

# International Carbon Credits

Fields marked with \* are mandatory.

## Introduction

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### ***Background***

This initiative aims to clarify how the limited use of high-quality international carbon credits, as set out in the revised European Climate Law, may best support flexibility and efficiency in how the EU's 2040 climate target is achieved. It is linked to other initiatives: First, the review of national targets and flexibilities in the EU climate policy framework after 2030, including the EU Emissions Trading System, the Effort Sharing Regulation and the Land Use, Land Use Change and Forestry Regulation. Second, the review of the Regulation on the Governance of Energy Union and Climate Action.

The Commission proposed an amendment to the European Climate Law for an intermediate target of a 90% reduction in net greenhouse gas (GHG) emissions by 2040, relative to 1990 levels, with several flexibility options for designing the policy architecture after 2030, including the limited use of high-quality international credits under Article 6 of the Paris Agreement from 2036 to 2040, to complement domestic action to achieve climate neutrality in 2050. The EU co-legislators have reached provisional agreement on the amendment, which will enter into force following formal adoption by both the European Parliament and the Council. The amendment requires the Commission to reflect an adequate contribution towards the 2040 climate target of high-quality international credits of up to 5% of 1990 EU net emissions and provides for a possible pilot period between 2031 and 2035, to initiate a high-quality and high-integrity international credit market.

### ***Guidance on the questionnaire***

This public consultation consists of a set of introductory questions related to your profile, followed by a questionnaire split into two sections, a general section and a section for experts. **You are not obliged to respond to both parts, and you can choose to fill in only one of the two.** In addition, **not all questions in the questionnaire have to be answered.**

1. About you: Since the public consultation is open to both organisations and citizens, the first block consists of **questions related to your profile as an individual or an organisation.**

2. General section: The second block consists of **questions related to your opinion on the EU's use of international carbon credits**, associated opportunities and challenges.
3. Experts section: The third block consists of a section of **technical questions** related to specific aspects of international credits.

**At the end of the questionnaire, you are invited to provide any additional comments and to upload any additional information, position papers or policy briefs** that express your position or views or those of your organisation.

The **results of the questionnaire will be published online, along with uploaded position papers and policy briefs.**

Please read the specific privacy statement attached to this consultation with information on how personal data and contributions will be processed.

## About you

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\* Language of my contribution

English

\* I am giving my contribution as

Non-governmental organisation (NGO)

\* First name

Silvia

\* Surname

Valentini

\* Email (this won't be published)

silvia.valentini@caneurope.org

\* Organisation name

*255 character(s) maximum*

Climate Action Network (CAN) Europe

## \* Organisation size

Medium (50 to 249 employees)

## Transparency register number

Check if your organisation is on the transparency register. It's a voluntary database for organisations seeking to influence EU decision-making.

55888811123-49

## \* Country of origin

Please add your country of origin, or that of your organisation.

*This list does not represent the official position of the European institutions with regard to the legal status or policy of the entities mentioned. It is a harmonisation of often divergent lists and practices.*

Belgium

## Main area of focus or your area of competence

EU climate and energy policy

I/my organisation is involved in:

- Producing, selling, or planning to sell international carbon credits
- Trading/purchasing international carbon credits or providing services related to international carbon credits
- Providing expert advice on international carbon credits
- Buying, using or planning to use international carbon credits
- None of the above

The Commission will publish all contributions to this public consultation. You can choose whether you would prefer to have your details published or to remain anonymous when your contribution is published. **For the purpose of transparency, the type of respondent (for example, 'business association, 'consumer association', 'EU citizen') country of origin, organisation name and size, and its transparency register number, are always published. Your e-mail address will never be published.** Opt in to select the privacy option that best suits you. Privacy options default based on the type of respondent selected

## \* Contribution publication privacy settings

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

**Anonymous**

Only organisation details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published as received. Your name will not be published. Please do not include any personal data in the contribution itself if you want to remain anonymous.

**Public**

Organisation details and respondent details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published. Your name will also be published.

I agree with the [personal data protection provisions](#)

## Sections

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Which sections do you want to respond to?

