



Press Release: Six EU Member States keep doors open to banned carbon credits

Brussels, 14 October 2013. At today's meeting of EU Environment Ministers, Hungary, Ireland, Italy, Lithuania, Poland and Spain refused to extend the EU-ETS ban on industrial gas offset credits to their national greenhouse gas reduction targets, prompting concern that some EU Member States are not taking their environmental responsibilities seriously.

A group of six EU Member States are stubbornly refusing to ban the use of offsets from industrial gas abatement projects towards their national emissions targets despite the fact that they have already been excluded from the EU Emissions Trading Scheme (EU-ETS) and multiple jurisdictions worldwide.

Offset credits from industrial gas projects have been found to stimulate over-production of powerful greenhouse gases, divert finance away from domestic actions and sustainable projects and, in the case of HFC-23, directly undermine the goals of the Montreal Protocolⁱ.

The European Commission's Regulation banning the use of credits from industrial gas projects in the EU Emissions Trading Scheme (EU ETS) has been in effect since May this year. This decision was approved by all EU Member States and hailed as a long overdue move to prioritise the integrity of the EU-ETS. However, it does not cover EU Member States' national emissions 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 between 2013-2020 can be met using carbon offsetsⁱⁱ.

Alarmed by this loophole, the Danish government launched a voluntary initiative extending the EU-ETS ban to its non-traded sectors. So far, 22 out of 28 Member States have joined Denmark in extending the ban. However, Hungary, Ireland, Italy, Lithuania, Poland and Spain refused to sign the declaration at today's Environment Council.

According to the recent report "Trends and projections in Europe 2013" published last week by the European Environment Agency (EEA)ⁱⁱⁱ, only six Member States (Austria, Belgium, Finland, Ireland, Luxembourg and Spain) will need to increase their current efforts in order to reach their national greenhouse gas targets. The remaining EU Member States are expected to over-achieve their climate targets. This means that of the six countries which refused to sign up to the Danish initiative today, only Ireland and Spain may actually require access to offset credits in order to meet their national climate targets.

Environmental groups have been calling on EU Member States to ban industrial gas offsets in the effort sharing sectors for several years. A mere two dozen HFC-23 and N₂O projects have accounted for a significant amount 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 decision of six Member States to refuse extending the ban constitutes an unacceptable double standard in EU's climate policy that allows governments to do what they prohibit their own private industry from doing" said Eva Filzmoser, Director at Carbon Market Watch *"Although it might look like only Ireland and Spain might plan to use the toxic credits, other countries might try to use carry-over rules to take credits they don't need before 2020 to a future climate framework"* she added.

"Our message to EU Member States is simple: ditch industrial gas offsets!" said Natasha Hurley, Global Environment Campaigner at the Environmental Investigation Agency in London. *"It's utterly perplexing that a small minority of diehard Member States are putting their environmental reputation on the line for no good reason. HFC-23 abatement should be mandated by law, not left up to the market. HFC-23 credits have already*



cost European taxpayers untold millions and subsidised chemical producers in China and India to pump millions of tonnes of greenhouse gases into the atmosphere. Their day is done.”

A strong decision to ban HFC-23 offsets from use in the EU once and for all would send a strong message to negotiators at the Meeting of the Parties to the Montreal Protocol in Bangkok next week, where EIA is calling for countries to support the mandatory destruction of all HFC-23 emissions worldwide.

ENDS.

Notes for journalists:

- Political declaration on the use of industrial gas credits under the Effort Sharing Decision available at <http://register.consilium.europa.eu/pdf/en/11/st07/st07538.en11.pdf>
- Draft REGULATION of determining, pursuant to Directive 2003/87/EC of the European Parliament and of the Council, certain restrictions applicable to the use of international credits from projects involving industrial gases, available at: http://ec.europa.eu/clima/news/docs/2011012101_draft_regulation_en.pdf
- NGO Open Letter calling on EU Member states to extend the ban of HFC and adipic acid CDM credits to non-traded sectors, available at <http://carbonmarketwatch.org/open-letters-regarding-the-use-of-banned-offsets-by-eu-member-states/>

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ⁱ The Montreal Protocol was established in 1987 to curb the production and consumption of ozone depleting substances in order to reduce their abundance in the atmosphere

ⁱⁱ A carbon offset is a reduction in emissions of carbon dioxide or [greenhouse gases](#) made in order to compensate for an emission made elsewhere

ⁱⁱⁱ <http://www.eea.europa.eu/publications/trends-and-projections-2013>