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LEGISLATIVE ACTS AND OTHER INSTRUMENTS

Subject: Agreement between the European Union and its Member States, of the one part, and Iceland, of the other part, concerning Iceland's participation in the joint fulfilment of the commitments of the European Union, its Member States and Iceland for the second commitment period of the Kyoto Protocol to the United Nations Framework Convention on Climate Change

AGREEMENT
BETWEEN THE EUROPEAN UNION
AND ITS MEMBER STATES, OF THE ONE PART,
AND ICELAND, OF THE OTHER PART,
CONCERNING ICELAND'S PARTICIPATION
IN THE JOINT FULFILMENT OF THE COMMITMENTS
OF THE EUROPEAN UNION, ITS MEMBER STATES AND ICELAND
FOR THE SECOND COMMITMENT PERIOD OF THE KYOTO PROTOCOL
TO THE UNITED NATIONS FRAMEWORK CONVENTION
ON CLIMATE CHANGE

THE EUROPEAN UNION

(hereafter also referred to as the "Union"),

THE KINGDOM OF BELGIUM,

THE REPUBLIC OF BULGARIA,

THE CZECH REPUBLIC,

THE KINGDOM OF DENMARK,

THE FEDERAL REPUBLIC OF GERMANY,

THE REPUBLIC OF ESTONIA,

IRELAND,

THE HELLENIC REPUBLIC,

THE KINGDOM OF SPAIN,

THE FRENCH REPUBLIC,

THE REPUBLIC OF CROATIA,

THE ITALIAN REPUBLIC,

THE REPUBLIC OF CYPRUS,

THE REPUBLIC OF LATVIA,

THE REPUBLIC OF LITHUANIA,

THE GRAND DUCHY OF LUXEMBOURG,

HUNGARY,

THE REPUBLIC OF MALTA,

THE KINGDOM OF THE NETHERLANDS,

THE REPUBLIC OF AUSTRIA,

THE REPUBLIC OF POLAND,

THE PORTUGUESE REPUBLIC,

ROMANIA,

THE REPUBLIC OF SLOVENIA,

THE SLOVAK REPUBLIC,

THE REPUBLIC OF FINLAND,

THE KINGDOM OF SWEDEN,

THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

of the one part

and ICELAND

of the other part

(hereinafter referred to as "the Parties"),

RECALLING THAT:

The joint statement issued in Doha on 8 December 2012 states that the quantified emission limitation and reduction commitments for the Union, its Member States, Croatia and Iceland for the second commitment period under the Kyoto Protocol are based on the understanding that those commitments will be fulfilled jointly in accordance with Article 4 of the Kyoto Protocol, that Article 3, paragraph 7 ter, of the Kyoto Protocol will be applied to the joint assigned amount pursuant to the agreement on joint fulfilment by the European Union, its Member States, Croatia and Iceland, and that it will not be applied to Member States, Croatia or Iceland individually,

In that statement the Union, its Member States and Iceland stated that they will deposit instruments of acceptance at the same time, as was the case for the Kyoto Protocol itself, to ensure its simultaneous entry into force for the Union, its 27 Member States, Croatia and Iceland;

Iceland is participating in the Climate Change Committee of the European Union, established in accordance with Article 26 of Regulation (EU) No 525/2013, as well as in the Working Group I under the Climate Change Committee,

HAVE DECIDED TO CONCLUDE THIS AGREEMENT:

ARTICLE 1

Objective of the Agreement

The objective of this Agreement is to establish the terms governing Iceland's participation in the joint fulfilment of the commitments of the European Union, its Member States and Iceland for the second commitment period of the Kyoto Protocol, and to enable an effective implementation of this participation, including Iceland's contribution to the Union's fulfilment of its reporting requirements for the second commitment period of the Kyoto Protocol.

ARTICLE 2

Definitions

For the purposes of this Agreement the following definitions apply:

- (a) "Kyoto Protocol" means the Kyoto Protocol to the United Nations Framework Convention on Climate Change (UNFCCC), as amended by the Doha Amendment to that Protocol, agreed on 8 December 2012 in Doha;
- (b) "Doha Amendment" means the Doha Amendment to the Kyoto Protocol to the UNFCCC, agreed on 8 December 2012 in Doha, establishing the second commitment period of the Kyoto Protocol from 1 January 2013 until 31 December 2020;
- (c) "Terms of the joint fulfilment" means the terms set out in Annex 2 to this Agreement;
- (d) "the ETS Directive" means Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community, as amended.

