
Kyoto Carbon Trading on Track, UN Body Says

LONDON - Carbon trading under the global Kyoto treaty is on track to kick off in April 2007, allowing developed countries to buy pollution permits from poorer states, the United Nations climate change body said on Monday. The Kyoto Protocol ties some 40 industrialised countries to targets on cutting emissions of carbon dioxide (CO₂), widely blamed for climate change.

Under the treaty rich states can meet their pollution targets by investing in pollution cuts in developing nations, in a process seen tackling poverty as much as global warming.

The UN body was in the final stages of choosing a contractor to tally such deals, it said, seeking to allay fears in the carbon market that software complexities had swamped its timetable.

"We are confident that the deadlines for the launch of the ITL (International Transaction Log) and its link to other systems such as the European Community log will be met," said John Hay, a spokesman for the United Nations Climate Change Secretariat.

"The process is nearing completion, with final details presently being ironed out. The Secretariat is giving this the highest priority."

Clean energy projects such as solar and wind avoid the carbon emissions associated with burning coal and other fossil fuels. Under Kyoto, companies investing in such projects will get carbon credits in exchange for every tonne of emissions saved.

The ITL will record the issue, transfer and cancellation of the credits.

Carbon trading could lever up to US\$100 billion of investment into developing countries, according to the International Emissions Trading Association.

Companies can count the credits towards their Kyoto targets, or exchange them for cash in the European carbon market, which the European Union introduced last year and is currently in its first phase from 2005 to 2007.

The second phase of the European market from 2008 to 2012 coincides with the Kyoto target deadline.

Prices for delivery of carbon credits in the first phase of the European market more than have halved over the past three weeks, on new EU emissions data suggesting demand for will be lower than expected.

The price of carbon credits for 2006 delivery traded at 12.35 euros per tonne mid-morning on Monday.

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