

Legal framework for the possible use of international credits towards the 2040 EU climate target under the European Climate Law

Carbon Market Watch's feedback to the European Commission's call for evidence for an impact assessment

When carrying out its impact assessment, the Commission should consider that any option allowing the EU to rely on international credits to facilitate the achievement of its 2040 climate target is problematic for the following reasons:

1. It ignores the EU's own scientific advice

The European Scientific Advisory Board on Climate Change recommended that the EU should reduce its 2040 emissions by at least 90-95% without any flexibilities (ESABCC, [2023](#) and [2025](#)). It is also entirely feasible for the European Union to achieve climate neutrality by 2040, a full decade before the official 2050 target date, research and modelling have indicated ([PAC Project, 2024](#)).

In addition, a group of more than 2,000 scientists across the continent urged EU leaders to support at least a 90-95% net domestic emissions reduction target by 2040, without reliance on international credits ([Open letter by Scientists, 2024](#)). According to them, ambitious climate targets are the foundation of EU competitiveness.

2. It is not in line with Article 6 of the Paris Agreement, nor the nature of the EU's climate framework

The first paragraph of Article 6 of the Paris Agreement ([Decision 1/CP.21](#), 2015) establishes its objective: to "allow for higher ambition" in countries' climate commitments. Although Article 6 was thus conceived as a mechanism to raise ambition, the EU is treating it as a flexibility mechanism which has actually come at the expense of the bloc's climate ambition. In fact, in February 2024, the Commission had already recommended a target to reduce domestic net greenhouse gas emissions by 90% by 2040 compared to 1990 levels.

Reliance on international credits to meet the EU's climate targets also runs counter to the EU's domestic nature and its binding climate neutrality target by 2050.

3. It exposes the EU to financial, climate and reputational risks

Climate and reputational risks:

- Impacts on EU emissions: Relying on international credits for up to 5% of the EU's 2040 target would result in up to 50% higher emissions in the EU than if the target had remained entirely domestic.
- Climate, environmental and social impact of international credits: The evidence provided in the table below highlights major and widespread shortcomings in carbon credit markets. These cover both climate integrity (lack of additionality, overcrediting, lack of permanence guarantees) and social safeguards (including violations of the rights of Indigenous Peoples and local communities). Given that the Article 6 framework of the Paris Agreement does not adequately address these concerns, the risks associated with the voluntary carbon market's unreliability in delivering climate, environmental and social benefits apply equally to engagement under Article 6. Our [assessment of the Article 6 rulebook](#) found that current rules are not robust enough to ensure the transparent trade of high-quality carbon credits, with troubling ramifications for global climate action. Developed countries must thus prioritise domestic emission reductions and should not use international credits to offset emissions in order to achieve their climate targets on paper.
- Impacts on the EU's post-2030 climate objectives: The political decision to rely on international credits to ensure target achievement risks the integrity of the EU's



climate targets. This is illustrated by [the case of New Zealand](#), where the 2030 climate target was set on the assumption that international credits would cover at least part of its obligations. However, as the actual purchase of such credits has become necessary, the current government has shown considerable reluctance to commit substantial public expenditure to emissions reductions occurring abroad. This dynamic represents a risk that must be explicitly addressed in the impact assessment, which should reflect how delayed domestic climate action compounds the costs of decarbonising the European economy as well as the challenge of meeting climate commitments.

- Impacts on EU leadership in the UNFCCC: The EU has had a long-standing position in UNFCCC negotiations not to use Article 6 credits toward its own climate targets. The Article 6 Rulebook lacks many of the environmental integrity safeguards and quality control elements that the EU had long advocated for during nearly 10 years of negotiations. The inclusion of Article 6 credits in the EU's climate target undermines the bloc's credibility and influence as a climate leader on the global stage at a time when renewed international climate leadership is critical.

Financial risks:

- Increases overall costs for the EU and its member states: Relying on credits to achieve climate targets creates a financial dependency. Since a credit can only be used once towards an annual climate target, relying on credits requires recurring yearly expenditure, whereas investments in domestic emission reductions generally need to be made only once and generate long-lasting benefits afterwards.
- Impacts on competitiveness and internal decarbonisation: According to our estimates (reported in [Annex 1](#)), relying on credits could cost the EU up to €49.7 billions, when those funds could instead be invested in the EU to reduce the bloc's dependence on fossil fuels, safeguard the competitiveness of EU industries, and support the green transition.
- Impacts on international climate finance: Purchasing international credits to meet a climate target does not constitute international cooperation and could negatively affect climate finance expenditure.

