COMMISSION IMPLEMENTING DECISION

of 16 April 2014

on the transfer of assigned amount units to the Party to the Kyoto Protocol holding account in the registry of Finland

(notified under document C(2014) 2475)

(2014/224/EU)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Decision 2002/358/EC of 25 April 2002 concerning the approval, on behalf of the European Community, of the Kyoto Protocol to the United Nations Framework Convention on Climate Change and the joint fulfilment of commitments thereunder [1], and in particular Article 3 thereof,

Whereas:

(1) Commission Decision 2006/944/EC [2] determines the respective emission levels for the Union and its Member States for the first commitment period under the Kyoto Protocol.

(2) Commission Decision 2010/778/EU [3] amends Decision 2006/944/EC by establishing the final respective emission levels allocated to the Union and to each Member State and by providing that the final arithmetic difference of 19 357 532 tonnes of carbon dioxide equivalent between the emission levels of the Union and the sum of the emission levels of the Member States be issued as assigned amount units by the Union. Furthermore, that Decision provides for the transfer of five million of these assigned amount units from the Union registry to the Party to the Kyoto Protocol holding account in the registry of Denmark.

(3) In the context of adopting Decision 2010/778/EU it was recognised that the transfer of the five million assigned amount units to Denmark is without prejudice to the ownership of the remaining Union arithmetic surplus.

(4) In December 2011, the 17th Conference of the Parties of the United Nations Framework Convention on Climate Change ('UNFCCC') meeting in Durban adopted Decision 2/CMP.7 of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol ('Durban Decision'). That decision sets out accounting rules for the land use, land-use change and forestry ('LULUCF') sector for a second commitment period under the Kyoto Protocol ('Kyoto Protocol') to the UNFCCC.

(5) The Durban Decision deviates significantly from the previous accounting rules agreed under the Kyoto Protocol for the first commitment period. Decision 16/CMP.1 of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol adopted by the 11th Conference of the Parties of the UNFCCC meeting in Montreal in December 2005 provides for limits as set out in the Annex to that Decision for the purpose of Parties' commitments under the first commitment period of the Kyoto Protocol. In addition, Decision 16/CMP.1 provides for Parties' possibility to exceed those limits by compensating net emissions ('debits') resulting from the activities of afforestation, reforestation and deforestation pursuant to Article 3(3) of the Kyoto Protocol by net removals ('credits') resulting from forest management activities pursuant to Article 3(4) of the Kyoto Protocol. That accounting rule is commonly referred to as the compensation rule. The Durban Decision does not provide for such a compensation rule for the second commitment period under the Kyoto Protocol.

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[1] OJ L 130, 15.5.2002, p. 1.
[2] OJ L 358, 16.12.2006, p. 87.
[3] OJ L 332, 16.12.2010, p. 41.

(6) The accounting rules laid down in the Durban Decision provide for a limit on the use of credits resulting from forest management activities in order to account for a mitigation commitment in the second commitment period of the Kyoto Protocol. According to that decision, a Party cannot use more credits resulting from forest management activities than the equivalent of 3,5 % of that Party's emissions, excluding LULUCF, in its base year or period for complying with its mitigation commitment.

(7) The changes to the LULUCF accounting rules as set out in the Durban Decision have a significant impact on the way in which Parties account for LULUCF activities for the second commitment period. Due to the geographical variation of the land sector, and the great diversity of national circumstances in this regard, the impact differs greatly between Member States. The exclusion of the compensation rule from the accounting rules set out in the Durban Decision has an impact on the fulfilment of Parties' commitments under the second commitment period of the Kyoto Protocol. This situation is especially relevant for forest rich countries, given that the conditions in the LULUCF sector differ from one country to another.

(8) In its conclusions of 9 March 2012, the Council acknowledges the impact of the changes in the compensation accounting rule for the second commitment period of the Kyoto Protocol, by recognising 'the particularities of richly-forested countries especially as regards the limited possibilities to cover emissions from afforestation, reforestation and deforestation with growing forest management sinks'. At the same time, the Council invited the Commission 'to explore options in view of finding a satisfactory solution while ensuring environmental integrity'.

(9) The specific situation of richly forested countries was also recognised by the Council in 2012 in the process leading to the adoption of Decision No 529/2013/EU of the European Parliament and of the Council of 21 May 2013 on accounting rules on greenhouse gas emissions and removals resulting from activities relating to land use, land-use change and forestry and information concerning actions relating to those activities [1] as reflected in the reference to environmental conditions in richly forested countries included in the preamble to that Decision.

(10) Finland has repeatedly expressed concerns regarding its debits from deforestation for the LULUCF sector as a result of the change of the compensation rule in the Durban Decision. Finland appears to be affected by the application of the Durban Decision in a specific and unique manner. Current assessments show that, Finland is the only Member State for which the annual limit of 3,5 % would mean that it cannot cover its debits resulting from the activities of afforestation, reforestation and deforestation with credits resulting from forest management activities when accounting for its commitment in the second commitment period of the Kyoto Protocol.

(11) To account for Finland's special and unique situation, the Union should transfer a total quantity which should not exceed 10 million assigned amount units from the arithmetic surplus provided for by Decision 2006/944/EC as amended by Decision 2010/778/EU to Finland. This total quantity should serve the sole purpose of a one-off compensation to Finland for the impact of the change of the compensation rule, to the extent that this is necessary to enable it to comply with the commitments in the second commitment period under the Kyoto Protocol.

(12) That transfer should be made as soon as possible and before the end of the true up period for the first commitment period under the Kyoto Protocol, subject to the availability of assigned amount units in the Union registry and when the commitment regarding Croatia as set out in the Protocol on certain arrangements concerning a possible one-off transfer of assigned amount units issued under the Kyoto Protocol to the United Nations Framework Convention on Climate Change to the Republic of Croatia, as well as the related compensation to the Treaty concerning the accession of the Republic of Croatia to the European Union [2] has been settled or resolved.

(13) The use of those assigned amount units by Finland must not exceed credits resulting from forest management activities in Finland that are disallowed for use in accordance with paragraph 13 of the Annex to the Durban Decision. The Commission has taken due consideration of Finland's commitment to cancel any assigned amount units remaining from this transfer at the end of the second commitment period.

[1] OJ L 165, 18.6.2013, p. 80.
[2] OJ L 112, 24.4.2012, p. 92.

(14) The measures provided for in this Decision are in accordance with the opinion of the Climate Change Committee,

HAS ADOPTED THIS DECISION:

Article 1

1. A maximum of 10 million (10 000 000) of the assigned amount units referred to in Article 2 of Decision 2006/944/EC shall be made available for the purpose of enabling Finland's compliance with its commitments in the second commitment period under the Kyoto Protocol.

The Central Administrator of the Union registry shall transfer as soon as possible and before the end of the true up period for the first commitment period under the Kyoto Protocol a total quantity which shall not exceed 10 million (10 000 000) of these assigned amount units to the Party to the Kyoto Protocol holding account in the registry of Finland.

2. The transfer referred to in paragraph 1 shall be made subject to the availability of assigned amount units in the Union registry and when the commitment regarding Croatia as set out in the Protocol on certain arrangements concerning a possible one-off transfer of assigned amount units issued under the Kyoto Protocol to the United Nations Framework Convention on Climate Change to the Republic of Croatia, as well as the related compensation to the Treaty concerning the accession of the Republic of Croatia to the European Union has been settled or resolved.

Article 2

This Decision is addressed to the Member States.

Done at Brussels, 16 April 2014.

For the Commission
Connie HEDEGAARD
Member of the Commission