

## Press Statement:

### EU Member States fail to agree on eliminating 13 billion Kyoto surplus, squander opportunity for real climate action

**Brussels, 26 October 2012. Yesterday, European Environment Ministers failed to agree on a solution on how to deal with the 13 billion surplus of emission reduction permits from the first Kyoto commitment period.**

CDM Watch is dismayed that the EU failed to agree to a common position to address the 13 billion surplus of emission reduction permits from the first Kyoto commitment period. After more than three years debating the issue and with a clear proposal from the G-77 group and China on the table, this non-decision will put the EU at a disadvantage during the upcoming climate negotiations in Doha and puts a future climate deal at risk.

Hope now rests on the shoulders of EU ministers to agree to a solution at their meetings during the international climate negotiations in Doha in November.

*“A small group of countries should not be allowed to block progress on getting a meaningful second Kyoto commitment period,”* comments Anja Kollmuss, carbon market expert at CDM Watch. *“There is no legal basis that requires EU climate decisions to be agreed unanimously by the Council of Ministers. Consensus among all 27 delegations is not required.”*

#### CDM Watch comments on the final Council text:

Environment Ministers from EU Member States met in Luxembourg yesterday to agree on the EU positions for the global climate negotiations to be held late November in Doha (COP18). Despite heated debates, Member States were unable to agree on a position that advocates the elimination of the 13 billion surplus of emission permits from the first Kyoto commitment period. Several Member States -- Poland as the largest surplus holder in the EU being most adamant -- insisted that there should be no limitation on the carry over or use of the surplus.

The final Council statement does not mention the G-77 proposal. At the UNFCCC negotiations in Bangkok in August 2012, the G-77 group of countries and China had presented a [proposal](#) to effectively contain and minimise the use of these surpluses. Not having a clear negotiating position puts the EU at a disadvantage during the upcoming climate negotiations in Doha.

CDM Watch comments on the final Council text which reads as follows:

*REITERATES that the surplus of AAUs from the first commitment period could affect the environmental integrity of the Protocol if it is not addressed appropriately; EMPHASISES the urgency of resolving this issue in view of the adoption of amendments to Annex B and the start of the second commitment period on 1 January 2013.*

Here the Council admits that the surplus is indeed a threat to the viability of any future climate deal, including the second commitment period of the Kyoto protocol. But this first sentence is left unaddressed and remains an empty statement. The text goes on:

*REITERATES that this must be done in a non discriminatory manner, treating equally EU and non-EU countries which take on a QELRO under the second commitment period, noting that carry-over and use for a second commitment period applies only to parties which take on a QELRO under the second commitment period;*

In this statement the EU indirectly tells Russia that it will not be able to sell its 6 billion ton surplus if it is unwilling to join a second commitment period. This statement is in line with statements from the European Commission which suggested recently that offsets from Joint Implementation should be banned in the EU-ETS if they are from countries that do not sign on to a second commitment period. Russia so far has repeatedly stated that it will not join a second commitment period. The Council text ends with:

*PROPOSES to agree a solution on the carry-over and use of AAUs in the second commitment period under the Kyoto Protocol that maintains an ambitious level of environmental integrity and preserves incentives for overachievement while encouraging the setting of ambitious targets.*

This last paragraph of the Council conclusion is the most cryptic of all. Timidly, the EU states that it is still somewhat open to finding a solution to the surplus issue. The last sentence completely omits the fact that the second commitment period as it currently stands is everything but ambitious. The accumulated surplus from the first and second Kyoto commitment period could reach over 17 billion by 2020.

Despite agreement in Cancun that all developed countries should increase their ambition to reduce emissions, and despite the fact that many major emitters from the developing world have committed to taking action, the EU's pledge of minus 20% from 1990 emissions levels has not changed since 2008. According to the [European Environment Agencies estimates](#) published two day ago, EU27 domestic emissions are in 2012 were 17.5% below 1990 emissions. If international offsets are factored in, 2011 emissions **are already roughly 22% below 1990 levels.**

In Durban last year, the EU was almost able to come to an internal agreement but Poland blocked any progress. Poland is stating over and over again that its surplus is based on real emission reductions. The facts proof them wrong. In 1997, then Kyoto Protocol was adopted, Poland agreed to a 6% emission reduction target below their 1988 emissions. But in 1997, Poland's emissions were already 20% below 1988 levels. The situation was rather similar for the other two largest surplus holders: Russia and Ukraine. These countries and all other Kyoto Parties knew full well that letting these countries getting away with such weak targets would lead to an accumulation of a huge hot air surplus. This "hot air" therefore does not represent real emissions reduction efforts.

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**Additional information:**

- [Link to the Council press release Council press release \(link\)](#)
- [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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