Ministry for the Environment and Natural Resources

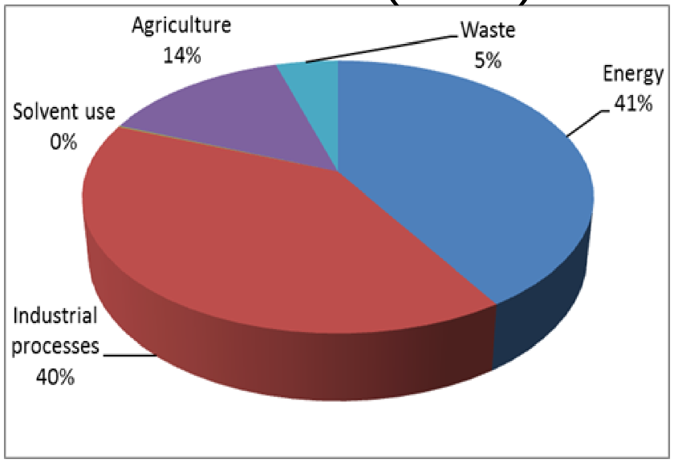
MULTILATERAL ASSESSMENT

ICELAND

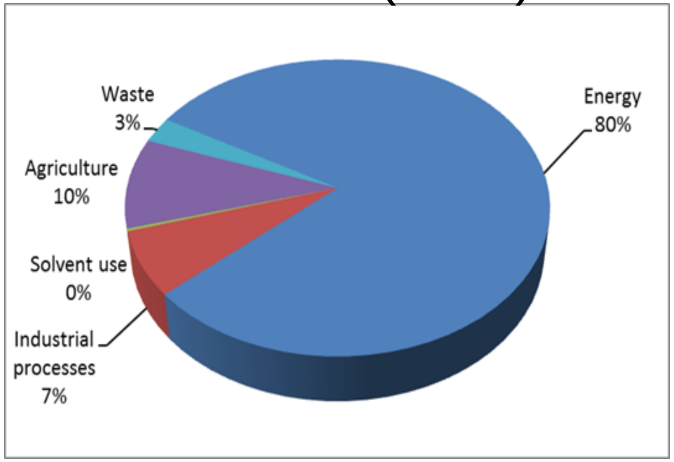
National Circumstances - GHG emissions profile

- Small population (330,000) and overall GHG emissions (4.5 m tons); 14 tons per capita (all GHGs)
- Unusual emissions profile (industrial processes biggest sector; transport 2nd biggest)
- Highest share of renewables in OECD: 85% of total energy use; 100% of stationary energy production (electricity and space heating)
- Abundant carbon sequestration opportunities (afforestation, revegetation)
- Impact of single projects high in a small economy

Iceland (2010)

