



GREENPEACE



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Greenpeace, FERN, IRN and CDM Watch congratulate the European Parliament's Environment Committee for rejecting sinks, large dams and coal projects. Call on EU Member States to support recommendations

On 15 March 2004 the Environment Committee of the European Parliament has voted to exclude carbon credits from sinks, large¹ and non-WCD compliant hydro and coal projects developed through the Kyoto project mechanisms from entering the EU Emissions Trading Scheme (ETS). The ETS is the trading system for EU corporations which have to reduce greenhouse gas as part of the European Union's efforts to meet its Kyoto Protocol targets. A final decision on the EU legislation that will link the Kyoto Mechanisms with the ETS, and thus allow the entry of additional carbon credits into the trading scheme, is expected soon.

NGOs have criticised the linking because it will reduce company's domestic reduction efforts. The ETS will allow EU corporations to meet these reduction requirements by buying cheaper carbon credits from projects implemented outside the EU. It will thus make the ETS a major driver of demand for carbon credits from the Kyoto Protocol's project mechanisms CDM and Joint Implementation. Allowing carbon credits from unsustainable project types like sinks, large and non-WCD compliant hydro and coal projects would have further eroded the effectiveness of the EU's climate policies.

"Exclusion of these project categories will prevent the ETS becoming a driver for investment in unsustainable projects outside Europe, and in particular in developing countries", says Patrick McCully from IRN.

Greenpeace, FERN, IRN and CDM Watch are however disappointed that the Committee failed to recommend a cap on how many carbon credits can enter the ETS. Without such a cap, the door will be left open to a flood of cheap carbon credits from the Kyoto project mechanisms, which will in turn lead to fewer domestic greenhouse gas emission reductions.

Greenpeace, FERN, IRN and CDM Watch call on the European Parliament and the Member States to accept the Parliament Committee's recommendations for excluding unsustainable projects, but to insist on a cap for credits entering the Trading Scheme.

"The Parliament Committee is to be congratulated for sending a strong message about the need to exclude sinks, large hydro and coal projects from the ETS", said Jutta Kill, FERN's climate campaigner. "We urge the European Parliament and Member States to adopt these recommendations. Avoiding dangerous climate change will require decisive action. Europe must meet its Kyoto targets primarily through domestic reductions of greenhouse gas emissions and ensure its actions will not provide perverse incentives for unsustainable projects like tree plantations, large hydro and coal projects".

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¹ Hydro projects over 10MW are defined as large in this context.

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