



Press Release

New draft Regulation on offset entitlements criticized for undermining the EU ETS

Brussels, 10 July 2013 - Today, the EU Climate Change Committee approved a draft regulation by the European Commission that allows operators under the EU ETS to continue the use of more than 600 million offset credits for compliance with emission limits from 2013 to 2020. Carbon Market Watch calls on the European Parliament to review the quantity entitlements and to introduce quality restrictions that ensure that credits from business as usual projects that pose an immediate threat to the EU ETS will not be allowed.

A recent report on the state of the European carbon market published in November 2012 estimates that the EU Emissions Trading Scheme (ETS) is oversupplied by up to 2 billion allowances. It states that international offsets account for three quarters or more of the overall surplus in the EU ETS by 2020 and are “a major driver for the build-up of the surplus.”

The European Environmental Agency published numbers that show that in 2011 the EU’s emissions were 18,6% below 1990 levels. Factoring in offsets surrendered in 2012, the EU has already well overachieved its current 20% by 2020 target. If current EU initiatives are fully implemented, the EU is on track to reach 27% emissions reductions by 2020.

Yet, with 1.06 billion offsets that have already been surrendered to date, the draft regulation allows continued use of the originally assigned amount of around 1.7 billion U.N.-backed carbon credits by 2020.

A recent report commissioned by the High Level Panel of the Clean Development Mechanism (CDM) Policy Dialogue concludes that up to 3.6 billion offset credits could come from business-as-usual projects. This means that offsets used from these projects do not represent real emissions reductions and actually increase global emissions.

“While celebrating the success of the European Parliament’s vote to withhold 900 million allowances from auctioning, the draft Regulation throws another 600 million international offset entitlements on the market without any quality restrictions” says Eva Filzmoser, Director of Carbon Market Watch. *“To rescue the EU ETS it is vital to address the serious threat that international offsets pose to the EU ETS right now and not wait until 2020”.*

If the European Parliament and the Council raise no objections within three months, the Commission will adopt and publish the Regulation, after which it will directly enter into force.

“We call on the European Parliament to review the quantity entitlements and to introduce quality restrictions that ensure that credits from business as usual projects that pose an immediate threat to the EU ETS will not be allowed”. Filzmoser added.

More Information:

- [Link](#) to draft regulation on determining international credit entitlements
- [Link](#) to the European Commission Carbon Market Report
- [Link](#) to the report “Assessing the impact of the Clean Development Mechanism” commissioned by the High-Level Panel on the CDM Policy Dialogue

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