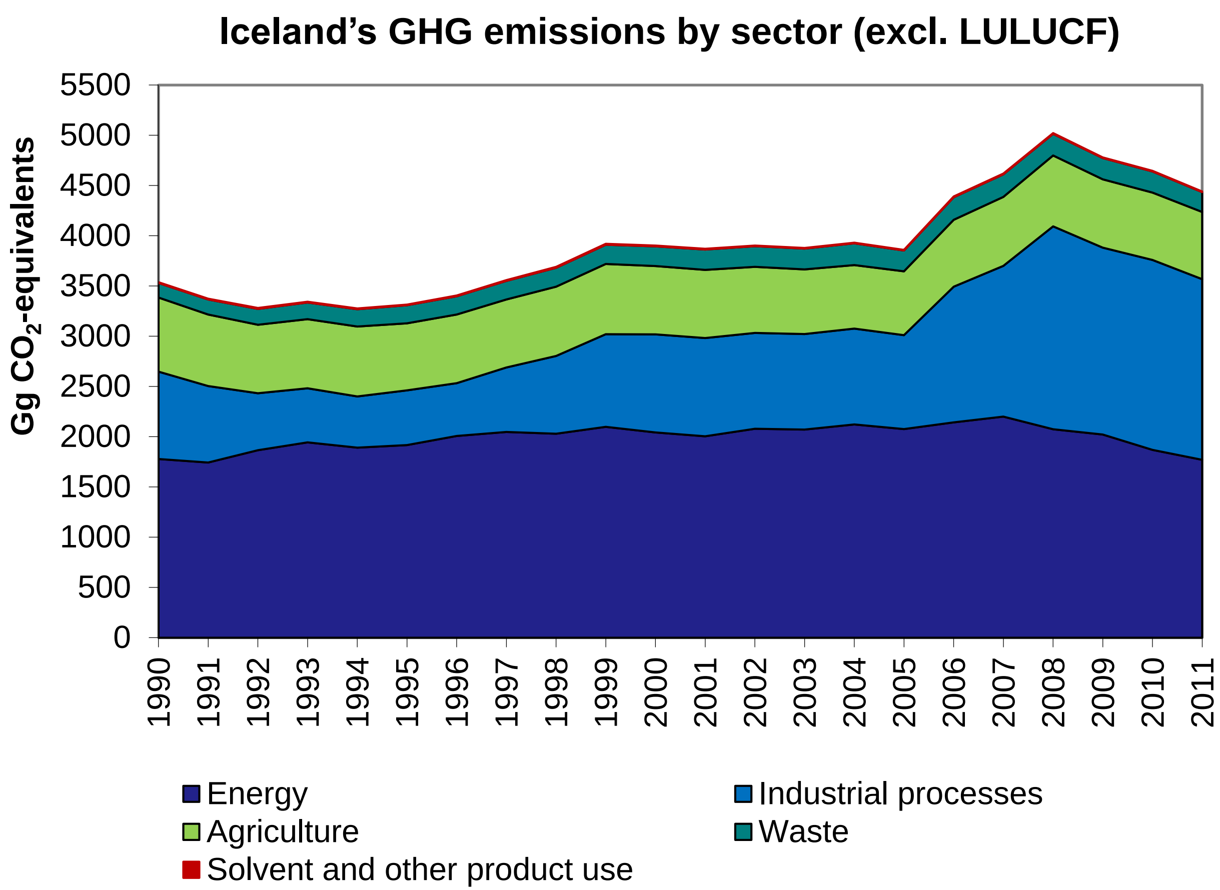


EU-15 (2010)



Emissions trends

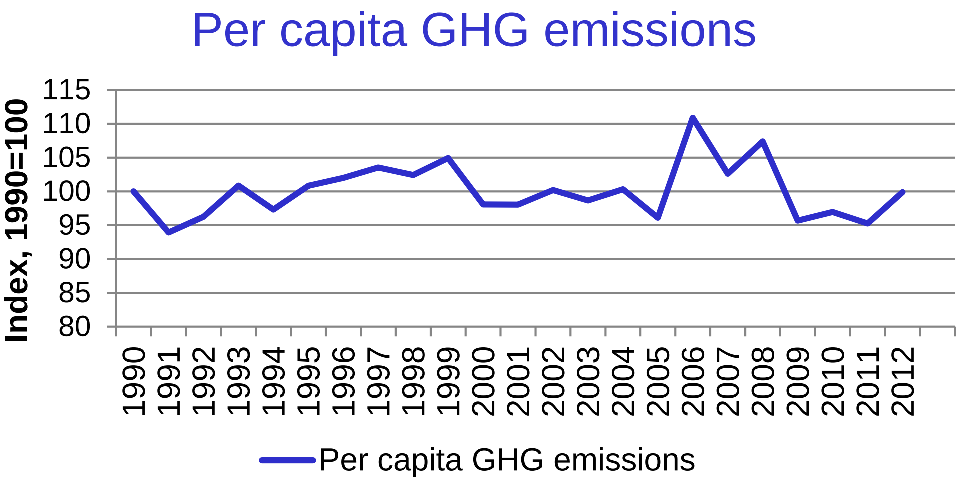
- Total emissions have increased 26% from 1990 to 2012
- Net emissions, with LULUCF (carbon uptake by afforestation and revegetation), have increased 16% from 1990 to 2012

