To market, to market: Carbon trading in the Brazilian and Indian sugar sectors

A Geography Colloquium Presentation by
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(May 13, 2010; 3:30-4:45; 1930 Buchanan)

Abstract
Many countries are currently seeking to expand carbon markets, both domestically and internationally. Several assumptions underpin this possible expansion: first, that carbon markets will allow capital to flow quickly to the projects that are lowest-cost; and second, that firms with similar abatement potential will respond similarly to price signals. Analysis of carbon market activities by firms in the sugar sectors in Brazil and India demonstrates that both assumptions are false. Interviewed firms were at least partially risk-averse, and the key component for carbon market participation was not price but rather a trusted source of information. Firms with pre-existing relationships with carbon industry experts were in a much better position to capture early opportunities in emissions reduction projects. In contrast, firms with no pre-existing relationships were generally more conservative about entering the market early. Other factors also affected participation, including the firm's financial health and ability to deploy extra capital, the perception of non-market advantages from participation, and the state of the firm's physical plant. Overall, the research indicates that, while market or financial factors do affect firm carbon market activities, they are not sufficient to predict the patterns of carbon market participation in Brazil's and India's sugar sectors.

Dr. Pulver is an Assistant Professor of Environmental Studies at the University of California, Santa Barbara. She received her doctorate in Sociology from the University of California, Berkeley and also holds an MA in Energy and Resources from UC Berkeley, as well as a BA in Physics from Princeton University. Pulver's principal areas of specialization are global environmental politics, organizational theory, and the sociology of development. More narrowly, her research focuses on the engagement of non-state actors, i.e., firms, non-governmental organizations, and scientific experts in climate change politics at international and national levels and in industrialized and developing-country settings. Her current research investigates clean energy investments by developing-country firms in India and Brazil under the Kyoto Protocol's Clean Development Mechanism. She is also initiating a project that maps climate policy networks in Mexico. In the past, her work has focused on the roles played by transnational oil corporations and transnational environmental advocacy NGOs in the UN climate negotiations. She is finalizing a book manuscript on this topic, tentatively titled "Private Interest versus Public Debate: Two Logics of Influence in the Global Climate Change Negotiations, 1991-2005." Before coming to UC Santa Barbara, Dr. Pulver was a research professor at Brown University's Watson Institute for International Studies and the Center for Environmental Studies.