

Press Release No. 59/2010

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Balancing emissions – protecting the climate

Federal Environment Agency publishes two studies on voluntary carbon offsetting

Climate protection is mainly about avoiding emissions at home, but a system of voluntary carbon offsetting through projects abroad makes it possible to do even more to protect the climate. However, who the providers and users of offsetting services in Germany are and which emission certificates are used remains largely unknown. Two recent studies done on behalf of the German Emissions Trading Authority (DEHSt) at the Federal Environment Agency provide insight to the market and quality criteria as well as the general framework of the forest projects so popular on the compensatory market.

Survey-based market analysis

According to *Analysis of the German market for voluntary carbon offsetting* by adelphi research gGmbH and sustainable AG, the inclination in Germany to offer private compensation of greenhouse gas emissions is currently low. Adelphi estimates trade volume to be about 1.1 - 2 million tonnes of carbon dioxide equivalents per year, a very low volume in international comparison.

It is mostly businesses that offset their greenhouse gas emissions and promote the fact by offsetting the carbon footprint of business trips or offering carbon-neutral events. They invest in climate protection projects worth the amount of their greenhouse gas emissions, which help to save an equivalent amount of emissions elsewhere. Surprisingly, German investors are less interested in project type or country when selecting a project than in the quality of the project – especially the transparency of emissions avoidance. The so-called Gold Standard for projects is most commonly sought. The majority of the study participants also favours a binding standard at the international level.

One of the study's focus points is a comparison of voluntary market projects and projects in the Kyoto Protocol Clean Development Mechanism (CDM), which are monitored according to international standards. Overall, Adelphi assesses the market as having a high degree of flexibility, in which small and innovative projects also have their place and thus justify the market's existence.

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Assessment of forest projects

Voluntary offsetting through afforestation projects is the most popular form in Germany, enjoying a market share of 27 percent. These and other forest projects are the focus of the study done by Unique forestry consultants GmbH. The *Analysis and evaluation of forest carbon projects and respective certification standards for the voluntary offset of greenhouse gas emissions* study takes a look at quality standards and how they are applied in typical projects. In essence, the practice of offsetting through forest projects must be viewed critically for calculation and monitoring of forests' natural climate protection effect is very complex, and permanent sequestration of carbon dioxide in trees is jeopardised by forest fires or illegal logging. The projects are well designed to produce positive side-effects well beyond that of avoiding carbon emissions; for example, to preserve biodiversity or to protect soil and waters.

Both studies on voluntary carbon offsetting have been published in the Climate Change series and are available for download from the UBA website at www.uba.de/uba-info-medien-e/3965.html (Adelphi) and www.uba.de/uba-info-medien-e/3966.html (Unique forestry consultants). The DEHSt homepage (www.dehst.de) features the "Publications" menu item as well as a guide developed by DEHSt on selection of voluntary climate protection compensation projects and a corresponding Fact Sheet.

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