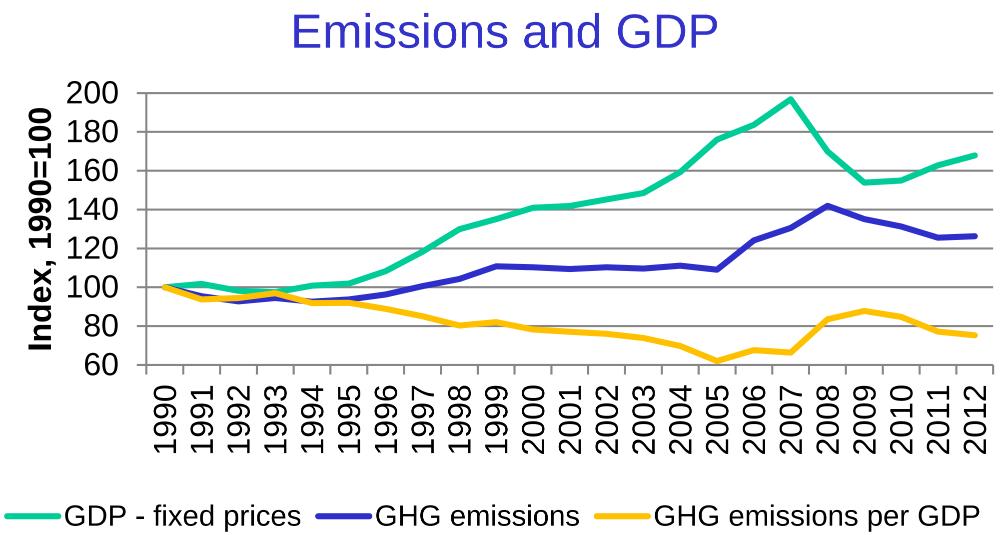


- Unchanged emissions per capita (excluding LULUCF) from 1990 to 2012, despite big expansion in heavy industry: 2 new aluminium smelters + expansion of one smelter and one ferrosilicon plant

- Per capita net emissions, accounting for LULUCF (carbon uptake by afforestation and revegetation), have decreased by 8% from 1990 to 2012

- Relative decoupling of economic growth and emissions, but not absolute decoupling



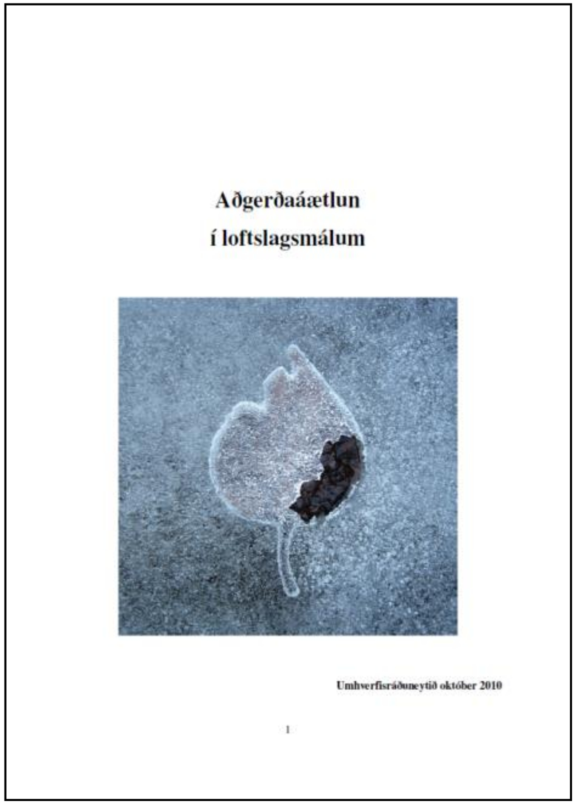


International and legal framework

- UNFCCC cornerstone of climate policy
- Kyoto target for 1st Commitment Period (2008-2012), compared to 1990: +10%
- Kyoto target for 2nd Commitment Period (2013-2020), compared to 1990: -20%, as part of a joint fulfilment of 29 countries
- Iceland is part of the EU Emissions Trading Scheme (EU-ETS), as a part of the EEA Agreement; 11 Icelandic entities under the EU-ETS, with over 40% of total emissions
- 2015 agreement with EU on Iceland's participation in joint fulfilment of Kyoto 2nd commitment period; share in non-ETS emissions
- Climate regulation for Icelandic industry and sectors largely comparable to that of most other European countries

