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WORLD | MIDDLE EAST

Big Oil Producer Lines Up African Carbon Deals Ahead of Climate Talks

The U.A.E. is set to host U.N. negotiations aimed at setting rules for a global carbon market

By [Saeed Shah](#) Following

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The headquarters of the U.A.E.'s state-run Abu Dhabi National Oil Co. PHOTO: KAMRAN JEBREILI/ASSOCIATED PRESS

One of the world's biggest exporters of fossil fuels, the United Arab Emirates, is attempting to position itself as a leader in establishing global carbon markets as it prepares to host annual United Nations climate talks this month.

Those efforts are coming under scrutiny as a company owned by one of the U.A.E.'s royal families prepares to secure rights to produce carbon credits from a giant expanse of African forest.

The climate negotiations this month seek to reach agreement on rules to create a global market for trading carbon credits, where credits can be purchased to compensate for emissions that contribute to global warming. The idea is to create an incentive to reduce emissions.

But many environmentalists have become critical of some carbon-credit projects, alleging that they are overstating emissions reductions and that the purchase of credits is simply giving countries and companies cover to continue polluting—a practice some have labeled “greenwashing.”

Blue Carbon, a private company owned by Sheikh Ahmed Dalmook Al Maktoum, a member of the ruling family of Dubai, signed preliminary agreements this year with five African nations—Liberia, Tanzania, Zambia, Zimbabwe and Kenya. The deals would grant it the sole right to develop and sell carbon credits from more than 60 million acres of forest, equivalent to the entire land mass of the U.K. If completed, the deals would be among the largest of their kind aimed at global carbon markets.

Climate campaigners are warning that these types of agreements could influence how negotiations play out at this year’s U.N. climate talks and, ultimately, make the rules for global carbon markets less effective at reducing emissions. At stake is agreeing on regulations that are tough enough to build trust in the market, with credits representing genuine reductions in emissions.

Blue Carbon’s 54-page draft contract with Liberia, dated July 2023 and reviewed by The Wall Street Journal, shows how lucrative the deals could potentially be—both for the company and the African countries.

The deal with Liberia could cover 2.5 million acres of forest—10% of the nation’s land—for the next 30 years, according to the draft contract. Blue Carbon would get 70% of the proceeds once credits are sold, with 30% going to the government for the first 10 years. After that, there would be a 50-50 division. Those splits are unusually high in favor of the company, environmentalists said.

The draft contract doesn’t mention any upfront payment to Liberia to acquire the carbon rights. The company said its deals were based on “benefit sharing arrangements,” but declined to discuss specific details of its contracts. Blue Carbon said it hadn’t reached a final agreement with Liberia on income distribution. The company said that there was interest from the U.A.E. and several other large entities in the oil-rich Persian Gulf for the credits it hopes to generate.

“Blue Carbon greatly appreciates the trust these countries have placed in our initiative,” the company said.



Blue Carbon's deal with Liberia would see it get 70% of the proceeds for the first 10 years. PHOTO: ZOHRA BENSEMRA/REUTERS



Environmentalists worry the deals could encourage the U.A.E. to push for more lenient rules at U.N. climate talks. PHOTO: MARCO LONGARI/AGENCE FRANCE-PRESSE/GETTY IMAGES

Blue Carbon's deal with Zimbabwe is even larger, covering 19 million acres, which is about 20% of its total land.

The concern among environmentalists is that the African forest deals could give the U.A.E. an incentive to push for more lenient rules during the U.N. climate talks, known as COP28, that allow it to generate more credits from the forests. The countries on the other end of the deal would also have an incentive to generate more money from the deals. If that leads to weaker rules for the U.N. carbon credit regulations, it could hurt the integrity of the market, they say.

“The main concern with all these deals is that it allows U.A.E. to continue emitting CO₂ by buying dubious carbon credits while undermining the possibility of these African countries meeting their own reduction

commitments,” said Saskia Ozinga, founder of Fern, a European forest advocacy group, referring to African nations using the credits to meet their own climate goals.

The U.A.E.’s Ministry of Climate Change and Environment declined to comment on the potential outcome of the negotiations. “The U.A.E. is also working with countries globally to accelerate clean energy transition, having invested more than \$50 billion into renewable energy projects across 70 countries,” the ministry said, adding that the U.A.E. is aiming for a 19% absolute cut in its own emissions by 2030.

