

## CARBON EXPO 2009

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The annual Carbon Expo was held, from 27 to 29 May 2009, in Barcelona rather than its usual, and slightly less exuberant, location of Cologne. The opening day of the Expo coincided with the football match between Barcelona and Manchester United and the Catalans were in fine, and raucous, fettle as their heroes walked away with the Champions League final. While delegates at the Expo tended to be less noisy than the Barcelona football-supporters, the event still provided its fair share of carbon market-related interest and information.

The Expo is a combination trade fair and conference, and is probably the premier networking opportunity for players in the carbon markets. I have been a regular attendee from the inception of the event in 2004 – missing only the 2008 edition. The release of the previous year's market summary has become the focus of the Expo, this year proving to be no exception. In his presentation of this research the World Bank's Karan Kapoor, primary author of the State and Trends of the Carbon Market 2009 (which is co-authored by Philippe Ambrosi), noted that the value of the market doubled in 2008 to \$126 billion (€86 billion), with the total volume of trade in greenhouse gas emissions reductions increasing 61% to 4.8 billion tonnes of carbon dioxide equivalent, compared to 3.0 billion tonnes in 2007. While the above figures indicate overall market growth, driven largely by the key market sector represented by the European Union Emissions Trading Scheme, the primary CDM market shrank for the first time. Kapoor attributed this contraction to a number of factors, including the impact of the economic downturn, continued frustration with CDM regulatory delays and transaction costs, and the current vacuum regarding post-2012 climate change policy. As it happens moves were afoot, even as the Expo got underway, to deal with some of the perceived CDM hurdles. The CDM Executive Board, in its forty-seventh meeting, held from 26 to 28 May 2009, decided to smooth the way towards implementation of Programmatic CDM by reforming the relevant rules; and, just prior to the Expo, on 20 May 2009, the Climate Change Convention Secretariat had released draft negotiation text dealing with the climate change legal architecture for the post-2012 period. Neither of these provided the hungry carbon commodities market with the absolute certainty that it desires, but they demonstrate the fact that the market is still, very-much, a work in progress, requiring constant observation and re-assessment in order to be understood. To download the State and Trends of the Carbon Market 2009, please go to: [wbcarbonfinance.org](http://wbcarbonfinance.org).

Notwithstanding the uncertainties, the mood of the Expo was bullish with the potential future of the CDM demonstrated by the enormous disjuncture between scientific recommendations on levels of greenhouse gas emissions reductions required to limit the impacts of climate change, and the volume of such emissions reductions projected to be generated by proposed project activities in the existing CDM pipeline. It might be noted that none of the country Party proposals for the future of the climate change regime, submitted to the Convention Secretariat, call for an abolition of the CDM.

Developing countries, in particular, tend to be calling for an enhanced and streamlined CDM. Frankly, all of this bodes well for the future of the mechanism. The Expo has grown exponentially over the past few years, reflecting the growth in the carbon market, with the trade fair element showing the most marked increase. My most promising interactions occurred on the trade fair floor, as a tide of market participants ebbed and flowed around the hundreds of stalls.

There was a marked increase, this year, in the number of law firms represented, which is a gratifying indication of the importance of the legal discipline in the operation of the market and, particularly, in commercial transactions for the purchase and sale of carbon credits. Carbon Expo moves back to Cologne's more sedate pace, in May next year, for its 2010 edition. Another, similar, event to be aware of is the second edition of the Africa Carbon Forum, tentatively scheduled for early 2010, in Nairobi. This event, which was mandated by COP13 of the Climate Change Convention, seeks to bring the benefits of the carbon market closer to Africa than has previously been the case. The first Africa Carbon Forum was held in Dakar, Senegal, in September 2008.

*IMBEWU Sustainability Legal Specialists ([www.imbewu.co.za](http://www.imbewu.co.za)) is a specialist sustainability legal consultancy providing professional legal consultancy services in the area of environmental, health & safety and climate change law. IMBEWU runs a Climate Change and CDM Specialist Consultancy Unit with the greatest depth of expertise and experience in the South African carbon market. IMBEWU collaborates with Warburton Attorneys ([www.warburtons.co.za](http://www.warburtons.co.za)) in providing CDM project development and contract advice to clients. This article should not be regarded a comprehensive discussion of the topics addressed, and should not be taken as legal advice or relied upon. Those seeking to participate in climate change-related activities are advised to seek specific legal advice. Contact: [andrew@imbewu.co.za](mailto:andrew@imbewu.co.za).*