A credible impact assessment

The Impact Assessment carried out by the Commission should assess:

- The impact on EU overall emissions of relying on international credits as compared to a fully domestic target and to EU's ongoing and historical responsibilities;
- The impact on domestic climate action and associated challenges to meet the EU's 2040 and future climate targets, including the domestic climate neutrality target by 2050;
- The likelihood of sufficient current and future supply of international credits originating from methodologies guaranteeing:
 - genuine, measurable, verifiable, additional and permanent climate benefits, originating from credible and transformative activities;
 - positive social impacts and respect of human rights;
 - avoidance of negative environmental impacts and biodiversity loss.
- The estimated cumulative cost of international credits for the EU and its member states, including for the period after 2040;
- The impact on crowding out investments in the decarbonisation of the Union's economy, including any harm to investment certainty and competitiveness;
- The impact on international climate finance by the EU and its member states, including a detailed overview of current and projected sources of climate finance and noting that [the purchase of international credits should not be considered climate finance](#);
- Wider environmental and social impacts.

The Impact Assessment should include at least one scenario based on 90% net emissions targets achieved fully domestically, reflecting that the Climate Law treats the use of credits as an option and does not mandate it. The preferred option in the impact assessment should be the one that better respects the following principles:

- No substitution of domestic reductions: Guarantee that international credits should only be used if an equivalent amount of greenhouse gas emissions cannot be reduced domestically, ensuring that the possible use of these credits does not deter domestic emissions reductions;
- Adequacy of credit type and quality: Only permanent removal credits should be purchased, given that in 2025 the remaining carbon budget for 1.5°C was 170 GtCO₂ in 2025 (equivalent to roughly four years at 2025 emission levels). The current carbon budget leaves no room for crediting emission reductions as a justification for continued domestic emissions. Credits should only be issued using methodologies that guarantee the net removal benefit is genuine, measurable, verifiable, and additional, with no double counting, full transparency and traceability. Credits must originate from credible and transformative



activities, whereby the underlying climate benefits would be difficult or impossible to finance through other means than carbon crediting. Those activities should also go well beyond business as usual, and not lock-in fossil fuel production and use or other technologies and practices that are incompatible with the 1,5°C temperature goal of the Paris Agreement.

- Environmental integrity and alignment with Paris agreement: Credits should guarantee that their use ensures that buyer and seller countries to go beyond Paris-compatible net greenhouse gas emissions reduction trajectories.
- Equitable benefit-sharing: An equitable sharing of mitigation benefits of at least 50% with third countries from which international credits are acquired. In addition, all agreements shall go beyond the minimum requirements under Article 6.4 of the Paris Agreement regarding the share of proceeds for adaptation (minimum 5%) and the overall mitigation of global emissions (minimum 2%).

List of evidence

Reference	Comment
<i>Credit Quality</i>	
Rana, P. Fleischman, F. Sharma, A. Why carbon offsets may fail in complex systems: A causal inference perspective. Environmental Science & Policy (2026). https://doi.org/10.1016/j.envsci.2026.104325	This study argues that it is impossible to reliably prove that emission reductions are causally attributable to any single project, given the complexity of social-ecological system.
Macintosh, A., Trencher, G., Probst, B., et al. Carbon credits are failing to help with climate change — here's why. <i>Nature</i> (2025). https://doi.org/10.1038/d41586-025-03313-z	This comment by a group of leading researchers provides a clear overview of the persistent problems with carbon credits and explains why integrity issues are inevitable.

