Funding the Future

# The fictional markets in environmental assets that the ...

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One of the features of sustainable cost accounting that its critics are not to keen on is my suggestion that offsetting not be permitted within a company’s plans to become net zero carbon unless it actually already has ownership of the assets that will be required for that offset to take place.

There was good reason for this suggestion, which is that I believe that the cost of offsetting will increase considerably as all those who say they are going to use it realise that there is a world shortage of assets to make that offset possible.

As if evidence of my belief was required take this from the FT this morning:

Climate Capital Carbon offset + Add to myFT

## Asset managers chase returns in tree carbon storage

JPMorgan among investors looking to capitalise on the need to compensate for greenhouse gas emissions

Several investment managers said the interest in carbon offset projects was driving up land prices © Lefrancq G/Andia/Universal Images Group via Getty

Camilla Hodgson 4 HOURS AGO 2

Asset managers that own forests logged for timber are expecting a jump in returns through a boom in the sale of units linked to the carbon stored in trees that are used to meet climate change targets.

It is already the case that the financial services sector is piling in to make money out of offset. And since scarcity will pay them rich rewards you can be sure that they are going to restrict supply. In that case assuming the availability of offset opportunities when suggesting a route to net zero is naive at best, and profoundly misleading at worst.

We have to get to net zero by eliminating emissions - not by pretending we have, or worse still by trading them. The fictional markets in environmental assets that the financiers are dreaming up are not going to solve the climate crisis.