ARTICLE 3

Joint Fulfilment

1. The Parties agree to fulfil their quantified emission limitation and reduction commitments for the second commitment period inscribed in the third column of Annex B to the Kyoto Protocol jointly, in accordance with the terms of the joint fulfilment.
2. To that end, Iceland shall take all necessary measures in order to ensure that its aggregate anthropogenic carbon dioxide equivalent emissions in the second commitment period of the greenhouse gases listed in Annex A to the Kyoto Protocol from sources and sinks covered by the Kyoto Protocol, which do not fall under the scope of the ETS Directive, do not exceed its assigned amount set out in the terms of the joint fulfilment.
3. Without prejudice to Article 8 of this Agreement, Iceland shall, at the end of the second commitment period, and in accordance with Decision 1/CMP.8 and other relevant decisions of the UNFCCC or Kyoto Protocol bodies, and the terms of the joint fulfilment, retire from its national registry AAUs, CERs, ERUs, RMUs, tCERs or ICERs equivalent to the greenhouse gas emissions from sources and removals by sinks covered by its assigned amount.

ARTICLE 4

Application of relevant Union legislation

1. The legal acts listed in Annex 1 of this Agreement shall be binding upon Iceland and rendered applicable in Iceland. Whenever the legal acts included in that Annex contain references to the Member States of the Union, the references shall, for the purposes of this Agreement, also be understood as being references to Iceland.
2. Annex 1 of this Agreement may be amended by a Decision of the Joint Fulfilment Committee established by Article 6 of this Agreement.
3. The Joint Fulfilment Committee may decide on further technical modalities on the application to Iceland of the legal acts listed in Annex 1 of this Agreement.
4. In the case of amendments to Annex 1 of this Agreement that require changes in primary legislation in Iceland, the entry into force of such amendments shall take into account the time that is required for the adoption of such changes by Iceland and the need to ensure compliance with the requirements of the Kyoto Protocol and decisions.
5. It is of particular importance that the Commission follow its usual practice and carry out consultations with experts, including experts from Iceland, before adopting delegated acts included or to be included in Annex 1 of this Agreement.

ARTICLE 5

Reporting

1. Iceland shall, by 15 April 2015, submit to the Secretariat of the UNFCCC a report to facilitate the calculation of its assigned amount, in accordance with this Agreement, the requirements of the Kyoto Protocol, the Doha Amendment and decisions adopted thereunder.
2. The Union shall prepare a report to facilitate the calculation of the assigned amount of the Union and a report to facilitate the calculation of the joint assigned amount of the Union, its Member States and Iceland ("the joint assigned amount"), in accordance with this Agreement, the requirements of the Kyoto Protocol, the Doha Amendment and decisions adopted thereunder. The Union shall submit these reports to the Secretariat of the UNFCCC by 15 April 2015.

ARTICLE 6

Joint Fulfilment Committee

1. A Joint Fulfilment Committee, consisting of representatives of the Parties, is hereby established.
2. The Joint Fulfilment Committee shall ensure the effective implementation and operation of this Agreement. To that end, it shall take the decisions provided for in Article 4 of this Agreement and carry out exchanges of views and information related to the implementation of the terms of the joint fulfilment. The Joint Fulfilment Committee shall take all decisions by consensus.

3. The Joint Fulfilment Committee shall meet at the request of one or more Parties, or on the initiative of the Union. That request shall be addressed to the Union.

4. The members of the Joint Fulfilment Committee representing the Union and its Member States shall initially be the representatives of the Commission and of the Member States also participating in the Climate Change Committee of the European Union, which was established in accordance with Article 26 of Regulation (EU) No 525/2013 of the European Parliament and of the Council¹. Iceland's representative shall be appointed by its Ministry for the Environment and Natural Resources. The meetings of the Joint Fulfilment Committee shall be arranged, whenever possible, adjacent to those of the Climate Change Committee.

5. The Joint Fulfilment Committee shall adopt its rules of procedure by consensus.

ARTICLE 7

Reservations

No reservations may be made to this Agreement.

