

Environmental groups call on EU Ministers to eliminate ‘hot air’ pollution permits to save a future climate deal

Brussels, 24 October 2012. Tomorrow, EU Environment Ministers must find a common position to stop the gigantic handover of emissions allowances under the Kyoto Protocol which threatens the viability of any future climate deal. In open letters to all 27 Environment Ministers, more than 30 environmental groups have called for a common EU position to eliminate the long term threat the surplus poses to climate protection.

European Environment Ministers will meet on 25 October in Luxembourg to agree on the EU positions for the global climate negotiations to be held late November in Doha (COP18). Although the EU has stated it will join a second Kyoto commitment period from 2013 onwards, it is far from clear if the Protocol will continue. There are still several vital issues that need to be resolved, including how to deal with the gigantic surplus of emissions permits from the first commitment period.

Current rules and insufficient emission reduction pledges allow Europe and other rich countries to continue to emit greenhouse gases on a business-as-usual trajectory while accumulating over 17 billion tonnes of surplus emission allowances until 2020. The so called ‘hot air’ surplus is the result of extremely weak reduction pledges well above what these countries were projected to emit. This ‘hot air’ therefore does not represent real emissions reduction efforts.

“Given this situation, it is difficult to see how the EU and other rich countries could convince developing countries to commit to meaningful emission cuts under a new climate deal” comments Anja Kollmuss, Carbon Market Expert at CDM Watch. She adds, *“without immediate action from developed countries to significantly raise their reduction pledges and to eliminate ‘hot air’ our chances of avoiding dangerous climate change will likely be lost.”*

Large surplus-holding countries have so far been firm about keeping the right to sell their surplus of emissions permits. However, because the total surplus is over a thousand times higher than the estimated demand, surplus-holding countries will not be able to earn any significant revenue from the sale of their surplus. Prices for Assigned Amount Units (AAUs) have dropped from 13 EUR in 2008 to less than 0.5 EUR in 2012.

“Poland and other surplus holding countries can gain much more by supporting an EU position, than by opposing it and keeping worthless AAUs,” commented Eva Filzmoser, CDM Watch Director.

At the UNFCCC negotiations in Bangkok in August 2012, the G-77 group of countries and China presented a [proposal](#) to effectively contain and minimize the use of these surpluses. The G-77 proposal meets all requirements of the March 2011 EU Council conclusions, where conditions for a second commitment period under the Kyoto Protocol were laid out.

In early October, [open letters](#) to all 27 EU Environment Ministers demanded they support the G-77 proposal without weakening it. More than 30 environmental groups asked in particular for the elimination of any surplus at the end of the second commitment period.

“Although consensus for this important decision is desired, the Council conclusions can still be adopted by qualified majority. Consensus among all 27 delegations is not required.” commented Eva Filzmoser from CDM Watch.

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Background:

Assigned Amount Units (AAUs) are the tradable emission permit under the Kyoto Protocol. One AAU allows a country to emit 1 tonne of CO₂e. Current Kyoto Protocol rules allow countries to carry over all unused emission allowances into the next commitment period. The surplus from the first Kyoto commitment period (2008-2012) will be about 13 billion tonnes of CO₂. Russia (5.8), Ukraine (2.6) and Poland (0.8) are the largest surplus holders.

Additional information:

- [Link to 27 Open Letters to Environment Ministers](#)
- [Link to the G-77 + China Proposal on Kyoto surplus](#)
- [CDM Watch Policy brief on the G-77 + China Proposal on Kyoto surplus](#)

The numbers cited in this media advisory are taken from the following study: “Carry-over of AAUs from CP1 to CP2 –Future Implications for the Climate” authored by Thomson Reuters Point Carbon.

- [Point Carbon Study](#)
- [Executive Summary](#)

CDM Watch and CCAP Policy Brief: [The Phantom Menace: An introduction to the Kyoto Protocol Allowances surplus.](#)

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