- General section (Section 1)
- Experts section (Section 2)

## General section

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### ***General considerations on the use of international carbon credits***

#### **1) Do you support the use of international carbon credits to contribute to achieve the EU's 2040 climate target as set out in the European Climate Law?**

The European Parliament and the Council have agreed on an EU climate target to reduce EU net greenhouse gas (GHG) emissions by 90% below 1990 levels in 2040. This target shall be achieved both through climate action within the EU and a limited use of international carbon credits, derived from emissions reductions or enhanced removals in other parts of the world, to offset GHG emissions in the EU of up to 5% of

1990 EU net emissions by 2040. To avoid double counting, UN rules require that the mitigation outcomes sold as carbon credit can no longer be claimed towards the emission reduction goals of the selling country. Through the purchase of such credits, emission reductions are achieved elsewhere, and the emission reduction is accounted for the EU in international reporting.

The proposed EU emission reduction for 2040 is defined against the baseline of total EU emissions in 1990. For reference, 1% of total 1990 emissions would be approximately 47 Mt CO<sub>2</sub>eq., roughly equivalent to the total annual emissions of Sweden in 2024. Which of the following statements best describes your opinion?

- The EU should buy and use international carbon credits from outside the EU towards its 2040 target to cover 5% of 1990 emissions
- The EU should buy and use international credits from outside the EU towards its 2040 target for less than 5% of 1990 emissions
- I am indifferent
- I disagree; the EU should achieve its climate targets through domestic action only
- I do not know

If you disagree, why?

*150 character(s) maximum*

The use of int. credits would further water down the EU 2040 90% net contribution which already falls short on what science and equity prescribes.

**2) How should international credits be used to support the EU to achieve its 2040 target? Please indicate your preferred option.**

- Flexibility – Credits should be bought to provide the possibility for the EU or for a Member State to achieve part of their target using international credits
- Independent – Credits should be a separate pillar of the EU climate architecture and not be used as part of other targets and policies
- I don't know
- Other (specify):

Please specify:

*150 character(s) maximum*

Credits must not be used towards fulfilling the EU's 2040 target. If any, they should be a justified last resort for individual Member States.

### 3) Who should finance international credits?

Multiple answers possible; if no opinion please skip and go to the next question

- The EU from the EU budget
- EU Member States from Member State budgets
- Companies e.g. under the polluter pays principle or to fulfil their net-zero commitments
- Revenues generated through the EU Emissions Trading System (ETS)

### 4) Do you see any benefits from the purchase and use of international carbon credits and, if so, which?

Multiple answers possible; if no opinion please skip and go to the next question

- I do not see any benefits from the purchase and use of international carbon credits
- It can support investments and the economic development of other countries
- It can incentivise the development and scaling up of new and innovative low-carbon technologies and their implementation in non-EU countries
- It can support ecosystem protection and restoration in other countries, contributing to sustained mitigation and climate resilience
- It can strengthen the resilience of global supply chains for products sold on EU markets, such as in the agri-food value chain
- It can drive down global emissions more rapidly
- It can be more cost-efficient than domestic emissions reductions
- It can support EU competitiveness by alleviating pressure on EU-based industry
- It can be more acceptable to EU citizens than domestic climate action
- It can assist other, non-EU countries, in achieving a pathway towards the Paris Agreement goals
- It can give other countries experience of pricing carbon
- It can contribute to global climate justice
- Other (specify):

## 5) Do you see any negative aspects in the purchase and use of international carbon credits and, if so, which?

Multiple answers possible; if no opinion please skip and go to the next question

- I do not see any negative aspects
- It can be unreliable in terms of environmental integrity, including risks related to additionality, permanence and impacts on ecosystems and biodiversity
- It is mobilising EU investment in third countries instead of investing in the EU. This risks taking investment away from EU companies or projects
- It can lead to international criticism that the EU is outsourcing its mitigation efforts to other countries
- It can be more costly in the long run as the EU still needs to invest in the green transition to cut its emissions and get to domestic climate neutrality by 2050 and domestic emissions will be higher in 2040 than without the use of international credits
- It can provide competitive advantages in non-EU countries where EU money is spent to build up capacity in removal and other emissions-cutting technologies
- It can negatively affect the credibility of the EU's 2040 target or the credibility of its role as a leader in terms of international climate action
- It can increase the risk of lock-in into carbon-intensive infrastructure in the EU by delaying domestic action while at the same time risking slowing down innovation and the uptake of green technologies in the EU
- It can be administratively cumbersome and costly to implement
- It can make it more difficult for non-EU countries to meet ambitious mitigation commitments because the cheapest emissions reductions may be sold to the EU
- It can make it more difficult for non-EU countries to set ambitious mitigation commitments as they have an incentive to maximise the sale of international carbon credits
- It can give rise to the risk that source countries do not effectively manage the risk of reversal of emission removal projects
- Other (specify):

Please specify:

*150 character(s) maximum*

It can enable human rights infringements and risks replacing genuine EU climate finance contributions under Art. 9.1 of the Paris Agreement.

