

Kyoto Protocol

The Kyoto Protocol is an international agreement linked to the United Nations Framework Convention on Climate Change. The major feature of the Kyoto Protocol is that it sets binding targets for 37 industrialized countries and the European community for reducing greenhouse gas (GHG) emissions. These amount to an average of five per cent against 1990 levels over the five-year period 2008-2012.

The major distinction between the Protocol and the Convention is that while the Convention **encouraged** industrialised countries to stabilize GHG emissions, the Protocol **commits** them to do so.

Recognizing that developed countries are principally responsible for the current high levels of GHG emissions in the atmosphere as a result of more than 150 years of industrial activity, the Protocol places a heavier burden on developed nations under the principle of “common but differentiated responsibilities.

The Kyoto Protocol was adopted in Kyoto, Japan, on 11 December 1997 and entered into force on 16 February 2005. 184 Parties of the Convention have ratified its Protocol to date. The detailed rules for the implementation of the Protocol were adopted at COP 7 in Marrakesh in 2001, and are called the “Marrakesh Accords.

The Kyoto mechanisms

Under the Treaty, countries must meet their targets primarily through national measures. However, the Kyoto Protocol offers them an additional means of meeting their targets by way of three market-based mechanisms.

The Kyoto mechanisms are:

1. **Emissions trading – known as “the carbon market”**
2. **Clean development mechanism (CDM)**
3. **Joint implementation (JI).**

1. Emission Trading:

Greenhouse gas emissions – a new commodity

Parties with commitments under the Kyoto Protocol (Annex B Parties) have accepted targets for limiting or reducing emissions. These targets are expressed as levels of allowed emissions, or “assigned amounts,” over the 2008-2012 commitment period. The allowed emissions are divided into “assigned amount units” **(AAUs)**

Emissions trading, as set out in Article 17 of the Kyoto Protocol, allows countries that have emission units to spare - emissions permitted them but not "used" - to sell this excess capacity to countries that are over their targets.

Thus, a new commodity was created in the form of emission reductions or removals. Since carbon dioxide is the principal greenhouse gas, people speak simply of trading

in carbon. Carbon is now tracked and traded like any other commodity. This is known as the "carbon market."

2. Clean Development Mechanism (KDM):

The Clean Development Mechanism (CDM), defined in Article 12 of the Protocol, allows a country with an emission-reduction or emission-limitation commitment under the Kyoto Protocol (Annex B Party) to implement an emission-reduction project in developing countries. Such projects can earn saleable certified emission reduction (CER) credits, each equivalent to one tonne of CO₂, which can be counted towards meeting Kyoto targets.

The mechanism is seen by many as a trailblazer. It is the first global, environmental investment and credit scheme of its kind, providing standardized emissions offset instrument, CERs.

A CDM project activity might involve, for example, a rural electrification project using solar panels or the installation of more energy-efficient boilers.

The mechanism stimulates sustainable development and emission reductions, while giving industrialized countries some flexibility in how they meet their emission reduction or limitation targets.

3. Joint implementation (JI).

The mechanism known as "joint implementation," defined in Article 6 of the Kyoto Protocol, allows a country with an emission reduction or limitation commitment under the Kyoto Protocol (Annex B Party) to earn emission reduction units (ERUs) from an emission-reduction or emission removal project in another Annex B Party, each equivalent to one tonne of CO₂, which can be counted towards meeting its Kyoto target.

Joint implementation offers Parties a flexible and cost-efficient means of fulfilling a part of their Kyoto commitments, while the host Party benefits from foreign investment and technology transfer.

Eligibility and Approval

A JI project must provide a reduction in emissions by sources, or an enhancement of removals by sinks, that is additional to what would otherwise have occurred. Projects must have approval of the host Party and participants have to be authorized to participate by a Party involved in the project.

Projects starting as from the year 2000 may be eligible as JI projects if they meet the relevant requirements, but ERUs may only be issued for a crediting period starting after the beginning of 2008.