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Press Relations Officer: Martin Ittershagen
PR-staff: Anke Döpke, Dieter Leutert,
Fotini Mavromati, Theresa Pfeifer, Martin Stallmann
Address: Postfach 1406, 06813 Dessau-Roßlau
Telephone: +49 340/21 03-2122, -2827, -2250, -2318, -3927, -2507
E-Mail: pressestelle@uba.de
Internet: www.umweltbundesamt.de



Joint press release with the Federal Ministry for Environment, Nature Conservation and Nuclear Safety

Germany now involved in more than 100 international climate protection projects Clean Development Mechanism is headed in the right direction

Since December 2005 the German Emissions Trading Authority (DEHSt) at the Federal Environment Agency (UBA) has authorised more than 100 climate protection projects in developing and emerging economies that comply with the Kyoto Protocol and are based on the so-called Clean Development Mechanism (CDM). This makes CDM, along with emissions trading, one of the most important climate protection instruments available to companies in Germany. 1,186 projects worldwide have been registered to date, ranking Germany in fourth place with 112 projects. Upon UBA's presentation of results from the early phase, Minister Gabriel praised CDM as "having moved beyond the early stages of its development. Motivating businesses to take climate protection into account in their operations abroad has been quicker to succeed than expected. Demand on the EU emissions trading market has now generated a carbon market that actively involves developing countries in climate protection. I consider this of particular importance for the negotiations on the Kyoto Protocol follow-up treaty."

CDM is a free-market incentive instrument under the Kyoto Protocol whose objective is to mobilise additional capital for urgently needed investments in climate protection in developing countries. It also benefits German businesses, as the Kyoto Protocol allows that emissions of climate gases avoided abroad can in part be transferred to an industrialised country's emissions reduction commitment. German companies participating in emissions trading can meet their duty to surrender allowances with up to 22 percent of their allocation of emission allowances for the years 2008-2012 in credits from a CDM. According to estimates by the World Bank, there were additional investments of about 24 billion euros in 2007 through CDM alone. What is more, these companies would not have made these investments had CDM not been in place.

Dr. Thomas Holzmann, Vice President of the Federal Environment Agency, says, "The projects in which Germany is involved are as diverse as they are numerous. In addition to larger

investments in renewable energies or use of landfill and industrial gases, there are other small projects that make an important contribution to combating poverty and to sustaining natural resources." The projects range from windmills on the Galapagos Islands to run-of-the-river hydroelectric plants in the foothills of the Indian Himalayas. In the Indian state of Andhra Pradesh, for example, some 630,000 commercial light bulbs have been replaced by energy-saving bulbs. This reduces the consumption of power generated by coal and gas plants, which emit carbon dioxide as well as other air pollutants such as nitrous oxide and sulphur dioxide. At the same time, households now spend less money on electricity. Climate protection and economic development go together even better with the CDM ", continued UBA VP Holzmann. Projects that operate on the basis of this programme are funded by the German Federal Ministry for Environment, Nature Conservation, and Nuclear Safety (BMU) and the government-owned Kreditanstalt für Wiederaufbau (KfW) as part of the CDM Initiative. The initiative makes it possible for one central coordinating post to bundle many smaller mitigation activities into a single project. For example, households in developing countries can be supplied with solar cookers to prepare food. Besides the positive effect on the climate and less deforestation that occurs, such projects also improve the local population's air quality, which is all too often polluted with the smoke gases of ubiquitous wood fires.

The CDM Initiative is a programme initiated by BMU which promotes both German involvement in the market mechanisms set up the Kyoto Protocol and the exploitation of new climate protection potential for the carbon market.

The continued possibility of using emissions reduction certificates from CDM projects is currently a matter of lively debate within the European Parliament, Council and Commission as negotiations for an EU climate and energy package are underway.

The CDM balance provided by DEHSt offers a representative view of international authorised climate protection projects. It can be downloaded at <http://www.dehst.de/JI-CDM>. More information on the DEHSt project authorisation procedure is available at <http://www.dehst.de/CDM>.

Information on the German Federal Ministry for Environment's CDM/JI Initiative activities is located at www.jiko-bmu.de.

Dessau-Roßlau, 17 November 2008