¹ Regulation (EU) No 525/2013 of the European Parliament and of the Council of 21 May 2013 on a mechanism for monitoring and reporting greenhouse gas emissions and for reporting other information at national and Union level relevant to climate change and repealing Decision No 280/2004/EC (OJEU L 165, 18.06.2013, p.13).

ARTICLE 8

Duration and compliance

1. This Agreement is concluded for the time period until the end of the additional period for fulfilling commitments in the second commitment period of the Kyoto Protocol or until any questions of implementation under the Kyoto Protocol for any of the Parties, related to that commitment period or the implementation of the joint fulfilment, are resolved, whichever is the later. This Agreement cannot be terminated before then.
2. Iceland shall notify the Joint Fulfilment Committee of any failure or impending failure to apply the provisions of this Agreement. Any such failure must be justified to the satisfaction of its members within 30 days of its notification. Otherwise, the failure to apply the provisions of this Agreement constitutes a breach of this Agreement.
3. In case of a breach of this Agreement or an objection by Iceland to amend its Annex 1 in accordance with Article 4, paragraph 2, Iceland shall account for the aggregate anthropogenic carbon dioxide equivalent emissions from sources and removals by sinks in Iceland covered by the Kyoto Protocol in the second commitment period, including emissions from sources covered by the European Union scheme for greenhouse gas emission allowance trading, against its quantified emission reduction objective included in the third column of Annex B of the Kyoto Protocol and, at the end of the second commitment period, retire from its national registry AAUs, CERs, ERUs, RMUs, tCERs or ICERs equivalent to those emissions.

ARTICLE 9

Depositary

This Agreement, drawn up in duplicate in the Bulgarian, Croatian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovenian, Spanish, Swedish and Icelandic languages, each text being equally authentic, shall be deposited with the Secretary-General of the Council of the European Union.

ARTICLE 10

Deposit of ratification instruments

1. This Agreement shall be ratified by the Parties in accordance with their respective national requirements. Each party shall deposit its instrument of ratification with the Secretary-General of the Council of the European Union, either before or simultaneously with the depositing of its instrument of acceptance of the Doha Amendment with the Secretary-General of the United Nations.
2. Iceland shall deposit its instrument of acceptance of the Doha Amendment with the Secretary-General of the United Nations in accordance with article 20(4) and Article 21(7) of the Kyoto Protocol at the latest on the date of the depositing of the last instrument of acceptance by the Union or its Member States.

3. When depositing its instrument of acceptance of the Doha Amendment, Iceland shall also notify the terms of the joint fulfilment, on its own behalf, to the Secretariat of the United Nations Framework Convention on Climate Change in accordance with Article 4, paragraph 2, of the Kyoto Protocol.

ARTICLE 11

Entry into force

This Agreement shall enter into force on the ninetieth day after the date on which all Parties have deposited their instrument of ratification.

Done at ..., this ... day of ...in the year

IN WITNESS THEREOF, the undersigned Plenipotentiaries, duly empowered to this effect, have signed this Agreement.

FOR THE EUROPEAN UNION

FOR THE KINGDOM OF BELGIUM,

FOR THE REPUBLIC OF BULGARIA,

FOR THE CZECH REPUBLIC,

FOR THE KINGDOM OF DENMARK,

FOR THE FEDERAL REPUBLIC OF GERMANY,

FOR THE REPUBLIC OF ESTONIA,

FOR IRELAND,

FOR THE HELLENIC REPUBLIC,

FOR THE KINGDOM OF SPAIN,

FOR THE FRENCH REPUBLIC,

FOR THE REPUBLIC OF CROATIA,

FOR THE ITALIAN REPUBLIC,

FOR THE REPUBLIC OF CYPRUS,

FOR THE REPUBLIC OF LATVIA,

FOR THE REPUBLIC OF LITHUANIA,

FOR THE GRAND DUCHY OF LUXEMBOURG,

FOR HUNGARY,

FOR THE REPUBLIC OF MALTA,

FOR THE KINGDOM OF THE NETHERLANDS,

FOR THE REPUBLIC OF AUSTRIA,

FOR THE REPUBLIC OF POLAND,

FOR THE PORTUGUESE REPUBLIC,

FOR ROMANIA,

FOR THE REPUBLIC OF SLOVENIA,

FOR THE SLOVAK REPUBLIC,

FOR THE REPUBLIC OF FINLAND,

FOR THE KINGDOM OF SWEDEN,

FOR THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

FOR ICELAND

(List provided for in Article 4)

