



International Emissions Trading Association (IETA) Press Release

**Geneva, Switzerland – 24 March 2010
For Immediate Release**

IETA MEMBERS TO ABSTAIN FROM TRADING ‘RECYCLED’ CREDITS

The International Emissions Trading Association has called on its members worldwide to abstain from trading in any international offset credits, particularly CERs from Clean Development Mechanism projects, that have been previously formally surrendered for compliance with the EU’s Emission Trading Scheme (EU ETS) or other legitimate trading systems.

Recycling is currently possible within the EU ETS as a result of a gap in the relevant registry regulations which allow Governments to substitute CERs surrendered by compliance installations with spare Kyoto credits available to national Governments.

The sold CERs risk being channeled back into the EU ETS unnoticed. Upon (re-) submission for compliance purposes, they will be rejected as the registry system in the EU has a trace of all credits surrendered and compliance units can only be surrendered a single time. An innocent purchaser cannot be sure of making a distinction between a ‘recycled’ and a ‘non-recycled’ credit. The EU is taking steps to prevent the recycling of credits within the EU. Outside the EU ETS, however, these credits may still be used for Kyoto compliance and in other trading schemes.

President of IETA, Henry Derwent said: “The recent EU ETS episode has demonstrated that such recycled credits can re-enter markets and can be mistaken for compliance grade credits. This has disrupted the market as trading platforms last week had to suspend transactions, thereby affecting confidence in the market and the reputation of both the EU ETS and the CDM. Those who wish to see emissions trading markets grow and be respected worldwide, among whom are IETA and its 170 member companies, do not want recycling to occur and will not knowingly deal with recycled credits”

The root of the problem lies in the wide availability of surplus Assigned Amount Units (AAUs), reflecting the impact of economic downturns in Eastern Europe in the 1990s. IETA has consistently called for these surplus units, which under Kyoto rules are as acceptable worldwide as CERs for compliance by countries party to the Kyoto Protocol, to be prevented by international agreement from causing oversupply problems to the developing carbon market worldwide.

IETA – Making markets work for the environment

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Recycled CERs put back on the market after substitution by surplus AAUs undercut existing CER market volumes and prices. This may have an impact on the viability of financing offset projects and the financial sustainability of CDM and JI market operators.

Notes to Editors:

This Press Release is also available at www.ieta.org. Questions and comments should be directed to Henry Derwent at derwent@ieta.org or +41 788 795642

IETA has been the leading voice of the business community on the subject of carbon markets since 2000. IETA's 170 member companies include some of the world's leading corporations, including global leaders in oil, electricity, cement, aluminum, chemical, paper, and other industrial sectors; as well as leading firms in the data verification and certification, brokering and trading, legal, finance, and consulting industries.