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PRESS RELEASE

UN's top climate change official calls on industry to support legally binding emission reduction commitments

(Chicago, 19 September 2007) – The UN's top climate change official on Wednesday called on business to support serious emission-reduction commitments on the part of industrialized countries to ensure continuity in the international response to climate change and continuity in the growing global carbon market.

"Without binding commitments and the resulting downward pressure on greenhouse gas emissions, there is no carbon market. What's worse, we might fail in our battle against climate change, and that would result in costs that are much higher than the cost of action now," said Yvo de Boer, Executive Secretary of the United Nations Framework Convention on Climate Change (UNFCCC) speaking at the Carbon Finance World 2007 conference in Chicago.

As a result of the targeted emission-reduction commitments negotiated under the Kyoto Protocol, the international carbon market was in 2006 worth more than \$30 billion, triple its size in 2005. The market is expected to grow substantially again this year.

"Business leaders are calling for clarity and a level playing field. There is an interest in setting up cap-and-trade markets, not only here in the United States, but also in Australia, and in Canada," said Mr. de Boer.

Emissions trading and other Kyoto-inspired market-based mechanisms, such as the clean development mechanism (CDM) and joint implementation (JI), engage the private sector, stimulate investment, help identify low-cost opportunities for emissions reduction and give emitters some flexibility in how they meet their emission-reduction commitments.

"The carbon market, which was spawned by the Kyoto Protocol, can help us achieve the necessary shifts to green investment and contribute to the additional hundreds of billions of dollars that are estimated to be needed to address this problem," said Mr. de Boer.

For the carbon market to operate effectively, trading infrastructure needs to be in place. While in Chicago Mr. de Boer met with executives at the Chicago Climate Exchange (CCX), whose corporate members have voluntarily taken on binding commitments to reduce emissions. CCX is a pioneer in the carbon market and has recently started trading in certified emission reduction (CER) credits produced by CDM projects.



The CDM has grown exponentially and has already led to more than 780 emission-reduction projects in 48 developing countries. Each project is eligible to earn saleable CERs.

"The CDM has provided developed countries with a degree of flexibility in how they meet their commitments under the Kyoto Protocol. For the CDM to be truly effective, however, it must be scaled up substantially. This also applies to the carbon market as a whole, and for any other market mechanism Parties might choose to create as part of a post-2012 agreement," Mr. de Boer added.

Negotiations on international action on climate change, after the first commitment period of the Kyoto Protocol comes to an end in 2012, are expected to be launched at the upcoming United Nations Climate Change Conference in Bali in December.

About the UNFCCC

With 191 Parties, the United Nations Framework Convention on Climate Change (UNFCCC) has near universal membership. It is the parent treaty of the 1997 Kyoto Protocol, which has to date 175 member Parties. Under the Protocol, 36 States, consisting of highly industrialized countries and countries undergoing transition to a market economy, have legally binding greenhouse gas (GHG) emission limitation and reduction commitments, while developing countries have non-binding obligations to limit emissions. The ultimate objective of both treaties is to stabilize GHG concentrations in the atmosphere at a level that will prevent dangerous human interference with the climate system.

About the CDM

There are currently more than 780 registered CDM projects in 48 countries, and about another 1320 projects in the project registration pipeline. The CDM is expected to generate more than 2.2 billion certified emission reductions (tradable CERs) by the time the first commitment period of the Kyoto Protocol ends in 2012, each equivalent to one tonne of carbon dioxide.

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