1. Regulation (EU) No 525/2013 of the European Parliament and of the Council of 21 May 2013 on a mechanism for monitoring and reporting greenhouse gas emissions and for reporting other information at national and Union level relevant to climate change and repealing Decision No 280/2004/EC (referred to as "Regulation 525/2013"), except for its Articles 4, 7 lit. f, 15 to 20 and 22. The provisions of Article 21 apply as relevant.

2. Current and future delegated and implementing acts based on Regulation (EU) No 525/2013.

NOTIFICATION OF THE TERMS OF THE AGREEMENT
TO FULFIL JOINTLY THE COMMITMENTS
OF THE EUROPEAN UNION, ITS MEMBER STATES AND ICELAND
UNDER ARTICLE 3 OF THE KYOTO PROTOCOL
FOR THE SECOND COMMITMENT PERIOD OF THE KYOTO PROTOCOL,
AS ADOPTED BY THE CONFERENCE OF THE PARTIES
TO THE UNITED NATIONS FRAMEWORK CONVENTION
ON CLIMATE CHANGE SERVING AS THE MEETING OF THE PARTIES
TO THE KYOTO PROTOCOL IN DOHA, BY DECISION 1/CMP.8,
IN ACCORDANCE WITH ARTICLE 4 OF THE KYOTO PROTOCOL

1. Members of the agreement

The European Union, its Member States and the Republic of Iceland, each being Parties to the Kyoto Protocol, are the members of this agreement ("the members"). The following are at present Member States of the European Union:

the Kingdom of Belgium, the Republic of Bulgaria, the Czech Republic, the Kingdom of Denmark, the Federal Republic of Germany, the Republic of Estonia, Ireland, the Hellenic Republic, the Kingdom of Spain, the French Republic, the Republic of Croatia, the Italian Republic, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Grand Duchy of Luxembourg, Hungary, the Republic of Malta, the Kingdom of the Netherlands, the Republic of Austria, the Republic of Poland, the Portuguese Republic, Romania, the Republic of Slovenia, the Slovak Republic, the Republic of Finland, the Kingdom of Sweden, and the United Kingdom of Great Britain and Northern Ireland.

Iceland is a member of this agreement pursuant to the Agreement between the European Union and its Member States and Iceland concerning Iceland's participation in the joint fulfilment of the commitments of the European Union, its Member States and Iceland for the second commitment period of the Kyoto Protocol to the United Nations Framework Convention on Climate Change.

2. Joint fulfilment of the commitments under Article 3 of the Kyoto Protocol for the second commitment period of the Kyoto Protocol

In accordance with Article 4(1) of the Kyoto Protocol, the members will fulfil their commitments under Article 3 thereof as follows:

- the members will ensure that, in accordance with Article 4(5) and (6) of the Kyoto Protocol, in the Member States and Iceland the combined sum of the aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A to the Kyoto Protocol does not exceed their joint assigned amount;
- the application of Article 3(1) of the Kyoto Protocol to greenhouse gas emissions from aviation and shipping for the Member States and Iceland is based on the Convention's approach of only including emissions from domestic flights and domestic shipping in Parties' targets. The European Union approach under the second commitment of the Kyoto Protocol will remain the same as that of the first commitment period, given the lack of progress since Decision 2/CP.3 in attributing those emissions to Parties' targets. This is without prejudice to the stringency of the European Union's commitments under the climate and energy package, which remain unchanged. It is also without prejudice to the need to take measures concerning emissions of such gases from aviation and marine bunker fuels;

