



## CLIMATE ACTION NETWORK Position on achieving Overall Mitigation in Global Emissions through Article 6 of the Paris Agreement

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*Climate Action Network (CAN) is the world's largest network of civil society organizations working together to promote government action to address the climate crisis, with more than 1300 members in over 120 countries.*

[www.climatenetwork.org](http://www.climatenetwork.org)

In the context of negotiations currently underway to establish a new set of global carbon markets under Article 6 of the Paris Agreement, CAN-I fully supports the need for any such mechanism to deliver a real reduction in global emissions. Under the Kyoto Protocol, carbon markets have operated under a zero-sum game logic whereby, in theory and under a perfectly functioning system<sup>1</sup>, emissions in developed countries were compensated by emission reductions in developing countries. Given the need to accelerate climate action around the world, such a mechanism is not sufficiently ambitious.

In order to achieve a real reduction in global emissions, any new market mechanism established under the Paris Agreement must generate emission reductions which are not claimed by any entity to compensate for emissions elsewhere. This means that no country, company, or individual can account for such emission reductions towards any form of target.

In order to operationalize this, **CAN-I supports the adoption of an automatic partial cancellation rate** under Article 6 of the Paris Agreement, through which a portion of the units generated under the mechanisms would be cancelled and the underlying emission reductions would not be claimed by any entity. For this to function, the seller country must apply corresponding adjustments for the full amount of emission reductions achieved by a project registered under Article 6, but only a portion of these emission reductions can be claimed by a buyer country (or any other buyer entity).

Cancellation can take place either at the time of issuing credits for the achieved emission reductions or at the point of first transfer.

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<sup>1</sup> Carbon markets established under the Kyoto Protocol (the Clean Development Mechanism, Joint Implementation, and International Emissions Trading) have been plagued by serious faults which are not discussed here. Further information about CAN-I's position related to the transition of pre-2020 carbon markets into the Paris Agreement can be found in CAN's [Annual Policy Document](#).

CAN-I supports the adoption of an automatic partial cancellation rate because such a provision would increase the volume of achieved emission reductions, as well as the number of implemented projects. These projects - most of which would likely be implemented in developing countries - could both benefit the climate and help developing countries through technology transfer and capacity-building in the implementation of mitigation projects. Analysis from Schneider & Warnecke (2019) shows that host countries would benefit under most supply/demand scenarios with an automatic cancellation rate.

Finally, CAN-I insists that automatic partial cancellation is complementary to stringent environmental integrity criteria, including in baseline setting and methodologies. Under no circumstances should automatic partial cancellation be relied upon to compensate for the lack of environmental integrity of units.

References:

Schneider & Warnecke (2019): "*How could the concept of an "overall mitigation in global emissions" (OMGE) be operationalized under the Paris Agreement?*", [see here](#)