**6) How confident are you that international carbon credit projects deliver the claimed emission reductions?**

- Very confident
- Somewhat confident
- Indifferent
- Not very confident
- Not confident at all
- I don't know

**7) In your opinion, where would money for climate action be best spent, within the EU or outside the EU?**

1 = The EU would be better advised to use finance for climate action for investments in the EU

5 = The EU would be better advised to use finance for climate action for investments outside the EU

Please indicate as below on a scale of 1 to 5.

	1	2	3	4	5	I don't know
Buying international carbon credits from non-EU countries means investing money outside the EU rather than investing in domestic climate action inside the EU.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Experts section

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***The EU regulatory framework***

**1) If international carbon credits are used to partly achieve the 2040 climate target these will substitute climate action within the EU. In which sectors should the use of international carbon credits from mitigation in non-EU countries replace EU domestic climate action?**

Multiple answers possible; if no opinion please skip and go to the next question

- In sectors where the action needed to transition to net-zero is most expensive (using a cost-efficient approach)
- To compensate for natural disturbances in the land use, land use change and forestry sector
- Sectors currently covered by Member State targets under the Effort Sharing Regulation, i.e. road transport, buildings, agriculture, small industry and waste.
- In sectors currently covered by ETS 1 (energy-intensive industry, the energy sector, the aviation and maritime sectors)
- Efforts should be equally reduced across all sectors
- None, international carbon credits should only be used on top of domestic measures to meet the 2040 target

**2) If international carbon credits were used to replace a part of the reductions necessary under the EU ETS, which type of credits should be purchased?**

- Any kind of international credits
- Only credits guaranteeing permanent reduction or removal
- None at all

**3) If international carbon credits were used to replace a part of the reductions necessary in the LULUCF sector, which type of credits should be purchased?**

- Any kind of international credits
- Only credits related to land use, including non-permanent credits
- Only credits that provide permanent emission reduction or removal
- Only credits that demonstrate long-term ecosystem integrity

**Implementation**

#### 4) Based on which criteria should the EU select the countries from which credits will be purchased?

Co-legislators have decided 'to ensure that they are based on credible and transformative activities in partner countries with the aim of achieving climate targets and policies compatible with the long-term temperature goal in the Paris Agreement and are subject to robust safeguards, including ensuring integrity, avoidance of double counting, additionality, permanence, transparent governance, strong monitoring, reporting and verification methodologies, as well as economic, social and environmental co-benefits and human rights safeguards, and high ambition for the share of proceeds for adaptation and sharing of mitigation benefits with concerned countries.'

Multiple answers possible; if no opinion please skip and go to the next question

- Level of climate ambition showing a sufficient level of domestic climate ambition
- Level of development - only least developed countries
- Countries with the largest potential to generate credits
- Countries with the potential to generate the cheapest credits
- Close economic/trade relations with the EU
- Accession countries - countries preparing to join the EU in the future
- Shared values and geostrategic interests
- Countries that respect democracy and human rights, in line with EU values
- The EU should buy directly on the market, irrespective of the country of origin
- Other (specify):

If Other:

150 character(s) maximum

Alignment with 1.5°C goal; robust social safeguards and civil society participation mechanisms within the country to avoid human rights violations.

#### 5) Which aspects (other than climate change mitigation) should the EU take into account when selecting sectors or types of mitigation activity as a source of international carbon credits?

Multiple answers possible; if no opinion please skip and go to the next question

- Contribution to the EU's economic and industrial development

- Support for the development of EU clean tech industry
- Support for the development of new innovative technologies
- Support for the development of EU-based entities involved in carbon credit activities
- Co-benefits with the protection and restoration of biodiversity and ecosystems
- Co-benefits with adaptation and resilience to climate change
- Co-benefits with social and economic development
- Others (specify):

Please specify:

*150 character(s) maximum*

MRV'ability, additionality, leakage and system impacts, social and human rights, host country priorities, fairness and avoiding fossil fuel lock-in.

## **6) What additional checks (if any) should the EU consider to implement an effective and transparent process for the validation and verification of activities?**

Validation and verification of carbon credits has been a key pillar for strengthening their integrity. Independent validation and verification bodies are tasked with providing an unbiased judgement of whether activities meet the requirements of standards and methodologies, and whether emission reductions and removals have been properly quantified. However, flaws in the process, such as the fact that the validation and verification bodies are selected and paid by the project developers themselves, may appear. This question aims to gather feedback on how to improve validation and verification practices, as part of an EU purchasing programme for international carbon credits.

