

Joint Implementation/Clean Development Mechanism

Key points

- CEFIC recognizes that CO₂ credits issued under the CDM and JI help the European chemical industry to manage its CO₂ compliance obligations within the EU ETS, serving as cost containment tool and enabling optimised risk management strategies.
- Full access beyond 2012 as defined in the revised Emissions Trading Directive is fundamental, in order to assure industry, companies and Member States have options. As part of its commitment to promote sustainable development,
- CEFIC strongly supports the international efforts on market based mechanism as GHG mitigation tools, in particular, the continued efforts to improve the CDM as regards the efficiency of the operational processes within the CDM Executive Board and its support structure, maintaining and enhancing environmental integrity and extending its reach across under represented countries and sectors.
- In order to be able to maintain its contribution to the fight against climate change and the competitiveness of its EU-based production base, CEFIC insists that some fundamental conditions are preserved for the existing project based mechanisms:
 - As entities with compliance obligations in the EU ETS in phase II and phase III chemical operators need predictability, i.e. rules around the use of CO₂ credits issued under CDM and JI in market based mechanisms should not be arbitrarily changed but only for the purpose of preserving stringent environmental integrity. Any changes made, such as restrictions on specific credits from project types must not apply retrospectively;
 - To avoid distortion of global competition "additionality" for any project must take into account the global state-of-the-art technology, its economic cost and its availability at a local/regional level. Where appropriate, global standardised baselines should be calculated for each project type and only GHG reductions that are additional to these global baseline should be granted by credits;
 - The European chemical industry has developed GHG emissions compliance management strategies based upon the availability of credits as legislated with the revised EU ETS. The fact that the EU ETS is the prime 'user' of credits from CDM and JI should not be abused as negotiation tool in international negotiations. Efforts should be focussed on ever enhancing the functioning of the market from a compliance risk

management perspective, i.e. being effective, driven by demand and supply, and exhibiting environmental integrity.

- CEFIC would like to see the development of a domestic offset scheme, similar to JI, within the EU ETS as envisaged in the EU climate and energy package. Such a mechanism would provide incentives for non-EU ETS sectors to reduce emissions, while maintaining jobs and competitiveness and stimulating public appropriation in the EU. CEFIC would welcome an additional international mechanism such as a sectoral mechanism designed to:
 - Create new real emission reductions which would not take place otherwise;
 - Serve as a safety valve to emission compliance management strategies;
 - Safeguard from international competitiveness distortions and;
 - Support emission reduction efforts in developing countries, through private sector engagement.

For further questions please contact: Peter Botschek; European Chemical Industry Council (Cefic); Av E. van Nieuwenhuysse 4; B-1160 Brussels; Phone: 32-2-676-7397; E-mail: pbo@cefic.be