how much it would cost the concession owners to stop clearing the forest and how to pay for lost revenues.

They looked at the role of carbon credits under a U.N.-backed scheme that aims to reward developing nations for preserving forests in return for tradeable carbon offsets.

The scheme, called reduced emissions from deforestation and degradation, or REDD, is likely to be included in a broader U.N. climate pact to be negotiated in December.

A new climate pact from 2013 could usher in a multi-billion dollar trading scheme for REDD credits that rich nations could buy to help meet emissions reduction targets.

### COUNTING CARBON

Venter and his team used data from ground and satellite surveys to calculate the amount of carbon stored in the 3.3 million ha and then calculated how much carbon would be released over 30 years if all of the forest was cleared.

They found that 2.1 billion tonnes of CO<sub>2</sub>, or more than three times the annual carbon emissions of Australia, would be released over three decades.

The team, which included researchers from The Nature Conservancy, Center for International Forestry Research and the Great Ape Trust of Iowa, then looked at a variety of palm oil planting scenarios on the 3.3 million ha and compensation levels of 100 percent or 50 percent.

"It might sound like a strange concept to someone used to growing oil palm that they could instead grow carbon credits," said Venter. "But if the numbers add up, I assume that it's a message they'd be open to at least consider."

Based on a large-scale planting scenario and maximum compensation, carbon credits would need to be \$33.44 per tonne to make it worthwhile for a palm oil firm to leave a forest in tact.

For selective planting on land of higher quality and 100 percent compensation, credits would need to be \$19.62 per tonne. At 50 percent compensation, the price drops to \$9.85.

Venter said the study also showed there were major benefits for endangered species, such as orangutans and pygmy elephants.

The study showed 40 of Kalimantan's 46 threatened mammals occurred in the areas slated for palm oil development.

"What we really wanted to get at was biodiversity implications. The areas where the cheapest carbon emissions are found are actually twice as high in the number of endangered mammals," he said.

"So it's a really nice win-win for those two global objectives of carbon and biodiversity conservation." (Editing by Michael Urquhart)

Sourced from the [Thomson Reuters Carbon Markets Community](#) - a free, gated online network for carbon market and climate policy professionals.

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