<p>Romm, J., Lezak, S. & Alshamsi, A. Are Carbon Offsets Fixable? <i>Annual Review of Environment and Resources</i> 50, 649–680 (2025). https://doi.org/10.1146/annurev-environ-112823-064813</p>	<p>This systematic review covers 25 years of evidence and finds that credit quality has remained a problem since the inception of carbon markets, despite repeated efforts to address additionality, leakage, double counting, permanence, and verification. It concludes that many of the most popular offset project types feature intractable quality problems.</p>
<p>Probst, B.S., Toetzke, M., Kontoleon, A. <i>et al.</i> Systematic assessment of the achieved emission reductions of carbon crediting projects. <i>Nat Commun</i> 15, 9562 (2024). https://doi.org/10.1038/s41467-024-53645-z</p>	<p>The analysis covers one-fifth of the credit volume issued to date and finds that less than 16% of the carbon credits issued to the investigated projects constitute real emission reductions, with 11% for cookstoves, 16% for SF₆ destruction, 25% for avoided deforestation, 68% for HFC-23 abatement, and no statistically significant emission reductions from wind power and improved forest management projects.</p>
<p>Gill-Wiehl, A., Kammen, D.M. & Haya, B.K. Pervasive over-crediting from cookstove offset methodologies. <i>Nat Sustain</i> 7, 191–202 (2024). https://doi.org/10.1038/s41893-023-01259-6</p>	<p>This study assesses the four most prominent cookstoves offset methodologies (GS-TPDDTEC22, GS-Simplified 23, CDM-AMS-II-G24, and CDM-AMS-I-E25) and the GS-Metered. It finds emission reductions to be over-estimated by 9.2 times. It finds the GS's metered methodology to be 1.5 times over-credited.</p>
<p>Anderegg, W. R. L., Trugman, A. T., Badgley, G. <i>et al.</i> <i>et al.</i> Climate-driven risks to the climate mitigation potential of forests. <i>Science</i> 368, eaaz7005 (2020). https://doi.org/10.1126/science.aaz7005</p>	<p>This study highlights the risks to permanence of carbon in forests. It finds that climate-driven risks may fundamentally compromise forest carbon sinks in the 21st century. It states that estimates of permanence risks based on historical data will underestimate the true risks that forests face.</p>
<p>Bailis, R., Drigo, R., Ghilardi, A. <i>et al.</i> The carbon footprint of</p>	<p>This study finds that carbon credit projects overestimate the portion of woodfuel harvested</p>



<p>traditional woodfuels. <i>Nature Clim Change</i> 5, 266–272 (2015). https://doi.org/10.1038/nclimate2491</p>	<p>unsustainably, meaning these projects likely overstate the climate benefits of improved stoves.</p>
<p>Badgley, G., Freeman, J., Hamman, J. J., <i>et al.</i> Systematic over-crediting in California's forest carbon offsets program. <i>Global Change Biology</i>, 28, 1433–1445 (2022). https://doi.org/10.1111/gcb.15943</p>	<p>This study finds systematic over-crediting in California's forest carbon offsets program.</p>
<p>Haya, B. K., Alford-Jones, K., Anderegg, W. R. L., <i>et al.</i> Quality assessment of REDD+ carbon credit projects. Berkeley Carbon Trading (2023). https://gspp.berkeley.edu/research-and-impact/centers/cepp/projects/berkeley-carbon-trading-project/REDD+</p>	<p>This 190+ page report finds that REDD+ is ill-suited to the generation of carbon credits for use as offsets.</p>
<p>West, T. A. P., Wunder, S., Sills, E. O., <i>et al.</i> Action needed to make carbon offsets from forest conservation work for climate change mitigation. <i>Science</i> 381, 873–877 (2023). https://doi.org/10.1126/science.ade3535</p>	<p>This article examines 26 avoided-deforestation carbon crediting projects and finds that most projects have not significantly reduced deforestation. For projects that did, reductions were substantially lower than claimed.</p>
<p>West, T. A. P., Börner, J., Sills, E. O., <i>et al.</i> Overstated carbon emission reductions from voluntary REDD+ projects in the</p>	<p>This article finds that REDD+ crediting baselines assume consistently higher deforestation than counterfactual forest loss in synthetic control sites.</p>