*1000 character(s) maximum*

Please specify in text below; if no opinion please skip and go to the next question

In any Article 6.2 cooperative approach between the EU or its MSs and another Party, the EU should set additional requirements for auditors beyond those established in Article 6.4 and the VCM. For any projects from which the EU/MS are considering to purchase credits, the EU should require an (additional) audit to take place where the auditor is assigned randomly (with standardized price models for the developer to pay). The EU should also create or identify a pool of certified auditors that meet additional rigorous EU requirements and that are subject to regular evaluations to maintain this status. The EU/MSs should only purchase units from projects that have been validated/verified by certified auditors from this pool. Auditors' evaluations of projects should also be published on a centralized platform for public scrutiny. The list

of auditors in the pool and info about when each was last assessed, and the result of this assessment, should be made public.

## **7) What transparency provisions should the EU implement as part of bilateral purchasing agreements, to guarantee an adequate level of access to information for the public?**

*1000 character(s) maximum*

Please specify in text below; if no opinion please skip and go to the next question

The EU should ensure that all information on the quantity, quality of units and the projects from which they are generated is at least equivalent to what is guaranteed under the PACM and VCM. Article 6.2 disclosure requirements are not enough. All information should be made available in user-friendly and machine-readable formats that facilitate public scrutiny. For example, this means all data and assumptions used to calculate the quantity of credits are disclosed without redactions. In its cooperative approaches with third Parties, the EU should also include a requirement such that the actual transfer of units does not occur until the Article 6.2 review processes have been satisfactorily concluded and that no persistent or significant inconsistencies remain (for either Party in a given cooperative approach). Any inconsistencies relating to paragraphs 18.h, 18.i.i, 18.i.ii, & 22 (specifically 22.b, 22.f, 22.g) in the annex to Decision2/CMA.3 should be deemed significant by EU standards

## **8) Beyond the potential contribution to adaptation finance (levy of a share of proceeds) when purchasing international credits as recommended under Article 6.2 of the Paris Agreement, how should bilateral purchasing agreements benefit adaptation and resilience?**

- No further adaptation benefits beyond the levy
- Through requirements for a certain share of projects to deliver verified adaptation benefits
- Through requirements for authorised entities to implement adaptation actions alongside (but not necessarily integrated into) the mitigation actions that will generate internationally transferred mitigation outcomes (ITMOs)
- Other (specify):

Please specify:

*150 character(s) maximum*

Require  $\geq 5\%$  of ITMOs for the UN Adaptation Fund in all cooperative approaches, aligning with Article 6.4. Projects should also be adaptation-proof.

## 9) What proportion of the mitigation outcomes generated should be left to the benefit of the partnering country?

It is possible that a proportion of the achieved mitigation outcomes be left to benefit the source country so that cooperation supports and does not undermine the partnering country's climate ambition. The proportion of the achieved mitigation outcomes is then accounted for in the partnering country's inventory.

- No mitigation outcome benefit should be shared, all benefits should go to the EU
- Less than 50%
- 50%
- More than 50%
- I don't know
- Determined on a case-by-case basis, (please specify below):
- Other comments or suggestions (please specify below):

### **Quality of credits**

## 10) From which type of action should the EU buy credits?

- Emission reductions
- Removals
- All
- None

## 11) Which quality aspects or criteria should the EU consider a priority when purchasing international credits?

Multiple answers possible; if no opinion please skip and go to the next question

- The additionality of the mitigation outcomes
- The consistency of the quantification methods and crediting levels (including the baselines) with the EU and the Paris Agreement climate goals
- Consistency with long-term ecosystem integrity and the avoidance of biodiversity loss
- The avoidance of lock-in of high levels of emissions, or emission-intensive technologies or practices in the host country
-

The robustness and conservativeness of the monitoring and calculation of the mitigation outcomes

- The prevention, reduction and remediation of leakage of emissions
- The permanence of the mitigation outcomes
- The application of robust social, environmental and human rights safeguards and grievance mechanisms in the implementation of the mitigation activities
- The robustness and transparency of the crediting programme governance (including third-party validation and verification)
- Others (specify):

Please specify:

*150 character(s) maximum*

Full transparency on project documentation and auditors allocated via a randomised process.