Liberian authorities acknowledged there are some legitimate concerns about its deal with the U.A.E. Regulators are reviewing it and working on a legal framework for the country’s carbon assets, said Wilson Tarpeh, executive director of Liberia’s Environmental Protection Agency. “Liberia is a developing country that is rich in forest and biodiversity,” he said. “There are many interests when it comes to forest and its governance.”

Zimbabwe’s environment minister, Nqobizitha Mangaliso Ndlovu, also said the country was working on a legal framework for its carbon credits that would be transparent and ensure the money raised benefits the communities in the affected areas.

National and regional carbon markets already exist, where companies trade credits to meet emission caps required by law, a market estimated at \$900 billion. There is also a far smaller self-regulated “voluntary” carbon market, where companies buy credits to improve their environmental credentials, but aren’t required to do so.

Among the most pressing issues at the U.N. talks is setting up a global carbon market, under the 2015 Paris climate agreement. Countries need to decide what types of activities will qualify for carbon credits and how to quantify the benefits of those projects.



Blue Carbon's deal with Zimbabwe covers 19 million acres, about 20% of the country. PHOTO: ZINYANGE AUNTONY/AGENCE FRANCE-PRESSE/GETTY IMAGES

A carbon credit is generated when one metric ton of greenhouse gases is removed from the atmosphere, for instance, by growing trees or switching to renewable energy. The purchaser of a credit is then permitted one ton of emissions.

Carbon credits generated from forests are particularly difficult to verify. Forests act as sponges for absorbing carbon dioxide, but simply preserving the forest as-is wouldn't generate carbon credits. A carbon credit project must show some improvement to the forest that increases its ability to absorb carbon dioxide, such as conservation work that makes the vegetation cover more dense.

A particularly controversial form of carbon credits is what is known as "emission avoidance," in which credits are calculated based on what would have happened if a conservation program weren't in place, such as logging. The category is used by many forest projects in the voluntary carbon market. Emission-avoidance credits are expected to be a subject of debate during the negotiations in the U.A.E., and the European Union and a group of Latin American countries have warned that including this category would undermine the integrity of the U.N. market.

Kate Dooley, a research fellow at the University of Melbourne's Climate and Energy College, said that if the climate talks lead to allowing avoided emissions to qualify for credits, that would potentially make Blue Carbon's rights to harvest credits much more valuable, but would be a setback for global climate goals. She said that the world needs a giant absolute reduction in emissions by 2050, not a net reduction achieved by using methods like carbon credits.

“There’s only a small opportunity for this kind of forest offsetting to have any role in climate mitigation, so it is being overused and over relied on by many countries,” said Dooley.

Blue Carbon will decrease carbon emissions by promoting “sustainable forest management, conserving forests and increasing forest carbon stocks,” according to the draft contract with Liberia.

“We are anticipating credits to be generated from deforestation that has been averted, forest regeneration and restoration, conservation,” said Tarpeh, the executive director at Liberia’s EPA.

Proponents say the credits would help direct money toward developing countries where it can achieve greater cuts in emissions than the same amount would in more advanced economies. “This promotes sustainable development and the international cooperation required to solve the climate crisis,” said Andrea Bonzanni, international policy director at the International Emissions Trading Association, a trade body.

Some carbon-credit projects have also been criticized for failing to direct enough money to the communities that live in the areas where the credits are generated. There are tens of thousands of people living in, and surviving off, Liberia’s forests.

Andrew Zeleman, head of the secretariat of the National Union of Community Forestry Development Committees, a nongovernmental organization in Liberia, said that forest dwellers there haven’t been consulted on the deal being negotiated with Blue Carbon. He said that under other types of commercial agreements involving forests, the community gets up to 55% of revenues, under Liberian law. But there is no local law governing carbon credits, he said.

“We are a sovereign nation. Any agreement we sign with a company must be in accordance with our laws,” said Zeleman.

Tarpeh, the executive director of Liberia’s EPA, said that he expected consent of the local population to be obtained and the deal to be completed before COP28.

—Gabriele Steinhauser contributed to this article.

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