<p>Brazilian Amazon. <i>Proc Natl Acad Sci U S A</i> 117, 24188–24194 (2020). https://doi.org/10.1073/pnas.2004334117</p>	
<p>Science Based Targets initiative. <i>Evidence Synthesis Report Part 1: Carbon Credits</i>. Version 1.0 (2024). https://sciencebasedtargets.org/resources/files/Evidence-Synthesis-Report-Part-1-Carbon-Credits.pdf</p>	<p>The SBTi evidence synthesis report finds that the highest quality empirical and observational evidence suggests that various types of carbon credits are ineffective in delivering their intended mitigation outcomes, while lower-tier evidence showed mixed results.</p>
<p>Carbon Credit Quality Initiative: Resources and Factsheets. https://carboncreditquality.org/resources_factsheets.html</p>	<p>Factsheets from the Carbon credit Quality initiative report the CCQI score summary for several project types, finding significant gaps in many project types.</p>
<p>Buffers</p>	
<p>Anderegg, W. R. L., Trugman, A. T., Vargas, G., <i>et al.</i> Current Forest Carbon Offset Buffer Pool Contributions Do Not Adequately Insure Against Disturbance-Driven Carbon Losses. <i>Glob Change Biol</i>, 31: e70251 (2025). https://doi.org/10.1111/gcb.70251</p>	<p>This paper finds that the vast majority of current buffer pools are substantially smaller than what is required by carbon cycle science, meaning existing tools cannot adequately guarantee the durability of forest carbon credits.</p>
<p>Haya, B. K., Alford-Jones, K., Anderegg, W. R. L., <i>et al.</i> Quality</p>	<p>This study finds that REDD+ projects dramatically underestimate permanence risks. The average</p>

<p>Assessment of REDD+ Carbon Credit Projects. UC Berkeley (2023). https://gspp.berkeley.edu/asset/uploads/page/Quality-Assessment-of-REDD+-Carbon-Creditin g.pdf</p>	<p>project estimated its risk from all natural disturbances to be just 2% of credited carbon reductions, which is less than a tenth of the authors' independent estimates. More than half of all projects contributed only the minimum allowed deduction (10%) into the buffer pool to cover both natural and human risks, suggesting the buffer pools are severely inadequate.</p>
<p>Sanderson, B. M. & Fisher, R. A. A fiery wake-up call for climate science. <i>Nature Climate Change</i> 10, 175–177 (2020). https://doi.org/10.1038/s41558-020-0707-2</p>	<p>This comment finds that the 2019–20 Australian wildfires significantly exceeded the projections of any model in the CMIP multi-model archive, suggesting that current climate models may be systematically underestimating fire risk.</p>
<p>Permanence and removals</p>	
<p>Gidden, M.J., Joshi, S., Armitage, J.J., et al. A prudent planetary limit for geologic carbon storage. <i>Nature</i> 645, 124–132 (2025). https://doi.org/10.1038/s41586-025-09423-y</p>	<p>This study calculates a planetary limit for geological CO₂ storage that is far below the commonly assumed value. It concludes that geological storage is a finite resource that cannot be assumed available at scale for offsetting purposes.</p>
<p>Dooley, K., Horner, K., et al. The Land Gap Report 2025. University of Melbourne (2025). https://landgap.org/2025/report</p>	<p>This report finds that fulfilling existing national climate pledges for land-based carbon removal would require over 1 billion hectares, far beyond what is feasible or sustainable. A small number of large, high-emitting countries account for more than 70% of the total land included in the pledges, indicating a continuing lack of near-term ambition to reduce emissions from fossil fuels, instead placing reliance on the land sector later</p>

	in the century.
<p>Brunner, C., Hausfather, Z. & Knutti, R. Durability of carbon dioxide removal is critical for Paris climate goals. <i>Commun Earth Environ</i> 5, 645 (2024). https://doi.org/10.1038/s43247-024-01808-7</p>	<p>This study finds that a CO₂ storage period of less than 1,000 years is insufficient to neutralise remaining fossil CO₂ emissions under net zero. These results reinforce the principle that credible neutralisation claims using Carbon Dioxide Removal in a net zero framework require balancing emissions with removals of similar atmospheric residence time and storage reservoir, e.g., geological or biogenic</p>
<p>Cullenward, D. A framework for assessing the climate value of temporary carbon storage. <i>Commissioned by Carbon Market Watch</i> (2023) https://carbonmarketwatch.org/publications/a-framework-for-assessing-the-climate-value-of-temporary-carbon-storage/</p>	<p>This paper examines current scientific consensus to unpack the climate value of temporary carbon storage and to identify what the minimum storage duration needs to be for them to have a perceptible climate impact.</p> <p>By explaining the compensatory and supplemental value of carbon removal use cases, and the physical and economic equivalence of climate claims, climate economist Danny Cullenward demonstrates that CO₂ emissions have an effectively permanent impact on the atmosphere and oceans, that global warming depends on cumulative CO₂ emissions and that temperature stabilisation depends on the timing of near-net-zero emissions.</p>
<p>Streck, C., Koenig, S., Broekhoff, D., et al. Preliminary results are in – good intentions for HFLD credits risk undermining climate change mitigation. <i>Carbon Pulse</i> (2023). https://carbon-pulse.com/185976/</p>	<p>This expert comment finds that 84% of the 33.5 million Article 6 credits issued to Guyana resulted from the HFLD stock adjustment rather than actual emission reductions, indicating that carbon credits from ART TREES' High Forest Low Deforestation methodology are extremely highly overestimated.</p>



