



Chemicals Trapped Between Treaties Undermine Progress on Climate

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NAIROBI, Kenya, Nov. 13, 2006 - Environmentalists attending the climate treaty negotiations in Nairobi have called for an immediate freeze in the production of a rapidly increasing greenhouse gas in countries that are receiving billions of dollars under the Kyoto Protocol's Clean Development Mechanism to mitigate its effects.

The environmentalists' appeal follows a report by UN experts that warned that the continued production of hydrochlorofluorocarbons (HCFCs) would add over one billion carbon dioxide-equivalent tons of greenhouse gases to the atmosphere in 2015 - double the total CO₂-equivalent emissions of France in 2004. More recent estimates suggest the global warming impact could be up to twice as much as the report indicated.

Last week countries meeting for the ozone layer treaty in New Delhi issued an alarm specifically about the rising production of hydrochlorofluorocarbon-22 (HCFC-22). During the meeting, government representatives cautioned that unintended incentives created by the climate change treaty's Kyoto Protocol threaten to block their efforts to phase out HCFC-22, a gas used for air conditioning and refrigeration systems, and which has a global warming impact 1700 times that of carbon dioxide.

"We're shooting ourselves in the foot," said Alexander von Bismarck, Campaigns Director of the Environmental Investigation Agency (EIA), a green watchdog group attending the climate negotiations, "we are paying billions of dollars a year to make the problem worse."

Pointing to a decision made by Parties to the ozone treaty, the EIA and other environmental groups attending the negotiations are calling for urgent cooperation between the two treaties to eliminate the perverse incentives for over-production of HCFCs, caused by Kyoto Protocol projects, valued at \$2.4 billion for 2005.

The decision from the ozone treaty meeting calls on the technical experts of the Montreal Protocol on Substances that Deplete the Ozone Layer to conduct an investigation and report "on the influence of the Clean Development Mechanism on HCFC-22 production, as well as the availability of alternatives to HCFCs."

The Clean Development Mechanism (CDM) allows industrialized countries to buy emissions credits for the reduction of greenhouse gases in developing countries. The majority of the early projects award credits for the destruction of a chemical called HFC-23, a potent global warming gas in its own right that is a by-product of the production of HCFC-22. Because these credits are so lucrative, they create a strong disincentive to stop the production of the source chemical.

Thus far, the CDM has registered 8 companies that produce HCFC-22 to be eligible for emissions credits. One such deal announced in early October, pays two Chinese companies \$1.02 billion to destroy about 100 million CO₂-equivalent tons of HFC-23. To

receive this money, however, they will have to produce about five times as many CO2-equivalent tons of HCFC-22.

In addition to a cap, the EIA is also calling on countries receiving CDM money to use the proceeds to accelerate their phase out of HCFC-22, destroy its by-product HFC 23, and invest in climate and ozone layer-friendly alternatives, such as hydrocarbons and ammonia based air conditioners.

"Parties to the Montreal Protocol took an important step to reach out to their colleagues in the climate treaty. Now it's time to reciprocate," said von Bismarck. "To avoid encouraging billions of tons of additional greenhouse gases threatening our climate, the Kyoto Protocol must immediately stop rewarding the production of this potent global warming gas and cooperate with the ozone treaty to accelerate its phase out," he continued.

Discussions are now taking place within the climate treaty about how to address the perverse incentive for HCFC-22 production created by the CDM. A draft decision is being circulated for Parties to consider, which environmentalists say falls short of solving the problem because it only addresses future production. They contend that continuing to reward existing production threatens future phase out of the chemical.

Argentina, which played a key role in developing the decision in New Delhi is active in the discussions. "The current growth of production and use of HCFCs has enormous implications for climate change as well as the ozone layer," said Mrs. Marcia Levaggi, from the Argentine delegation. "We hope the decision in Delhi will encourage urgent cooperation between the ozone and climate treaties," she added.