

F.T.C. Asks if Carbon-Offset Money Is Well Spent

Who can help offset carbon emissions? You. Us. And everyone we know.

The Carbon Neutral Project is a partnership with Carbonfund.org designed to start addressing the issue of carbon emissions. With the help of Carbonfund.org, we'll be making it easy for anyone who already owns a Volkswagen to determine their vehicle's carbon output and take action toward offset right away. And to kick-start the project, Volkswagen will offset the carbon emissions for one year of every new Volkswagen purchased in the US from September 1, 2007 thru January 2, 2008. The contributions of the full Volkswagen community will be put toward re-forestation of the Lower Mississippi Alluvial Valley as the chosen means of carbon neutralization. Some have even started calling it the VW Forest. We're excited to get this project up and running. So let's get going.



vw.com

A Volkswagen program, offered in conjunction with Carbonfund.org, an intermediary, has sought to energize car sales.

By LOUISE STORY
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Correction Appended

Corporations and shoppers in the United States spent more than \$54 million last year on carbon offset credits toward tree planting, wind farms, solar plants and other projects to balance the emissions created by, say, using a laptop computer or flying on a jet.

But where exactly is that money going?

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The Federal Trade Commission, which regulates advertising claims, raised the question Tuesday in its first hearing in a series on green marketing, this one focusing

on carbon offsets.

As more companies use offset programs to create an environmental halo over their products, the commission said it was growing increasingly concerned that some green marketing assertions were not substantiated. Environmentalists have a word for such misleading advertising: "greenwashing."

With the rapid growth of green programs like carbon offsets, "there's a heightened potential for deception," said Deborah Platt Majoras, chairwoman of the commission.

The F.T.C. has not updated its environmental advertising guidelines, known as the Green Guides, since 1998. Back then, the agency did not create definitions for phrases that are common now — like renewable energy, carbon offsets and sustainability.

For now, it is soliciting comments on how to update its guidelines and is gathering information about how carbon-offset programs work.

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The North Pole Was Here

Consumers seem to be confronted with green-sounding offers at every turn. [Volkswagen](#) told buyers last year that it would offset their first year of driving by planting in what it called the VW Forest in the lower Mississippi alluvial valley (the price starts at \$18).

[Dell](#) lets visitors to its site fill their shopping carts with carbon offsets for their printers, computer monitors and even for themselves (the last at a cost of \$99 a year).

[Continental Airlines](#) lets travelers track the carbon impact of their itineraries.

[General Electric](#) and [Bank of America](#) will translate credit card rewards points into offsets.

Most suppliers of carbon offsets say that the cost of planting a tree is roughly \$5, and the tree must live for at least 100 years to fully compensate for the emissions in question. By comparison, an offset sold by Dell for three years' use of a notebook computer costs \$2.

To supply and manage the carbon offsets, big consumer brands are turning to a growing number of little-known companies, like TerraPass, and nonprofits, like [Carbonfund.org](#). These intermediaries also cater to corporations that want to become "carbon-neutral" by purchasing offsets for the carbon dioxide they release.

Ms. Majoras of the F.T.C. pointed out that spokesmen for events like the Super Bowl and the Academy Awards have recently started saying that their events are carbon-neutral (though the Academy Awards drew criticism for the way its offsets were handled).

The F.T.C. has not accused anyone of wrongdoing — neither the providers of carbon offsets nor the consumer brands that sell them. But environmentalists say — and the F.T.C.'s hearings suggest — that it is only a matter of time until the market faces greater scrutiny from the government or environmental organizations.

"Is there green substance behind the green sparkle?" said Daniel C. Esty, director of the Center for Business and the Environment at [Yale University](#) and author of "Green to Gold," a book about how companies use environmental strategies to their advantage. "The carbon market is a leading example of the challenge of making sure that when people put their money into what they hope will improve their planet, that there is real follow-through."

Carbon offsets are essentially promises to use money in a way that will reduce carbon emissions. Panelists at the F.T.C.'s session on Tuesday raised a number of questions about certifications behind the claims, wondering if the offset companies might be double-counting carbon reductions that would have happened even without their efforts.

There is even disagreement over how much carbon dioxide can be neutralized by tree-planting, which is the type of offset that is easiest to grasp.

Carbonfund.org, for example, which provides offsets to companies like [Amtrak](#) and [Allstate](#), uses the offset money in three ways: to plant trees; to subsidize wind and [solar power](#) so that it can be sold at more competitive prices; and to purchase credits on the Chicago Climate Exchange, which barter among hundreds of companies trying to reduce their emissions.

Even the companies that market carbon offsets say they have wondered if the providers were living up to their promises. When [Gaiam](#), a yoga-equipment company, began selling offsets for shipping to consumers through the Conservation Fund, a nonprofit organization, Chris Fisher, the company's general manager, says he insisted on visiting one of the tree sites in Louisiana.

"Not only did I want to know it existed, I wanted to make sure it was being done the way

they said it was being done," Mr. Fisher said. "It's not just 'did they do it?' — it's 'did they do it right?'"

Gaiam has sold more than \$200,000 in offset credits in the last two years, Mr. Fisher said.

Other companies have not had immediate success marketing the offsets. Last spring, [Delta Air Lines](#) began selling flight offsets — \$5.50 for domestic round-trips, and \$11 for international ones — but has so far not sold as many as it hoped, said Jena Thompson, director of Go Zero program at the Conservation Fund, which manages Delta's offsets.

Delta is trying to draw more attention to the program this month by setting up a carbon-offset kiosk at the [Sundance Film Festival](#) in Park City, Utah.

The airline did not consider increasing all ticket prices by the cost of carbon offsets because customers are price-sensitive, a spokeswoman, Betsy Talton, said.

Volkswagen has provided free offsets to everyone who purchased a car in the last five months. The offsets cover a year of driving for a typical driver, a spokesman, Keith Price, said. The company also gave customers the chance to buy offsets for additional years, an option that Mr. Price said had proved most popular in Southern California and the suburbs of Boston.

Correction: January 11, 2008

An article in Business Day on Wednesday about the Federal Trade Commission's hearings on green marketing misspelled the surname of the general manager of Gaiam, a yoga equipment company that offers carbon offsets to its customers. He is Chris Fisher, not Fischer. The article also misidentified the organization that U-Haul works with to provide carbon offsets. It is the Conservation Fund, not Carbonfund.org.

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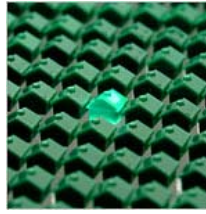


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