<p>Haya, B. K., Evans, S., Brown, L., <i>et al.</i> Comprehensive review of carbon quantification by improved forest management offset protocols. <i>Front. For. Glob. Change</i> 6, 958879 (2023). https://doi.org/10.3389/ffgc.2023.958879</p>	<p>This article finds that improved forest management protocols risk significant over-estimation of carbon offset credits.</p>
<p>Pierrehumbert, R. T. Short-lived climate pollution. <i>Annual Review of Earth and Planetary Sciences</i> 42, 341–379 (2014). https://doi.org/10.1146/annurev-earth-060313-054843</p>	<p>The study notes that it is a generally accepted modern understanding that the climate effects of CO2 releases will persist for tens if not hundreds of thousands of years. It also finds that early mitigation of short-lived climate pollutants (SLCP) does not buy time for carbon action, and any substitution of SLCP mitigation for CO2 mitigation will lead to a climate irreversibly warmer than a strategy that prioritises CO2 reductions first.</p>
<p><i>Systemic problems in the voluntary carbon market</i></p>	
<p>Wyburd, I. Oil spill: How fossil fuel interests are seeping into the voluntary carbon market rulebook. Carbon Market Watch (2026). https://carbonmarketwatch.org/publications/oil-spill/</p>	<p>This report finds that major oil and gas companies are the voluntary carbon market's biggest customers and are also shaping its rulebook, lobbying integrity initiatives to weaken quality standards, expand offsetting eligibility, and have their emissions classified as hard-to-abate. The report also reiterates the lack of evidence that purchasing carbon credits accelerates corporate decarbonisation.</p>
<p>Wyburd, I. Walking on hot coal:</p>	<p>This briefing presents Carbon Market Watch's</p>

<p>Will Verra's coal transition carbon credits deliver for the climate? Carbon Market Watch (2025). https://carbonmarketwatch.org/publications/walking-on-hot-coal/</p>	<p>assessment of research conducted by Oeko-Institut, which analyses Verra's VM0052 methodology for generating carbon credits from the early retirement of coal-fired power plants. In Carbon Market Watch's view, the research demonstrates serious weaknesses in the methodology that could undermine its ability to deliver credible, additional, and environmentally sound carbon credits.</p>
<p>Cubas-Baez, A., Sunderlin, W. D., Larson, A. M., et al. From promises to practice: Persistent challenges in safeguarding local rights in forest carbon market initiatives. CABI Reviews 20, 0025 (2025). https://doi.org/10.1079/cabireviews.2025.0025</p>	<p>This literature review draws on peer-reviewed and grey literature sources covering forest carbon market initiatives in Latin America, Africa, and Asia. It finds significant violations of the rights of Indigenous Peoples and local communities in recent years, and highlights very little literature documenting safeguard implementation on the ground.</p>
<p>Lauer, S., Schneider, L., Haase, I., et al. Correlation or Causation? Challenges in Assessing the Effect of Carbon Credit Use on Corporate Climate Action. Oeko-Institut. (2025). https://www.oeko.de/publikation/correlation-or-causation-challenges-in-assessing-the-effect-of-carbon-credit-use-on-corporate-climate-action/</p>	<p>This report reviews existing studies claiming that companies buying carbon credits decarbonise faster than those that do not. It finds that no existing study can establish a causal link between credit purchases and internal emission reductions, only correlations that are confounded by many other factors.</p>
<p>Hawwa, L. Shortsighted and unjust carbon projects: A Zimbabwe case study. Swedwatch (2025). https://swedwatch.org/themes/shortsighted-and-unjust-carbon-</p>	<p>This investigation into two cookstove projects in Zimbabwe finds that while projects were worth several million USD , communities received no revenues and were not consulted. C-Quest, the US company behind the projects, subsequently admitted to a USD 250 million fraud scheme</p>

