Brussels, 19th April 2013

Stakeholders meeting on Structural Measures to strengthen the EU ETS
Option e: Limit access to international credits

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Limit access to offset credits?

CDM/JI crisis has to be addressed

- ✓ Kyoto I: 37 industrialized countries + EU committed to 5% GHG reduction (1990-2012)
- ✓ Kyoto II: 10 countries + EU committed to 18% GHG reduction (1990-2020)

Meaning…

- The real problem is the lack of engagement by other major economies
- Stronger commitments must come with the willingness to use offset credits
- Some developing countries should be on the demand-side

+ supply side: increase quality of credits

Variable access to international credits to regulate EUA price?

Increased access to international credits to contain sustained high carbon prices?

→ maybe better than art 29a of the EU ETS directive

Reduced access to international credits to prop up carbon prices?

→ EU ETS no longer cost-effective as the carbon price would drift away from actual abatement costs

→ Would put more pressure on CER/ERU

EUROFER
The European Steel Association

Conclusions

- CDM manage to raise funds and play an effective role in the fight against climate change.
- Option e at odds with the need to avoid the disintegration of the CDM
- Carbon price in the EU in line with the GHG reduction objective (EUA price reflects the abatement costs)

Limiting further the access to CDM would be counter-productive:

→ ETS no longer cost-effective in the EU

→ CDM jeopardized

→ Option e would substitute one problem with another

→ Potentially same concerns with the linking with other carbon markets (e.g. AUS ETS)