



CAN-International Position on the Carry Over of Surplus Kyoto Units

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Climate Action Network International is the world's largest network of civil society organizations working together to promote government action to address the climate crisis, with more than 700 members in over 90 countries. www.climatenetwork.org

Kyoto Protocol rules allow countries to carry over any unused (ie. surplus) Assigned Amount Units (AAUs) into the next commitment period. A number of countries, such as Russia, Ukraine and Poland, have very large surpluses of AAUs. By the end of 2012, up to 13 billion AAUs, could be carried over into the Kyoto Protocol's second commitment period.¹ This is almost three times the annual emissions of the European Union or more than twice those of the United States.

This surplus threatens the viability and effectiveness of international climate policy regimes. If no restrictions are placed on the surplus of Kyoto units², weak pledges together with the surplus will allow countries to have emissions that are as high as business-as-usual emissions are projected to be in 2020. This holds true even if the largest surplus, that of Russia, is excluded.³ Allowing the full AAU surplus to be carried over could eliminate the chances of avoiding dangerous climate change by overshooting the +2°C limit agreed by all Parties to the UNFCCC in Copenhagen in 2009.^{4,5}

The issue has to be addressed by the end of 2012 when the first commitment period of the Kyoto Protocol ends, otherwise the existing rule that allows full carry-over will be applied by default.

By COP18 in Qatar a solution must be found to make a second commitment period under the Kyoto protocol viable and to avoid stifling progress on a new global climate deal called for by the Durban Platform. The Climate Action Network International (CAN-I) urges the Parties to the Kyoto Protocol to fully address the issue of surplus AAUs and makes the following recommendations:

- At least 95% of the surplus must be eliminated, including surplus emissions credits from the CDM and JI e.g. solutions based on the proposals made by AOSIS and the African Group. Both proposals would eliminate approximately 95% of the Kyoto unit surplus.
- The surplus must be eliminated permanently. Option that would not restrict the carry-over but limit the use of any carried-over surplus are insufficient because they do not resolve the question of what would happen to the surplus after the end of the second commitment period. The surplus could continue to exist decades from now.
- To be eligible to use any surplus AAUs, CERs and/or ERUs at all, a Party must have a reduction target for the second commitment period that is lower than its 2008 emissions.
- A new "hot air" AAU surplus must be avoided at all costs in the next commitment period. The current limited emission reduction targets of Russia, Ukraine and the EU risk generating a further AAU surplus within the second commitment period of the Kyoto Protocol, on top of the existing surplus AAUs from the first

¹ UNEP, November 2011, "Bridging the Emissions Gap - The Emissions Gap - an update", pg. 16

² Parties are also allowed to carry over emission reduction credits from the Clean Development mechanism (CDM) and Joint Implementation (JI). The carry-over of CDM credits (CERs) and JI credits (ERUs) is limited to up to 2.5% each of the total amount of AAUs a country received for the first commitment period. Carry-over from these offsetting mechanisms could lower actual emission reduction levels by 2020 by roughly 6%.

³ den Elzen M, Meinshausen M., Hof A. (2012). The impact of surplus units from the first Kyoto period on achieving the reduction pledges of the Cancún Agreements Climatic Change. DOI: 10.1007/s10584-012-0530-5

⁴ UNEP, November 2011, "Bridging the Emissions Gap - The Emissions Gap - an update"

⁵ Environmental Defense Fund (EDF) does not support this position.

commitment period. Any 2020 reduction target for any Annex I country must be substantively lower than current baseline emission estimates.

- Annex I countries must significantly raise second commitment period emissions reduction targets and participation in the Kyoto Protocol. Higher targets would work most effectively if combined with a stringent limit on the use of the surplus. According to UNEP a combination of stronger reduction targets with stricter Kyoto rules (such as the reduction of the surplus) is needed to keep the global average temperature increase below +2°C.
- CAN-I calls on the G-77 to develop a joint proposal based on the proposals made by AOSIS and the African Group.
- CAN-I calls on the EU⁶ to find an intra-European solution so it is able to take a clear position at the UNFCCC negotiations. If the EU wants to maintain its constructive and proactive role in the climate mitigation arena it needs to follow up with clear and strong positions on elements that could threaten the environmental integrity of a future global climate regime.
- If the EU and the G77 put their diplomatic weight behind a joint position, it would greatly increase the chances of addressing the AAU surplus to strengthen the environmental integrity of a second commitment period and a new climate treaty to be agreed by 2015.

⁶ The EU has a contradictory stance on the AAU surplus: on the one hand, the European Union has been very vocal in calling for meaningful mitigation actions. At the UNFCCC negotiations on the other hand, the EU has remained silent due to internal disagreement among EU Member States on how to address the surplus.