Coconut Producer Companies on Multi Commodity Exchange (MCX)

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Climate change is a serious issue of debate now, and no doubt, it should be. Ask Polar Bears in the Arctic and they will tell you. It started to get serious with the adaptation of Kyoto protocol on 11th December 1997, under the United Nations Framework Convention on Climate Change (UNFCCC). Still, environmentalists and climate change activists could get it enforced through policy makers only on February 16, 2005.

It traces back to more than 150 years of Industrial activities by mainly the developed countries, through large scale deforestation that the Green House Gases (GHG) are abundant in our atmosphere today. So the Kyoto protocol has ensured commitments by the member countries to place a cap on the amount of GHG emissions, placing more burdens on the developed countries under the principle of "common but differentiated responsibilities".

How Carbon got itself a market?

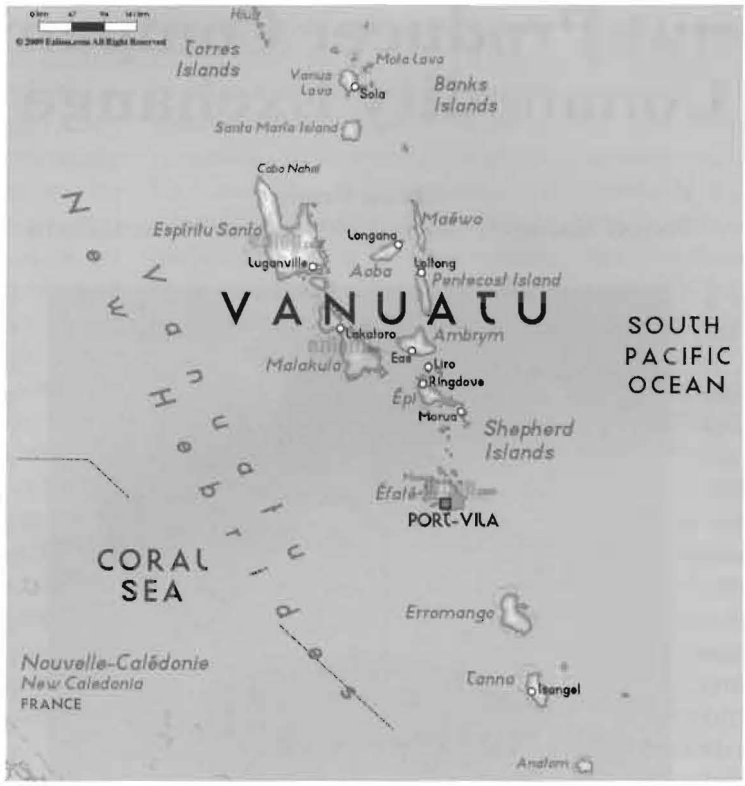
Carbon dioxide, methane, nitrous oxide, ozone and water vapour make the primary green house gases. These gases have become a threat to the globe as it can trigger changes in the global climate affecting biodiversity and all forms life. But a solution has come up to this global carbon menace. Thanks to carbon credits also known as carbon offset, a part of the international emission trading norms. A carbon credit is used to refer to a tradable certificate or permit obtained on removing one tonne of carbon dioxide from the atmosphere through any emission reduction project. When it comes to the other green house gases, mass of it equivalent to one tonne of carbon dioxide is counted. Companies or countries or private individuals that emit less carbon are given incentives and also the total amounts they can emit are capped. Thus when companies/countries/ private individuals fall short in meeting their cap, they need to buy credits from other companies/ countries/private individuals that have surplus credits at their disposal. Thus through the threat it possesses to the global climate, carbon got itself a market and it can now be bought, sold or exchanged in the international market at the market price.

Carbon is now traded like other commodities on India's Multi Commodity Exchange (MCX). MCX is the first exchange in Asia to trade carbon credits.

In 2008, the global carbon trading was worth $5 billion, around a fifth of which was India's contribution. India and China are countries with surplus credits and Europe is the biggest buyer of carbon credits. This year the global carbon market is supposed to reach $63 billion, reports suggest. This is a market with much potential now and definitely in the future and it is for the future of the planet we live in.

Coconut Producer Companies & Carbon Credits

Plantation crops abroad have already started dancing to carbon tunes realizing income as well as decreasing the carbon footprint. EcoPlanet Bamboo is a company headquartered in Chicago. They have converted degraded lands in poor nations of the world into bamboo plantations. The plantations thus get carbon credits for storing significant amount of carbon emissions.



Philippines is a well known country on the world coconut map. Dr Severino Magat of Philippine Coconut Authority (PCA) in a series of seminars at Bureau of Agricultural Research (BAR), titled "Productive & Sustainable Coconut Farming Ecosystems as Potential Carbon Sinks in Climate Change Minimization" pointed out how increasing coconut plantations could ease the effects of climate change. Coconut has an average Carbon storage capacity of 24.1 t C/ha per year. Coconut is a perennial crop with almost zero burning of residues when compared to other agricultural crops. Thus it has the most stable Carbon storage. Carbon is sequestered from the atmosphere and stored in the plantations. Thus, all coconut land we have at our disposal under the ambit of our Coconut Producer Federations and Companies are carbon sequestration projects which can become a source of income through trading on commodity exchanges like MCX in our country and abroad.

Vanuatu is an Oceanian island nation located in the South Pacific Ocean. For them coconuts have become link between the energy sector and the forest sector. Vanuatu generates electricity and transports people and goods using diesel. Now, coconut oil to them is bio diesel which can serve the same purpose. Producing bio diesel is a land development activity and a source of carbon finance under the Clean Development Mechanism* (CDM) of the Kyoto Protocol. Thus Vanuatu earns carbon credits through coconut oil as bio diesel.

Similar examples have already started coming up and reaping benefits in many countries across the globe. We have a lot here to learn and adopt to our context. Now when more or less governments and people are beginning to accept climate change as a growing threat, carbon credit is the means by which environmentalists and climate change activists are saying 'afforestation' to the world.

The typical coconut farms we are trying to develop are not only just coconuts. We have the plantations intercropped with cocoa, bananas, pepper, coffee, pineapple, kava, avocado, guava, vanilla etc. Thus a well maintained and systematic coconut plantation is a carbon sink of great potential and our Companies should use this potential carbon finance to finance their own rising needs. Through tissue culture and hybrid nurseries, we can produce good quality plantations. These quality plantations with good quality income generating intercrops in between them will act as double edged swords at the hands of our producer companies in terms of adding their revenues.

Domestic coffee growers in India have floated a proposal to the International Coffee Organization (ICO) through the Coffee Board of India to appeal to the United Nations Framework Convention on Climate Change (UNFCCC) to allow coffee growers to obtain carbon credits from their plantations. The Coconut farmers Producer Companies across the country can proceed along similar lines through Coconut Development Board and Asian Pacific Coconut Community (APCC).

** The Clean Development Mechanism (CDM), defined in Article 12 of the Protocol, allows a country with an emission-reduction or emission-limitation commitment under the Kyoto Protocol (Annex B Party) to implement an emission-reduction project in developing countries. Such projects can earn saleable certified emission reduction (CER) credits, each equivalent to one tonne of CO_2, which can be counted towards meeting Kyoto targets.*