## 12) From which types of mitigation activity should the EU prioritise the purchase of credits?

Multiple answers possible; if no opinion please skip and go to the next question

- Forestry and land use (afforestation, reforestation, forest management, soil management, peatland rewetting, land restoration)
- Agriculture (enteric methane reduction, sustainable agricultural practices, biochar, biogas production, N2O abatement)
- Power (off- and on-grid renewable energy, early retirement of coal power generation, CCS in the power sector, leak detection and repair in gas infrastructure, biodigesters, grids)
- Industry (industrial energy efficiency, industrial CCS)
- Waste (landfill gas capture, landfill avoidance)
- Removals (DACCS, BECCS, biochar, marine carbon dioxide removal)
- Other technologies (efficient cooking stoves, reductions of non-CO2 climate impacts of aviation and maritime activities)
- Other (specify):

Please specify:

*150 character(s) maximum*

Only non-biomass based permanent removals

### 13) Do you have any specific concerns or suggestions regarding the types of activities?

1000 character(s) maximum

Please specify in text below; if no opinion please skip and go to the next question

Different types of Article 6 offset activities all have distinct integrity concerns. Activities delivering only temporary storage (e.g. land-based sequestration options) are not equivalent to permanent emission reductions, and risk reversal. Projects that prolong or enable fossil fuel use or infrastructure (e.g. CCS) risk carbon lock-in and are incompatible with long-term decarbonisation pathways. Biomass-based removals entail significant lifecycle emissions, land-use pressures and biodiversity impacts, and could actually increase net emissions. Scientific evidence shows major and widespread shortcomings in carbon credit markets: across all project types, risks also include lack of additionality, baseline inflation and overcrediting, MRV uncertainty, double counting, leakage, and insufficient safeguards for human rights and local communities.

### 14) How should the EU aim to improve on the rules defined by the Article 6.4 mechanism, when setting EU quality criteria for carbon credits?

You may consider all aspects of the Article 6.4 mechanism to answer this question, including its rules, modalities and procedures, as defined in relevant CMA decisions, as well as its standards, tools, processes, and methodologies, as adopted by the Supervisory Body of the mechanism.

- I don't know
- The EU should stick to Article 6.4 Paris Agreement Crediting Mechanism (PACM) standards
- The EU should set higher standards than those in Article 6.4

Please specify in text below how and on which aspects of the Article 6.4 mechanism the EU should set higher standards

150 character(s) maximum

Strengthening the dimensions of permanence and human rights, which are currently weak

### 15) Should the EU approve methodologies or projects under its cooperative approaches?

- Only methodologies (all ITMOs generated using these methodologies, in a country with which the EU has a cooperative approach in place, would be automatically eligible for use towards the EU's 2040 target)

- Only projects (all projects would be subject to a specific process before confirming that their ITMOs are eligible for use towards the EU's 2040 target, and there would be no discrimination based on methodologies)
- Both projects and methodologies (only projects using approved methodologies would be eligible, and all projects would be assessed before their ITMOs are considered eligible for use towards the EU's 2040 target)
- Other (specify):

**16) Should the EU follow common practice to implement validation and verification rules as part of its cooperative approaches under Article 6.2 of the Paris Agreement?**

Common practice on the international carbon credit market is for project developers to select third party verifiers from a pool of accredited entities, and to pay these entities to verify and validate their activity. This was the case under the Clean Development Mechanism (CDM) and is still the case under most voluntary carbon market standards and the Article 6.4 mechanism.

If no opinion please skip and go to the next question

- No, it should follow a different approach (Please specify below)
- No, there should be no validation and verification requirement
- Yes, but with some changes to common practice (Please specify below)
- Yes, this approach is sufficient

Please specify:

*150 character(s) maximum*

An (additional) audit should be required to take place where the auditor is assigned randomly and prices are standardized

**17) How should the EU ensure that the desired level of quality of the credits it purchases is achieved?**

Multiple answers possible; if no opinion please skip

- Establish its own standards and methodologies
- Recognise existing standards and methodologies
-

Recognise existing standards and methodologies with additional project-based checks

- Recognise existing standards and methodologies with potential additional further quality criteria or conditions
- Establish whitelist(s) of acceptable types of credits/methodologies
- Establish blacklist(s) of unacceptable types of credits/methodologies
- Accredite its own validation and verification bodies
- Recognise existing validation and verification bodies accreditation schemes
- Other comments or suggestions:

Please specify:

*150 character(s) maximum*

Establish EU centralized criteria for units, activity types, methodologies and projects that go beyond existing practice in the PACM, VCM and CRCF

## Contact

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