

EU could look beyond UN on sectoral credits

Published: 15 Apr 2010 06:30 CET Last updated: 15 Apr 2010 10:37 CET Pointcarbon

The EU may favour climate talks other than the UN to forge an agreement on a sectoral carbon market.

"We may be forced to take this outside the UN process," Jurgen Lefevere, a European climate policy coordinator, told the Carbon Trade China 2010 conference in Beijing today.

The EU expects the project-based clean development mechanism (CDM) to be smaller in scale after 2012, and wants to see it displaced by mechanisms that can cut carbon emissions on a larger scale.

One new mechanism promoted by the EU in international talks is sectoral crediting, under which entire sectors in developing countries would initiate emission cuts that would generate carbon credits for foreign investors.

But major developing nations such as China and India have been reluctant, preferring instead to stick to the CDM.

"If we cannot get this through international negotiations I think we have a good case to try in other multilateral or bilateral fora," Lefevere said.

CDM

The EU wants to improve the quality of CDM projects, which would further restrict supply from the mechanism that is already hamstrung by a lengthy project approval process.

But Lefevere stressed that the EU wants to keep the CDM under UN auspices.

Japan's minister for economy, trade and industry said last month Japan will explore a proposal for a new carbon market under which the UN would have less influence on project approval.

"We have a clear preference to work through the existing UN institutions," Lefevere said, referring to the CDM executive board and the annual Conference of the Parties.

"I don't see the need – if the institutions continue – to replace them," he said.

China

He was backed by Lu Xuedu, deputy director-general with the China Meteorological Administration.

Lu, a former member of the CDM executive board, told the conference the board's role should be constrained to making policy only, while project approval should be left to others.

One way of freeing up the currently clogged CDM pipeline could be to allow designated operational entities to make decisions as long as there were no objections, he said.

He admitted, however, that in the future alternatives to the UN should be considered if multilateral negotiations are unsuccessful.

He added the CDM would face a difficult future if the US Senate fails to approve a climate bill, as demand for CER credits would dwindle.

By Stian Reklef – sr@pointcarbon.com