

# EU to ban China, India carbon credits trade

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The Kyoto Protocol's Clean Development Mechanism, an international tool in the fight to tame global warming, gives firms from industrialised countries incentives to invest in greenhouse gas reduction projects in developing countries, traditionally huge polluters.

In return, these investments generate rights to emit gases which are said to trade at 78 times the cost of destroying by-product gases, but the

European Union will remove them from its [Emissions Trading](#) System registries as of May 1, 2013, the European Commission said Friday.

The ban requires the European Parliament's assent over the next three months.

"These projects raise concerns relating to their environmental integrity, value-for-money and geographical distribution," said the EU's climate action commissioner, Connie Hedegaard.

"Our aim is not to reduce the number of credits available but to ensure the international carbon market is based on a better quality and distribution of credits."

The ban will affect credits granted for destroying HFC-23 (a by-product of HFC-22) and N<sub>2</sub>O (nitrous oxide) gases, powerful [greenhouse gases](#) which contribute to [climate change](#).

The commission partly wants to divert such investments to the world's least developed countries.

The EU executive said that "just 23 such industrial gas projects account for two-thirds of all the credits generated" through the CDM programme, leading to consistent accusations of major systemic abuse by powerful energy and industrial companies.

The vote comes a day after the theft of two million tonnes worth of polluting rights by hackers forced Brussels to close national carbon credits trading registries for at least seven days pending online security reinforcement.

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