<p>projects-a-zimbabwe-case-study /</p>	<p>involving the over-issuance of credits.</p>
<p>Otis Nilles, L. & Pavia, E. Alternatives to Offsetting: The Role of Climate Impact Funds in Corporate Climate Engagement. Carbon Market Watch (2025). https://carbonmarketwatch.org/publications/alternatives-to-offsetting-the-role-of-climate-impact-funds-in-corporate-climate-engagement/</p>	<p>This briefing examines climate impact funds as an alternative to standard carbon offsetting. It finds that climate impact funds support varying mitigation actions, with most funds conducting their own due diligence and encouraging companies to adopt a BVCM approach without misleading compensation claims.</p>
<p>Coglianesse, C. & Giles, C. Third-Party Auditing Cannot Guarantee Carbon Offset Credibility. U of Penn Law School, Public Law Research Paper No. 25-28. (2025). http://dx.doi.org/10.2139/ssrn.5345783</p>	<p>This paper finds that failures to correct overcrediting in carbon offset auditing stem from a structural problem. It points out systemic conflicts of interest in a market where carbon credit sellers, buyers, and registries all benefit from higher credit volumes. It also highlights that auditors are selected and paid by the very organisations they audit, which undermines auditing reliability. The paper concludes that third-party auditors operating under the current model cannot credibly guarantee the integrity of carbon credits.</p>
<p>Wyburd, I. Due south: Geographic disparity of project actors in the voluntary carbon market. Carbon Market Watch (2024). https://carbonmarketwatch.org/publications/due-south-geographic-disparity-of-project-actors-in-the-voluntary-carbon-market/</p>	<p>This report finds that companies from wealthy countries typically implement and manage carbon projects, despite most projects being situated in less affluent countries. A lack of transparency and publicly available data regarding the distribution of funds makes it difficult to determine whether finance genuinely benefits local communities on the ground, or primarily enriches those managing the projects from the Global North. It raises fundamental questions about whether the VCM is genuinely</p>



	<p>channelling economic benefits to communities in the Global South.</p>
<p>Dalfiume S. & Michaelowa A. Blocked avenues for redress: Shedding light on carbon market grievance mechanisms. Perspectives Climate Group. <i>Commissioned by Carbon Market Watch</i> (2024). https://carbonmarketwatch.org/publications/blocked-avenues-for-redress-shedding-light-on-carbon-market-grievance-mechanisms-2024-edition/</p>	<p>This update to a 2023 review finds that, despite some improvements, serious shortcomings persist in the grievance mechanisms of the main voluntary carbon market standards. It finds that only one standard provides communities affected by climate projects with appropriate recourse to file grievances. All other assessed standards have inadequate or non-existent grievance mechanisms, leaving local communities and indigenous peoples vulnerable and without adequate access to justice.</p>
<p>Wyburd, I. Lost in documentation: Transparency in voluntary carbon market registries. Carbon Market Watch (2024). https://carbonmarketwatch.org/publications/lost-in-documentation-transparency-in-voluntary-carbon-market-registries/</p>	<p>This analysis assesses the public availability of project documentation across the four main voluntary carbon market registries (VCS, Gold Standard, ACR, CAR). It finds that carbon market standards fall short of achieving document transparency on their registries: across a sample of 140 projects, a total of 444 project documents were missing. It attributes this to two main reasons: some standards do not require all key documents to be publicly available; and others fail to effectively implement their existing rules.</p>
<p>Healy, S. Pietschmann, M. Schneider, L. et al. Assessing the transparency and integrity of benefit-sharing arrangements related to voluntary carbon market projects. Öko-Institut, <i>Commissioned by Carbon Market Watch</i> (2023). https://carbonmarketwatch.org/publications/assessing-the-trans</p>	<p>This study reviews benefit-sharing rules across five major carbon crediting standards and finds that only two mention benefit-sharing arrangements in their requirements, while none clearly specifies the type, share, or recipient of benefits.</p>

