EU/Iceland agreement: Iceland's participation in the second commitment period of the Kyoto Protocol to the United Nations Framework Convention on Climate Change

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PURPOSE: conclude an agreement between the European Union and its Member States and Iceland concerning Iceland's participation in the second commitment period of the Kyoto Protocol to the United Nations Framework Convention on Climate Change

PROPOSED ACT: Council Decision.

ROLE OF THE EUROPEAN PARLIAMENT: Council may adopt the act only if Parliament has given its consent to the act.

BACKGROUND: the Kyoto Protocol to the United Nations Framework Convention on Climate Change entered into force on 16 February 2005 and contains legally binding emission reduction commitments for its **first commitment period, from 2008 to 2012**, for Parties listed in its Annex B. The Union and the Member States ratified the Protocol on 31 May 2002, and agreed to fulfil its commitments under the first commitment period jointly.

Iceland ratified the Protocol on 23 May 2002.

At the Doha Climate Conference in December 2012, all Parties to the Protocol agreed on the Doha Amendment which establishes a second commitment period of the Protocol (**starting on 1 January 2013 and ending on 31 December 2020**). The Doha Amendment amends Annex B of the Protocol, setting out **further legally-binding mitigation commitments** for Parties listed in that Annex for the second commitment period, and amending and further elaborates provisions on the implementation of Parties' commitments during the second commitment period.

The Union, the Member States and Iceland also issued a joint declaration upon the adoption of the Doha Amendment, **expressing their intention to fulfil their commitments in the second commitment period jointly**. The declaration was agreed in December 2012.

The agreement concerning Iceland's participation in the joint fulfilment of commitments by the Union, the Member States and Iceland in the second commitment period of the Kyoto Protocol should now be formally concluded on behalf of the European Union.

CONTENT: the Council is called upon to conclude the agreement concerning Iceland's participation in the joint fulfilment of commitments by the European Union, its Member States and Iceland in the second commitment period of the Kyoto Protocol is hereby concluded on behalf of the Union.

Purpose of the agreement: the agreement with Iceland sets out the terms governing Iceland's participation in the joint fulfilment of commitments by the Union, its Member States and Iceland.

It does not establish any obligations for the Union or its Member States.

Iceland's participation in the joint fulfilment: Iceland's participates in the joint fulfilment on the same basis as that of the Member States. Iceland's emission level, identical to its assigned amount, will relate to Iceland's emissions from gases and sectors covered under the Kyoto Protocol's second commitment period but that are not covered under the EU's greenhouse gas emissions trading system (Directive 2003/87/EC7).

Application of relevant EU legislation to Iceland: as Parties to the Kyoto Protocol, the Union and the Member States are subject to a number of monitoring, reporting and verification requirements under the Kyoto Protocol. For Parties that have agreed to fulfil their commitments jointly, some of this information needs to be submitted jointly. As a consequence, the Commission will require information from Iceland to enable the Union to fulfil its reporting commitments.

Moreover, Iceland will need to participate in the registry system of the Union and its Member States that are relevant for the fulfilment of obligations under the Kyoto Protocol. **This requires Iceland to apply Union legislation that is not applicable to third countries** (including the Parties to the European Economic Area), especially in relation to the monitoring, reporting and verification of emissions as well as with regard to the operation of a registry and the accounting for transactions related to the implementation of commitments of the Union, its Member States and Iceland in the second commitment period of the Kyoto Protocol in line with the terms of joint fulfilment and the internationally agreed rules.

The agreement contains a list of Union legislation that shall be binding upon Iceland. It also provides for a procedure to amend this list, to ensure that Iceland's participation in the joint fulfilment and follows the same rules and responsibilities as that of Member States, in line with internationally agreed requirements.

The agreement also provides for the establishment of a Joint Fulfilment Committee, which ensures the effective implementation and operation of the agreement.

Duration and termination of the agreement with Iceland: the draft agreement with Iceland is concluded for a limited time period, until all matters related to the implementation of the second commitment period will have been completed.

In case of a breach by Iceland, or objection by Iceland to amend the list of legal acts with application in Iceland according to this agreement, Iceland will be individually responsible to account for all of its greenhouse gas emissions covered by the Kyoto Protocol, including those under the scope of the EU's greenhouse gas emissions trading system.

Ratification: pursuing the rapid entry into force of the Doha Amendment, before the United Nations climate conference in Paris at the end of 2015, which is to adopt a new legally binding instrument for the period after 2020, the Member States and Iceland will seek to ratify both the Doha Amendment and the agreement concerning Iceland's participation in the joint fulfilment of commitments by the Union, the Member States and Iceland in the second commitment period of the Kyoto Protocol **not later than February 2015**.