- each member may increase its ambition level by transferring assigned amount units, emission reduction units or certified emission reduction units to a cancellation account established in its national registry. The members will jointly submit the information required by paragraph 9 of Decision 1/CMP.8, and will jointly make any proposals for the purpose of Article 3(1ter) and (1quater) of the Kyoto Protocol;
- the members will continue to apply Article 3(3) and (4) of the Kyoto Protocol and decisions agreed thereunder individually;
- the combined base year emissions of the members will equal the sum of emissions in the respective base years applicable to each Member State and Iceland;
- if land use, land-use change and forestry constituted a net source of greenhouse gas emissions in 1990 for any Member State or Iceland, the relevant member shall, pursuant to Article 3(7bis) of the Kyoto Protocol, include in its emissions base year or period the aggregate anthropogenic carbon dioxide equivalent emissions by sources minus removals by sinks in the base year or period from land use, land-use change and forestry for the purpose of calculating the joint assigned amount of the members determined in accordance with Article 3 (7bis), (8) and (8bis) of the Kyoto Protocol;
- the calculation pursuant to Article 3(7ter) of the Kyoto Protocol shall apply to the joint assigned amount of the second commitment period for the members determined in accordance with Article 3 (7bis), (8) and (8bis) of the Kyoto Protocol and the sum of the average annual emissions of the members for the first three years of the first commitment period multiplied by eight;

- in accordance with Decision 1/CMP.8, units in a member's Previous Period Surplus Reserve account may be used for retirement during the additional period for fulfilling commitments of the second commitment period, up to the extent by which that member's emissions during the second commitment period exceed its respective assigned amount for that commitment period, as defined in this notification.

3. Respective emission levels allocated to the members to the agreement

The quantified emission limitation and reduction commitments for the members listed in the third column of Annex B to the Kyoto Protocol are 80 %. The joint assigned amount of the members for the second commitment period will be determined pursuant to Article 3(7 bis), (8) and (8 bis) of the Kyoto Protocol, and its calculation will be facilitated by the report submitted by the European Union pursuant to paragraph 2 of Decision 2/CMP.8.

The respective emission levels of the members are as follows:

- The emission level for the European Union is the difference between the joint assigned amount of the members, and the sum of the emission levels of the Member States and Iceland. Its calculation will be facilitated by the report submitted pursuant to paragraph 2 of Decision 2/CMP.8.
- The respective emission levels of the Member States and Iceland in accordance with Article 4(1) and (5) of the Kyoto Protocol are the sum of their respective amounts listed in Table 1 below and any results of the application of the second sentence of Article 3(7bis) of the Kyoto Protocol for that Member State or Iceland.

The assigned amounts of the members shall be equal to their respective emission levels.

The assigned amount of the European Union will be counted against the emissions of greenhouse gases from sources under the European Union Emissions Trading Scheme, in which its Member States and Iceland participate, to the extent that those emissions are covered under the Kyoto Protocol. The respective assigned amounts of the Member States and Iceland cover the greenhouse gas emissions by sources and removals by sinks in each Member State or Iceland from sources and sinks not covered by Directive 2009/29/EC of the European Parliament and of the Council amending Directive 2003/87/EC so as to improve and extend the greenhouse gas emission allowance trading scheme of the Community. This includes all emissions by sources and removals by sinks covered by Article 3(3) and (4) of the Kyoto Protocol as well as all emissions of nitrogen trifluoride (NF₃) under the Kyoto Protocol.

Members of this agreement shall report separately on the emissions by sources and removals by sinks covered by their respective assigned amounts.

Table 1:
Emission levels of the Member States and Iceland (before application of Article 3(7bis))
in terms of tonnes of carbon dioxide equivalent for the second commitment period
of the Kyoto Protocol

Belgium	584 228 513
Bulgaria	222 945 983
Czech Republic	520 515 203
Denmark	269 321 526
Germany	3 592 699 888
Estonia	51 056 976
Ireland	343 467 221
Greece	480 791 166
Spain	1 766 877 232
France	3 014 714 832
Croatia	162 271 086
Italy	2 410 291 421
Cyprus	47 450 128
Latvia	76 633 439
Lithuania	113 600 821
Luxembourg	70 736 832
Hungary	434 486 280
Malta	9 299 769
Netherlands	919 963 374
Austria	405 712 317
Poland	1 583 938 824
Portugal	402 210 711
Romania	656 059 490
Slovenia	99 425 782
Slovakia	202 268 939
Finland	240 544 599
Sweden	315 554 578
United Kingdom	2 743 362 625
Iceland	15 327 217