
EU EMISSION TRADING SCHEME

Germany makes millions selling EUAs

The German government released a statement declaring that during the month of May the country made about €47.5 millions selling around 18.12 million out of the 40 million EUAs earmarked for monthly sales throughout 2009. The average price was €14.98 and revenues will be earmarked to climate change-related projects, as well as to cover the operating costs of the German carbon registry.

Ecofin: new meeting but no progress in climate finance

European finance ministers met on Tuesday in Luxembourg to discuss, among other things, in which ways the EU is going to finance the transition to a low-carbon economy in developing countries. For the second time in a row, the Ecofin meeting did not manage to come up with an agreement on the matter, despite the fact that only a few days before the meeting experts from the EU policy committee had called for a €100 billion funding per year by 2020 for additional investment in forest protection and emission reduction initiatives by the EU.

NEWS FROM THE WORLD

UN climate talks close without major progress

The two-week talks held in Bonn under the UNFCCC framework from June 1 closed on Friday amid very small progress and increasing disbelief about the possibility of coming up with a closed deal in Copenhagen this December. The very words of Yvo de Boer, executive secretary of the UN Framework Convention on Climate Change, confirmed that Copenhagen should deliver clarity on the political issues at stake, more than provide specific figures. The North-South divide continues to rule discussions, with developing countries asking for stronger commitment by developed ones and vice versa, translating into a lack of agreed figures for neither groupings. Developing countries with China confirmed that at least during the meeting clearer numbers have been discussed: China and many developing nations want the rich to cut by at least 40 percent below 1990 levels by 2020, while offers made by developed countries so

far include cuts of between 8 and 14 percent below 1990. Both delegates from the US and the EU stressed that a key role could be played by the private sector with the carbon offset market. More specific figures could also be debated during the July G8 meeting, by which the Russian reduction target should have been sent to the UN; as of now, Russia remains the only large emitter with Kyoto targets that has not provided any reduction figure for 2020 and the lack of its position becomes of extreme importance in the current context- developing countries asking for precise commitments. Looking at the coverage of a future agreement, the EU is pushing for the inclusion of the maritime and aviation sectors in the global climate deal. Members of the NGOs present at the meeting acknowledged the minor improvements in the debate but showed preoccupation about the future climate deal to be signed in Copenhagen. Delegates will meet again in Bonn in August to continue discussion before the next Conference of Parties takes place in December.

No room for CDM at Bonn talks

Lost in debating individual targets, the delegates at the Bonn talks did not find time to debate the future of the Clean Development Mechanisms (CDM), with the very important discussion over how to promote CDM in poorest countries or whether CDM should include nuclear projects postponed. Among the other neglected issues lay whether to allow banking of government emission rights from the current Kyoto commitment period, whether certain types of credits should be blacklisted, as well as how to scale-up funds raised from the CDM to cope with the effects of climate change.

THE CARBON MARKET

Carbon prices fell 4.6 percent on Monday, a 7 percent decrease from Friday's close both in the EUA and in the secondary CER compartments, thanks to softer energy prices. Trades were relatively thin with the EUA2009 closing at €13.37 and the CER2009 at €11.45. The bearish trend was aggravated on Tuesday, with carbon shedding a further 1.5 percent, and worsened all the way to Friday, when carbon hit a two-month low with the EUA2009 closing at €13.00. A softer energy complex and massive selling by some utilities were again the main culprits for this result, which affected also the secondary CER market, with the CER2009 closing the week at €11.20. Exchanges were thinner than average this week, with about 90 million allowances exchanging hands compared to 135 millions.

SOURCES TO THIS ISSUE

Pointcarbon, Reuters interactive, Climate Ark, Euractiv, Carbon Finance website
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