



Office of the Minister

Reg. no: 344 /LB/ 16-06-2011
To: CDM Watch
Environmental Investigation Agency
Sandbag Climate Campaign
Attn: Ms Eva FILZMOSER, Programme Director, CDM Watch
Ms Fionnuala WALRAVENS, Global Environmental Campaigner,
Environmental Investigation Agency
Mr Rob ELSWORTH, Policy Officer, Sandbag Climate Campaign
Ref: Open Letter regarding the use of banned offsets by EU Member States

**Dear Ms Eva FILZMOSER,
Ms Fionnuala WALRAVENS,
Mr Rob ELSWORTH**

With reference to the Open Letter regarding the use of banned offsets by EU Member States, please find below our answer.

As you may know, at the Climate Change Committee meeting held on the 21st of January, along with other member states, Romania voted in favour of the Regulation establishing certain restrictions on the use of international credits from projects involving the use of industrial gases. This position took into account matters such as those listed below.

The profitability of projects aiming at reducing HFC-23 generates stimulus for production outside the EU and for further use in homologated factories at a maximum level of chlorofluoromethane (HCFC-22), a greenhouse gas with a high global warming potential.

In turn, this undermines the provisions of the Montreal Protocol (on substances that deplete the ozone layer) aimed at accelerating the phasing out of such substances.

In the context of international negotiations, restricted use of emission reductions of HFC-23 and N₂O resulting from adipic acid production, could improve the prospects of UN negotiations and support debates on the reform of the CDM and the creation of new sector mechanisms.



Office of the Minister

The EU considers that the OECD countries like South Korea and Mexico should contribute to mitigating emissions of greenhouse gases through sector measures such as market mechanisms or emissions trading, rather than through CDM-type projects.

The measure is justified by the fact that it will help reduce the distortions generated by economic incentives and ensure an equitable competitive environment, resulting in reducing the risk of carbon leakage, but also the carbon leakage itself. Revenues from CDM/JI projects will no longer be a determinant in costs structure between plants operating in the EU and countries that are included or not in the Annex I of the United Nations Framework Convention on Climate Change (UNFCCC).

The calibration of efforts to reduce emissions in the EU must be achieved both through the EU ETS and non-ETS sectors. Also, please note that in order to achieve EU targets for GHG emissions reductions it is particularly important to ensure the complementarity between tools already approved by the "Energy-Climate" package which focus both on the ETS and non-ETS sectors.

Given the above, we reiterate the fact that Romania supports the initial steps taken forward at EU level. In the end we would like to add that due to economic and social implications we consider appropriate to have a balanced approach of the climate change policies related to the non-ETS and ETS sectors all the more Romania does not hold the necessary assessments of the impacts and effects caused by the prohibition of industrial gases under the non-ETS sector.

Yours sincerely,

Minister of Environment and Forests

László BORBÉLY

