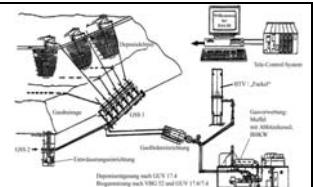


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In all probability, the allocation mechanism (assignment of certificates) for the emission trade will be fixed in autumn of this year.

Emission trade – it's not a closed book!

In 1997, after a long period of negotiation, the foundations for worldwide climate protection were laid with the passing of the Kyoto protocol. The target of this agreement is the global reduction of greenhouse gas emissions.

In order to meet the reduction liabilities, emission authorizations may be traded as certificates between Annex B-states. In addition, further emission certificates may be generated abroad by means of project-related measures. In this respect, a distinction is made between "Joint Implementation" (JI) and "Clean Development Mechanism" (CDM). JI includes investment in an emission reduction project in another Annex B-state. We are talking about CDM when this project is carried out in a Non-Annex B-state.

The Kyoto protocol only governs the emission trade between states.

The EU emission trade starts in 2006, participation is obligatory to all companies concerned. At first, it only refers to carbon dioxide. In all probability, other greenhouse gases will be included from 2008 onwards.

On April 30th of each year, the required emission certificates are collected for the carbon dioxide quantity actually emitted during the preceding year. In the case of a company having insufficient certificates at that moment, it is charged with a fine of 40 € per ton of carbon dioxide. From 2008 onwards, this fine rises to 100 € per ton carbon dioxide. However, the payment of these fines is coupled with the subsequent purchase of the missing emission certificates in the market.

Sitz: Kiel

Amtsgericht Kiel HRB 5879

Geschäftsführer: Wolfgang H. Stachowitz

USt-IdNr.: DE218812158

Freistellungsbescheinigung zum Steuerabzug bei Bauleistungen gem. § 48b Abs. 1 Satz 1 des EStG unter der Nr. 08600163

The way of integrating JI and CDM measures into the EU emission trade is not completely clarified at present. It is likely that these instruments may also be applied in the emission trade from 2008 onwards.

On the road to success with the right strategy in the trade of emissions

The strategic positioning of the companies concerned on the emission market developing in future firstly depends on whether the company is on the buying or on the selling side and on the absolute carbon dioxide shortage or excess quantity actually collecting.

Time presses. At the beginning of July, the EU Parliament passed a directive regarding the Europe-wide emission trade. According to the latter, the pilot phase starts on January 1st 2005. The member states, however, must have already presented their so-called National Allocation Plans by March 31st of next year. These plans stipulate exactly, how the German emission "cake" is divided: Which industrial sector receives which slice of the cake? How many certificates does every plant operator receive? According to which criteria are they distributed? What happens to new plants? How are closures treated? In which way are efficiency improvements, which were implemented in advance, to be assessed? And many things more.

The schedule for the European Union

2003 Development and coordination of the National Allocation Plans

From the

31.12.2003 Implementation of the directives within the EU of the 15 and of the 25 member states; guidelines with regard to allocation regulations and criteria

to the

31.03.2004 Publication of the National Allocation Plan

01.01.2005 Commencement of the pilot phase of the emission trade for carbon dioxide (CO₂)

01.01.2008 Commencement of the first five-years trading period in accordance with the Kyoto protocol (until 2012)

The motivation for this action is the idea that, elsewhere, carbon dioxide savings are cheaper.

At least the following questions arise with it: Thanks to the emission authorizations, has it become very easy all of a sudden to invest profitably in power plants abroad?

CO2 Trade in the UK:

The first 1000 tons of carbon dioxide were sold in April 2002. British Petroleum (BP) sold emission certificates to a porcelain factory in Cornwall at 5 pound sterling per ton. Since then, the trade in CO₂ certificates has progressed well in Great Britain and, for the first time, it involves the whole economy, as proudly announced by the British government.

When all the entrepreneurs then entered the market, the rate dropped off rapidly and now lies at £ 2.30 for a ton of CO₂.

CO2 Trade on methane reductions in Germany:

Actual prices: 3 – 6 € per ton CO₂ – equivalents with an equivalent global warming potential (GWP).

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