Mitigation Action Plan

- Action Plan adopted in 2010, builds on 2009 expert study on mitigation potential and cost
- Ten “key actions” to cut net emissions, to be 1.2-1.7 m tons below a „Business-as-usual“ scenario in 2020
- Key actions should ensure that Iceland can honour its international commitments in the period up to 2020
- High mitigation potential in LULUCF: afforestation and revegetation
- Significant mitigation potential in transport and fisheries
- Heavy industry enters EU-ETS after 2012
- Net emissions in non-ETS sectors should decrease by over 20% from 2005 to 2020


Aðgerðaáætlun

í loftslagsmálum

Umhverfisráðuneytið október 2010

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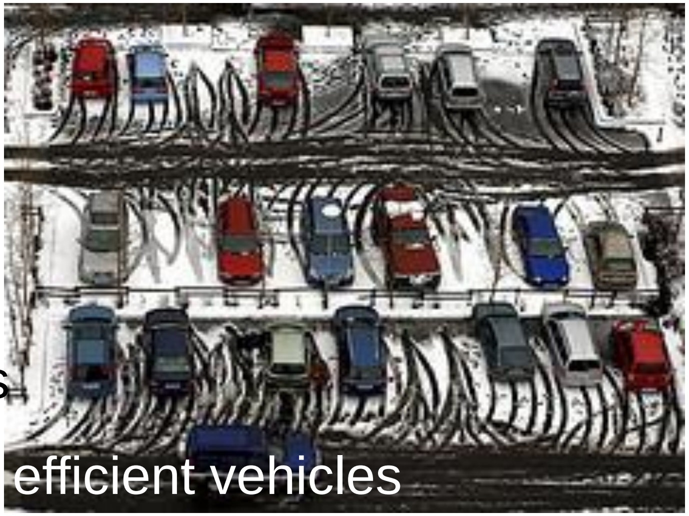
Action Plan: Ten Key Actions



1. Application of EU-ETS to relevant sectors
2. Carbon tax
3. Change in taxes and fees for cars and fuels
4. Official procurement of low-carbon and fuel efficient vehicles
5. Increased share of public transport, walking and bicycling in transport
6. Biofuels for the fishing fleet
7. Electrification of fish-meal production (currently using heavy oil)
8. Increased afforestation and revegetation
9. Restoration of drained wetlands
10. Increased R&D in climate-friendly technology

