



EU Subsidies to Super Greenhouse Gas Producers Must End

Brussels, 20 June 2011: Following commitments by numerous EU Member States to extend the recent ban on the use of credits from industrial gas projects in the EU Emissions Trading Scheme (EU ETS) to sectors not covered by the ETS, pressure is mounting on the remaining EU countries to follow suit during tomorrow's meeting of the EU's Environment Ministers meeting in Brussels. Environmental groups are urging all EU Member States to follow Sweden's example by committing to apply the ban even before 2013.

As of April 2013, offset credits from HFC-23 and N₂O (adipic acid) CDM projects will be banned in the ETS. This decision was approved by all 27 EU Member States and hailed as a long overdue move to prioritise the integrity of the EU ETS over the financial interests of a handful of corporate investors.

But the ban does not cover EU Member States' national targets in the non-traded sectors (e.g. agriculture and transport). This is significant given that under the Effort Sharing Decision, up to two-thirds of the total emissions reductions required of EU Member States from 2013-2020 can be met through offsets.

In the absence of a clear commitment, some Member States may continue to use these credits to count towards their national targets, even though companies are banned from using them. Alarmed by this loophole, the Danish government launched a voluntary initiative to extend the ban to national targets. As a result, governments will be asked to sign a declaration at tomorrow's Environment Council on June 21 to similarly ban their use of these types of offsets.

"Member States cannot continue to use these credits to count towards their national targets after banning companies from using them" said Clare Perry, Senior Campaigner with the Environmental Investigation Agency (EIA). *"There cannot be a double standard for what constitutes genuine and responsible emissions policy"* she added.

At least 16 EU Member States have already indicated they will follow Denmark's lead. Other governments, such as Spain and Italy that have used more than 25 and 18 million HFC-23 credits respectively in the EU ETS over the period 2008-2011 have yet to make commitments. Other large users of HFC-23 and N₂O credits, including Poland and The Netherlands have also failed to announce a commitment to a comprehensive ban. Sweden said last Friday that it will extend the ban to non-traded sectors even before 2013.

"Sweden's announcement shows that action to ban industrial gas offsets is not only possible before 2013 but also required in order to avoid watering down Europe's already weak climate targets", said Eva Filzmoser, Programme Director of CDM Watch. *"We also need transparency over the usage of offsets in all EU Member States in order to avoid naked commitments"* she added.

A number of groups including CDM Watch, the Environmental Investigation Agency (EIA) and Sandbag Climate Campaign have called on all EU Member States in open letters to take immediate action to exclude these credits from national registries as soon as is feasible. A mere two dozen HFC-23 and N₂O projects have accounted for approximately 70% of all CDM credits to date resulting in windfall profits for manufacturers and huge financial incentives to maximize production levels of industrial greenhouse gases.

"The Commission has made it clear that industrial gas offsets have no place in the future of carbon markets", said Sam Van den plas of the WWF European Policy Office. *"We call upon all EU Member States to support this position by committing this week to ban future use of these offset"*.

Open Letters to EU Member States can be downloaded [here](#).

Press Contact:

Eva Filzmoser (CDM Watch)
+32 499 21 20 81
eva.filzmoser@cdm-watch.org

Clare Perry (Environmental Investigation Agency)
+34 664 34 88 21
clareperry@eia-international.org

Sam Van den plas (WWF European Policy Office)
+32 485 952201
svandenplas@wwf.eu