<p>parency-and-integrity-of-benefit-sharing-arrangements-related-to-voluntary-carbon-market-projects/</p>	
<p>Root, A. & Krause, A. Analysis of voluntary carbon market stakeholders and intermediaries. AlliedOffsets. <i>Commissioned by Carbon Market Watch</i> (2023). https://carbonmarketwatch.org/publications/analysis-of-voluntary-carbon-market-stakeholders-and-intermediaries/</p>	<p>This analysis finds a critical lack of transparency on the details of carbon credit trades, making it impossible for buyers or external observers to determine how much money reaches climate projects on the ground versus how much is captured by brokers, exchanges, and resellers as fees and mark-ups.</p>
<p>Dunne, D. & Quiroz, Y. Mapped: The impacts of carbon-offset projects around the world. Carbon Brief (2023). https://interactive.carbonbrief.org/carbon-offsets-2023/mapped.html</p>	<p>This investigation looked at media reports and case studies published between 2018 and 2023. It finds that more than 70% of reports examined contain evidence of carbon-offset projects causing harm to Indigenous peoples and local communities, including forced displacement.</p>
<p>Article 6 carbon markets: emerging problems</p>	
<p>Dossi, F. & Crook, J. A tick the box exercise? What the first Article 6.2 review tells us about transparency and accountability. Carbon Market Watch (2026).</p> <p>- <i>Soon to be published</i>-</p>	
<p>De Grandpré, J. & Senne, J. How</p>	<p>This analysis examines how Article 6 is being implemented, building on the Climate Action</p>



<p>Article 6 could undermine climate ambition. NewClimate Institute (2026). https://newclimate.org/news/how-article-6-could-undermine-climate-ambition</p>	<p>Tracker. It covers supply- and demand-side dynamics and finds that Article 6 credits risk substituting domestic climate ambition in buyer countries, and raises significant equity concerns for developing countries. It also warns against the assumption that academia, civil society, and affected communities will serve as watchdogs for the Article 6 system. Given their limited financial and institutional capacity and the absence of a formal legal mandate to enforce accountability, relying on these actors alone is unlikely to provide sufficient oversight.</p>
<p>Mulder, I. UN carbon market drops the ball on permanence. Carbon Market Watch (2025). https://carbonmarketwatch.org/2025/10/15/un-carbon-market-drops-the-ball-on-permanence/</p>	<p>This article reports on the Article 6.4 Supervisory Body's October 2025 decision to adopt weakened permanence rules, walking back on the unanimous recommendation of its own Methodological Expert Panel. The walkback came as a result of lobbying by financially interested stakeholders.</p> <p><i>Note: This episode demonstrated the lack of antibodies of the Supervisory Body to industry lobbying. The text adopted at COP30 subsequently includes a mandate to the Supervisory Body to reinforce its consultation processes through inclusion of and outreach to indigenous peoples and local communities, who are currently severely underrepresented.</i></p>
<p>Faecks, B. Over-crediting Analysis: PoA 10415. Carbon Market Watch (2025) https://carbonmarketwatch.org/publications/results-over-crediting-analysis-poa-10415/</p>	<p>This analysis examines the first CDM project to transition to the Article 6.4 Paris Agreement Crediting Mechanism (PACM), a cookstove programme in Myanmar. It finds that the project is poised to issue 26 times more credits than peer-reviewed scientific literature would support. This is the result of transition rules that allowed projects to carry their old, flawed CDM methodologies into the new mechanism, meaning the first Article 6.4 credits carry the same integrity problems as those from old CDM</p>