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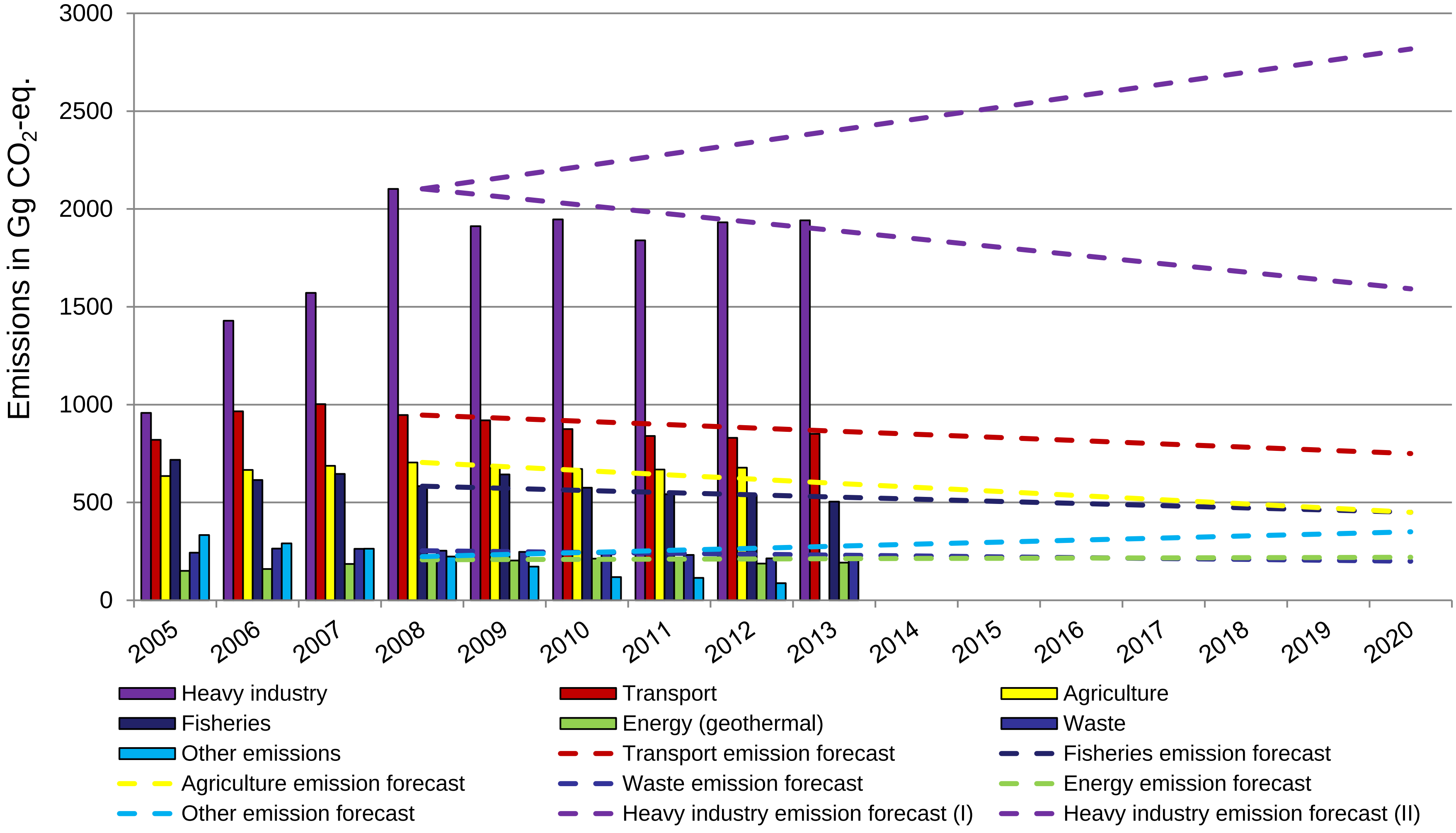
Action Plan: Projected and actual emissions to 2020 by sector



