



Environmental Investigation Agency

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CDM Methodology for HFC-23 Credits Should be Retired - HCFC Producers Would Pay for Destruction of HFC Byproduct

Subsidies for Super Greenhouse Gas Manufacture Must be Eliminated

May 24, 2011- Washington, DC: The Environmental Investigation Agency (EIA) is calling for an end to the expensive UN program that pays over a billion dollars a year to capture and destroy the super greenhouse gas HFC-23. On the eve of an expected decision by the UN's Clean Development Mechanism on the HFC-23 methodology, EIA is calling for the methodology to be retired and the current contracts for HFC-23 destruction not to be renewed. HCFC-22 manufacturers would assume responsibility for destroying HFC-23 waste gas generated during HCFC-22 production, including the minimal costs for capture and incineration.

Since 2005, Kyoto signatories have spent several billion dollars to obtain some 260 million carbon credits (Certificates of Emission Reduction - CERs) for offsets resulting from HFC-23 destruction projects, mostly in China and India.

Because revenues from HFC-23 credits are so much greater than the cost of HFC-23 destruction, many manufacturers can earn more from selling HFC-23 credits than from producing HCFC-22. This has created a perverse incentive that encourages manufacturers to produce more HFC-23 than is necessary just so they can be paid to destroy it. It has also subsidized developing nations' production of HCFC-22, itself a greenhouse gas and an ozone depleting substance that is currently being phased out under the Montreal Protocol.

“Rather than being converted to carbon credits, the minimal cost of destroying HFC-23 should be borne by producers”, said Mark Roberts, International Policy Advisor for EIA. “Just as HCFC-22 producers in developed nations bear the cost for HFC-23 destruction, so should China and India, especially as they have already been paid many times over what it will cost to destroy all HFC-23 for decades to come.”

Indian fluorocarbon companies have reported that HFC-23 credits make up to 88% of their annual profits (allowing one company to open a nationwide chain of movie theaters). The Chinese government, which levies a 65% tax on all HFC-23 credits, claims to be sitting on \$700 million from HFC-23 offsets, enough to capture and destroy all HFC-23 produced in China until 2050.

“By banning the use of HFC-23 credits after April 2013, the European Union has already demonstrated that these industrial gas offsets have no place in the future of international carbon markets”, said Clare Perry, Senior EU Climate Campaigner for EIA. She added, “Destroying HFC-23 should be obligatory as part of responsible business practice by all HCFC-22 producers”.

For EIA reports on HFC-23: http://www.eia-global.org/global_climate/global_climate_reports.html

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