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## Summary report on the multilateral assessment of Iceland at the forty-sixth session of the Subsidiary Body for Implementation

Note by the secretariat

### I. Background

1. The Conference of the Parties, by decision 1/CP.16, decided that developed country Parties should enhance the reporting in their national communications and submit biennial reports on their progress in achieving emission reductions. It also established a new process under the Subsidiary Body for Implementation (SBI) – international assessment and review (IAR) – that aims to promote the comparability of efforts among all developed country Parties. According to the modalities and procedures for IAR specified in annex II to decision 2/CP.17, the multilateral assessment (MA) is to be conducted for each developed country Party at a working group session of the SBI, with the participation of all Parties. The aim of the MA is to assess each Party's progress in implementation towards the achievement of emission reductions and removals related to its quantified economy-wide emission reduction target.

2. The second round of MA of Iceland took place at a working group session during SBI 46, on 12 May 2017. Such a working group session is preceded by a three-month period of questions and answers; in the first month, any Party may submit written questions to the Party being assessed, which may respond to the questions within the remaining two months. Questions for Iceland had been submitted by the following delegations: Brazil, China, European Union, Japan and Thailand. A list of the questions received and the answers provided by Iceland, as well as the broadcast of the session, can be found on the IAR web page for Iceland.<sup>1</sup> The Party can submit any other observations on its MA within two months of the working group session.

### II. Proceedings

3. The working group session was chaired by the SBI Chair, Mr. Tomasz Chruszczow. Iceland was represented by Ms. Helga Barðadóttir, Head of Division, Department of Oceans, Water and Climate, Ministry for the Environment and Natural Resources of Iceland.

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<sup>1</sup> <https://unfccc.int/10096.php>.

4. Ms. Barðadóttir made an opening presentation, summarizing Iceland's progress in implementation towards the achievement of emission reductions and removals related to its quantified economy-wide emission reduction target. Under the Convention, Iceland made a commitment to contribute to the joint emission reduction target of the European Union (EU) and its member States, in line with Article 4 of the Kyoto Protocol. As Iceland is not an EU member State, the terms and conditions for Iceland's contribution to the joint EU target were agreed between Iceland and the EU bilaterally.
5. According to the agreement, Iceland has joined the European Union Emissions Trading System (EU ETS). Within the EU, emissions from sectors covered by the EU effort-sharing decision are regulated by targets specific to each member State. Iceland is not part of this as such, but its corresponding emissions are subject to a bilateral agreement between itself and the EU. Under the agreement, Iceland has a target to reduce emissions by about 22 per cent below the 2005 level by 2020 for all sectors not covered by the EU ETS, including land use, land-use change and forestry (LULUCF).
6. Iceland's total greenhouse gas (GHG) emissions excluding emissions and removals from LULUCF increased by 26.5 per cent between 1990 and 2014. The increase in the total GHG emissions can be attributed mainly to increasing emissions from the industrial processes sector, due to Iceland's growing aluminium industry, and fuel combustion in the transport sector.
7. Ms. Barðadóttir presented Iceland's key policies and measures to achieve its target, focusing her presentation on policies and measures aimed at reducing emissions from transport, including a carbon tax charged on the basis of the carbon content of fuel, tax incentives for low-carbon and fuel-efficient vehicles, and infrastructure development relating to the electrification of the transport sector. In addition, Ms. Barðadóttir presented policies and measures for the land sector, including afforestation and revegetation activities as well as wetland restoration. Ms. Barðadóttir highlighted Iceland's recently started work on a new climate action plan in order to respond to the Paris Agreement, focusing mainly on transport, fisheries and agriculture.
8. On its use of units from LULUCF activities, Iceland includes emissions and removals from the LULUCF sector as part of its target, which are calculated using an activity-based approach. With regard to the use of units from market-based mechanisms under the Convention and other mechanisms, Iceland reported that it will retain the option to use units from market-based mechanisms in addition to its participation in the EU ETS, even though it intends to reach its 2020 target mainly by means of domestic mitigation actions and increasing carbon sequestration.
9. Iceland's total GHG emissions excluding LULUCF in 2020 and 2030 are projected to be 4,337.94 and 4,313.90 kilotonnes of carbon dioxide equivalent, respectively, under the 'with existing measures' scenario, which represents an increase of 23.6 and 22.9 per cent, respectively, above the 1990 level. The 2020 projections suggest that Iceland may face challenges in achieving its 2020 target under the Convention.
10. The opening presentation was followed by interventions and questions from the following delegations: Canada, China and Republic of Korea. The questions were related to additional measures planned in order to reduce emissions from industrial processes, transport and tourism. In response, Iceland explained its recent measures implemented to promote and increase cycling, including improving and providing cycling infrastructure.