

New study shows loopholes could nullify climate commitments

Brussels, Aug 2, 2012. Countries have less than six months left to close the gigantic loophole that threatens the viability of new climate regimes. The Kyoto Protocol surplus allowance issue needs to be resolved otherwise climate commitments until 2020 could be nullified, a new peer-reviewed study shows. The EU, who so far has remained silent at the international climate negotiations, has to act decisively if it wants to have credibility as a climate leader.

Assigned Amount Units (AAUs) are the emission allowances under the Kyoto Protocol. One AAU allows a country to emit 1 tonne of CO₂e. Kyoto Protocol rules allow countries to carry over unused emission allowances into the next commitment period. A number of countries, such as Russia, Ukraine and Poland, have very large amounts of surplus AAUs. By the end of 2012, up to 13 billion surplus AAUs could be carried over into the next commitment period. This is almost three times the annual emissions of the European Union or more than twice those of the United States. In addition, the carry-over of offsets from the Clean Development Mechanism (CDM) and Joint Implementation (JI) could further weaken the already meagre 2020 commitments by up to 6%.

If no restrictions are placed on the carry-over of surplus, the current emission reduction pledges of developed countries would not lead to any additional emissions reductions, a new peer-reviewed study published in *Climatic Change* shows. In other words, weak pledges together with the surplus will allow countries to have emissions that are as high as business-as-usual emissions are projected to be in 2020. This holds true even if the largest surplus, that of Russia, is excluded.

“It is unacceptable that another crucial eight years will pass without any new international climate commitments in rich countries,” comments Anja Kollmuss from CDM Watch. *“Such lack of commitment will very likely eliminate the chances of an ambitious deal for reducing global emissions and hence eliminate the chances of avoiding dangerous climate change.”*

A new policy brief by CDM Watch and the Center for Clean Air Policy explains the emission allowance surplus issue and lays out possible solutions. The policy brief explains that the issue has to be addressed by the end of 2012 when the first commitment period of the Kyoto Protocol ends, otherwise the existing rule that allows full carry-over will be applied by default. The brief demonstrates that solutions to address this issue are clearly available.

At the international climate negotiations, AOSIS and the African Group tabled promising proposals. A joint proposal supported by the G-77 would put pressure on other countries to act.

The EU in particular needs to step up to the plate. The EU has a contradictory stance on the surplus issue: on the one hand, the European Union has been very vocal in calling for meaningful mitigation actions. At the UNFCCC negotiations, on the other hand, the EU has remained silent due to internal disagreement among EU Member States on how to address the surplus.

The EU needs to find an internal solution for the domestic emission allowance surplus so the EU is able to take a clear position at the international negotiations. An internal solution must be found and agreed on by the next Environmental Minister's Council in October 2012. Such a solution could include tightening the EU-ETS cap reduction by at least at least 1.4 billion EUAs. This would resolve

the potential inconsistencies between the EU's EU-ETS legislation, and restrictions on the surplus carry-over. It would also enhance the EU-ETS carbon price which is currently so low that it threatens the ability to cost-effectively move to a European low carbon economy of more than 80% greenhouse gas reductions by 2050 as agreed in EU climate legislation.

“The surplus issue threatens the viability and effectiveness of international climate policy regimes.” says Tomas Wyns, director of CCAP-Europe. *“The EU is in the unique position to solve both its domestic EU ETS and Kyoto surplus at the same time through enhancing its 2020 reduction target.”*

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Additional information:

CDM Watch and CCAP Policy Brief: The Phantom Menace: An introduction to the Kyoto Protocol Allowances surplus.

- [The Phantom Menace: An introduction to the Kyoto Protocol Allowances surplus.](#)
- [Executive summary](#)

den Elzen M, Meinshausen M., Hof A. (2012). The impact of surplus units from the first Kyoto period on achieving the reduction pledges of the Cancún Agreements Climatic Change. DOI: 10.1007/s10584-012-0530-5

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