	<p>projects, most of which were not of high environmental quality (How additional is the Clean Development Mechanism?, 2016).</p> <p><i>Note: The first credits issued under PACM in February 2026 come from a cookstove project similar to the one analyzed here. That project adopted more conservative values, resulting in 40% fewer credits being issued than under the CDM. However, assuming the 26x overcrediting factor applies, a 40% reduction would still leave 15x overcrediting. Even if overcrediting were only 2x, the project would still be issuing twice as many credits as it should. More fundamentally, any overcrediting, however small, means credits are being sold for emission reductions that did not happen.</i></p>
<p>BeZero Carbon. Final ex ante Risk assessment report 5001: Promotion of climate smart agricultural practices for sustainable rice cultivation in Ghana (2025). Available at: https://share.dma.swiss/s/ap7ipJpS7fAD6so?dir=/5001%20Promotion%20of%20climate%20smart%20agriculture%20practices%20for%20sustainable%20rice%20cultivation%20in%20Ghana&editing=false&openfile=true</p>	<p>This is an independent risk assessment from the carbon ratings agency BeZero, mandated by the Swiss Federal Office for the Environment. This assessment looks at the Switzerland–Ghana Cooperative Approach on Climate Smart Agriculture. The assessment finds that the credits issued face a very high risk related to carbon accounting. This indicates a high likelihood that the project overstates its climate benefits.</p>
<p>BeZero Carbon. Final ex ante Risk assessment report 5002 Bangkok e-bus Program (2025). Available at: https://share.dma.swiss/s/n77TtCjno4CdNbX?dir=/5002%20Operation%20of%20e-buses%20on%20privately%20owned%20C%20scheduled%20public%20bus%20r</p>	<p>This is an independent risk assessment from the carbon ratings agency BeZero, mandated by the Swiss Federal Office for the Environment. This assessment looks at the Switzerland–Thailand Cooperative Approach on Electric Buses. The assessment finds a moderately high risk to the additionality of the credits issued. This suggests</p>



<p>outes%20in%20the%20Bangkok%20Metropolitan%20area%20by%20Energy%20Absolute&editin g=false&openfile=true</p>	<p>that the project is likely to deliver limited or no additional climate benefits beyond what would have occurred in the absence of the cooperative approach.</p>
<p>Berner, D. Switzerland in the dense fog of carbon offsetting. Alliance Sud (2024). https://www.alliancesud.ch/en/schweizer-CO2-Kompensation-in-Ghana</p>	<p>This article on the Switzerland-Ghana cooperative approach highlights a lack of transparency and controversy over cookstove projects promoted as sustainable development but designed primarily for investor profit. The investigation finds that investors are promised an almost 20% annual return on profits, and in the meantime, project partners are proposing to farmers, to whom they distribute cookstoves, to buy extremely harmful pesticides that are banned in the EU and Switzerland.</p>
<p>Berner, D. New electric buses in Bangkok – no substitute for climate protection in Switzerland. Alliance Sud & Fastenaktion (2023). https://www.alliancesud.ch/en/new-electric-buses-bangkok-no-substitute-climate-protection-switzerland</p>	<p>Study on the world's first Article 6 programme. It finds that the credits lack additionality and do not represent real emission reductions.</p>
<p><i>Selected investigations by journalists, CSOs, and independent researchers</i></p>	
<p>How a Green Gold Rush in the Amazon Led to Dubious Carbon Deals on Indigenous Lands (2025) https://news.mongabay.com/2025/11/how-a-green-gold-rush-in-the-amazon-led-to-dubious-carbon-deals-on-indigenous-lands/</p> <p>Majority of Carbon Credits From Tarnished Project Deemed Bogus (2025) https://www.bloomberg.com/news/articles/2025-10-17/majority-of-carbon-credits-from-tarnished-project-deemed-bogus/</p>	



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Annex 1: Impacts of international credits towards the EU 2040 target

Total # credits used (2036-2040) assuming a linear increase towards the 2040 target	Credits purchased in 2040 (counted towards the 2040 target)	2040 emissions with credits compared to a fully domestic target	Total cost in 2036-2040 (€50 per credit)	Total cost in 2036-2040 (€60 per credit)	Total cost in 2036-2040 (€70 per credit)
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237 million credits	1.6% of 1990 emissions	17% higher	€11.8 billions	€14.2 billions	€16.6 billions
426 million credits	3% of 1990 emissions	30% higher	€21.3 billions	€25.6 billions	€29.8 billions
710 million credits	5% of 1990 emissions	50% higher	€35.5 billions	€42.6 billions	€49.7 billions

Disclaimer: The price range considered for these estimates (50–70 euros per credit) is quite conservative. Current evidence from international carbon markets suggests that prices for high-quality credits could turn out to be higher than our estimates. Switzerland, for example, is engaging under Article 6 with credit prices around €30 by the end of 2024 and €34 for credits currently in the pipeline. However, controversies surrounding Swiss deals indicate that such a price range may not be sufficient to ensure credit integrity. Given these quality concerns and taking into account around a decade of inflation, actual prices by 2040 are likely to be higher than those assumed here. The figures in this table should therefore be interpreted as illustrative examples rather than price forecasts.

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