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**TRADING IN ECOSYSTEM SERVICES:  
 CARBON SINKS AND THE CLEAN DEVELOPMENT  
 MECHANISM**

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I.	INTRODUCTION .....	623
II.	CARBON SINK TRADING UNDER THE CLEAN DEVELOPMENT MECHANISM.....	626
	A. <i>The Clean Development Mechanism</i> .....	627
	B. <i>Carbon Sinks, the Climate Regime and the CDM</i> ....	628
III.	ARGUMENTS FOR AND AGAINST CARBON SINK TRADING	630
IV.	LESSONS FOR ECOSYSTEM SERVICES TRADING .....	634

I. INTRODUCTION

One reason that ecosystem services are declining is that people can consume them for free.<sup>1</sup> Valuable services such as water filtration, pollination and climate stabilization<sup>2</sup> are public goods in the sense that they cannot be provided to an individual without simultaneously being provided to all.<sup>3</sup> The inability to fence others off from these services makes it impossible to charge a price for enjoying them. This leads to wasteful consumption of ecosystem services and removes the incentive to invest in providing more ecosystem services.<sup>4</sup> The result is the depletion of ecosystem services.

If part of the problem is that people can consume ecosystem services for free, then part of the solution may lie in finding ways to make them pay for the privilege.<sup>5</sup> Ideally, the price should be equivalent to the value that the service provides to society. It should rise as the ecosystem and associated services become

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 1. James Salzman, *Creating Markets for Ecosystem Services: Notes from the Field*, 80 N.Y.U. L. REV. 870, 882 (2005) [hereinafter Salzman, *Notes*]; JAMES SALZMAN & BARTON H. THOMPSON, JR., ENVIRONMENTAL LAW AND POLICY 16 (2003). There are other reasons that ecosystem services are declining, including the structural mismatch between ecosystem and political timeframes; however, the fact that ecosystem services are often public goods is one of the main causes of their depletion.  
 2. See Robert Costanza et al., *The Value of the World's Ecosystem Services and Nat. Capital*, 387 NATURE 253, 256 (1997) (estimating the global value of ecosystem services at \$33 trillion per year including \$1.692 trillion for water supply, \$117 billion for pollination, and \$684 billion for climate regulation); James Salzman, *Valuing Ecosystem Services*, 24 ECOLOGY L.Q. 887 (1997) (discussing literature on the valuation of ecosystem services).  
 3. SALZMAN & THOMPSON, *supra* note 1, at 15.  
 4. *Id.* at 16.  
 5. Salzman, *Notes*, *supra* note 1, at 884 ("a key challenge in implementing an ecosystem services approach lies in creating a market where none exists").