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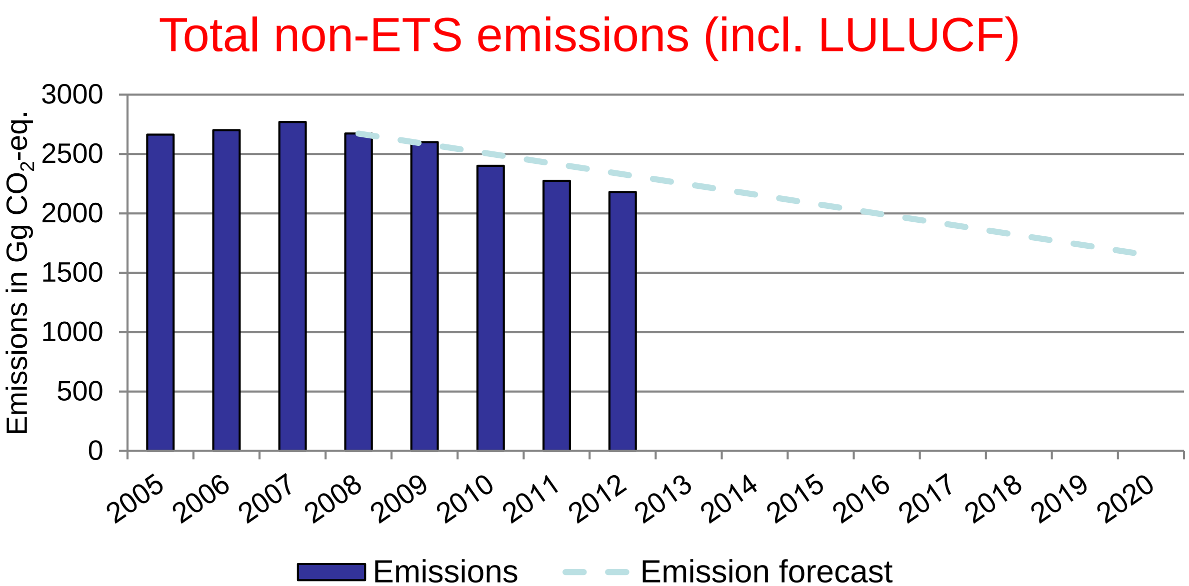
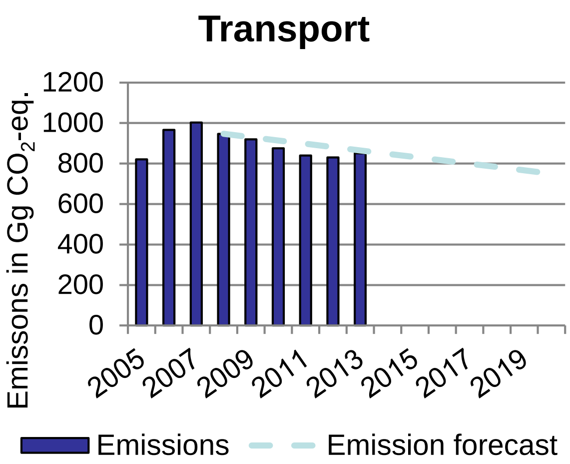
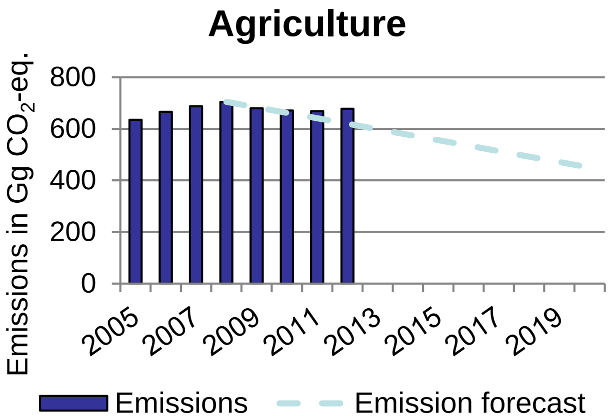
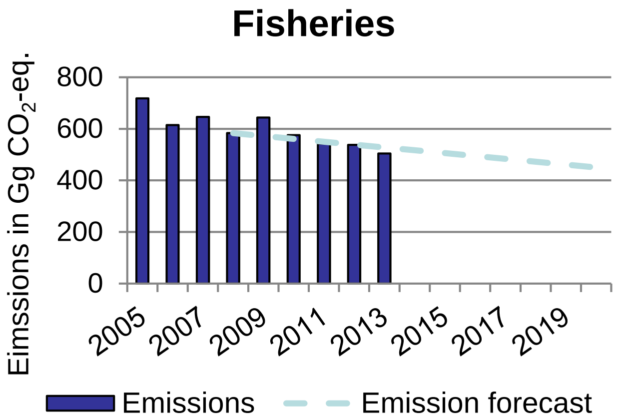
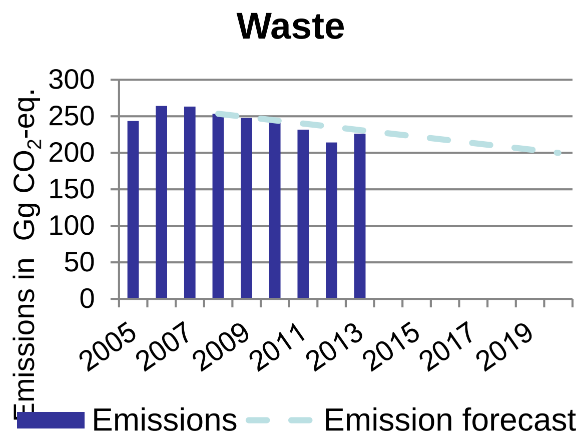
Emissions goals and trajectories 2005-2020 – selected sectors











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