

# Carbon Leakage: Potential Fraud and Abuse

**Present to the International conference on ex-  
post evaluation of emission trading**

**Wilfred Feng**

Senior Counsel

Dentons Shanghai

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# Potential Abuse and Fraudulence

- Problems increase when CBAM extends to downstream sectors, such as chemical industry
- Multiple stakeholders involved:
  - Project developer
  - Standard setter
  - Verifier/accredited
  - Certifier
- Difficulties with process-oriented assessment and verification
- Case-by-case approach much needed
- Key questions:
  - Is an one-fit-all system justifiable?
  - Is a case-by-case assessment system manageable?

# Any best practice?

- A coordinated social governance scheme desirable
  - Government coordinated guidelines
  - Industry self-regulated assessment
  - Professional third-party certification
  - Social watch-dog monitoring

# Sources of risks and pressure

- Regulatory authorities
- Downstream customers
- Competitors
- Consumers
- NGOs and individuals
- Media
- “Whistle-blowers”
- Others

Thank You

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Wilfred Feng

Senior Counsel  
Dentons Shanghai

[Wilfred.feng@dentons.cn](mailto:Wilfred.feng@dentons.cn)  
+86 139 1661 2772