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19.07.07 Interview: Developing countries should get carbon credits for green policies

Developing countries should be awarded carbon credits for domestic policies that reduce greenhouse gas emissions, according to a director at the Oxford Institute for Energy Studies, a UK think tank.

Under current rules, carbon credits are only generated from project-based emission reduction activities through the clean development mechanism (CDM).

However, Benito Müller, director for energy and environment at Oxford Institute for Energy Studies, reckons that developing countries should get carbon credits for policies such as carbon taxes, support for expanding public transport or improving building standards.

This, Müller says, would help developed nations fulfil their obligations under UN Framework Convention on Climate Change to finance developing countries' efforts to limit their greenhouse gas emissions.

"The question I asked myself was how we could help foster these large-scale measures," Müller said.

Müller reckons that developed countries could finance emission reduction policies by guaranteeing a minimum price for certified emission reduction through issuing put-options.

He says that this would give developing countries a tool to limit the carbon credit price risk, without diminishing the incentives to generate real emission reductions on a significant scale.

"Let's use an enhanced policy or sectoral version of this mechanism (CDM), which by now has been embraced by most developing countries," Müller said.

Müller came up with his concept for addressing poor countries' emissions after developing nations dismissed the so-called "Russian proposal," which recommended poor countries take on voluntary commitments in an effort to curb their rapid growth in emissions.

The Russian proposal was first floated at the UN climate change summit in Montreal in 2005, and is an attempt to address the growth in emissions in countries such as Brazil, China and India through non-binding targets.

Under the Kyoto Protocol, industrialised nations have pledged to reduce emissions by around 5 per cent under 1990 levels from 2008 through 2012, while developing countries don't have emissions limits.

Developing nations in May dismissed the Russian proposal, due to suspicion that it may eventually lead to mandatory targets under any successor to Kyoto, after the first compliance period ends in 2012.

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