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PRESS RELEASE

UNFCCC awards contract to finalize electronic Kyoto carbon trading infrastructure

(Bonn, 14 August 2006) - The United Nations Climate Change Secretariat has awarded the multi-million dollar contract to build the electronic infrastructure required for settling emission trades under the Kyoto Protocol, the International Transaction Log (ITL).

The contract went to Trasys SA, an IT company based in Belgium. The company subcontracted the European company LogicaCMG to maintain the system's day-to-day operation.

"Both companies are solid members of the IT community. They bring strong reputations and many years of experience from developing and operating similar systems in other markets", said Richard Kinley, acting head of the United Nations Climate Change Secretariat.

The Kyoto Protocol requires 35 industrialized countries to reduce greenhouse gas emissions below levels specified for each of them in the Protocol. Overall, this should amount to reductions of at least 5% below 1990 levels between 2008 and 2012.

The ITL will be connected to the emissions trading registries of all the industrialized countries that sign up to the Kyoto Protocol.

"Awarding this contract is a significant milestone in finalizing the systems to make carbon trading under the Kyoto Protocol a reality", said Richard Kinley "We remain on track for Kyoto countries' systems to link to the ITL and become fully operational by April 2007", he said.

In addition to the implementation of climate-friendly policies at home, the 1997 landmark treaty allows industrialized countries to meet their emission targets through trading emission allowances on a newly-created carbon market. Countries that reduce emissions below their targets can sell some of their surplus allowances to other countries that have deficits.

Companies investing in climate friendly projects can obtain additional carbon credits in exchange for every tonne of emissions saved through the Kyoto Protocol's project-based mechanisms (Clean Development Mechanism and Joint Implementation). These can then be freely traded on the carbon market.



Emissions trading has come of age through the trading scheme implemented by the European Union at the start of 2005. Under this scheme, almost 12,000 installations have been allocated a part of their Member States' emissions allowances and are allowed to trade these among themselves. The infrastructure implemented to run this trading scheme will shortly be integrated with the Kyoto Protocol's ITL.

"The emission reductions being secured through market-based mechanisms are very significant", the UN Climate Change Secretariat's Richard Kinley said. "For example, the CDM recently passed the one billion tonne mark in emission reductions estimated to be achieved by the end of 2012. It is expected to lever up to billions of dollars of investment to help promote sustainable development in developing countries while reducing global emissions."

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