

Any transfers of ERUs resulting from JI activity that are verified under this verification procedure are not subject to the commitment period reserve requirements (see section 2.3.4).

2.5 Sinks and JI

The decision on JI affirms that projects under Article 6 aimed at enhancing anthropogenic removals by sinks shall conform to the definitions, accounting rules, modalities and guidelines of Articles 3.3 and 3.4 of the Kyoto Protocol. In other words, all sinks activities as defined in the decision text on Land Use, Land Use Change and Forestry (LULUCF)⁹, namely afforestation, reforestation and/or deforestation, revegetation, cropland management, grazing land management and forest management are all eligible sinks activities for Joint Implementation projects. With the exception of forest management, there are no quantitative limitations to any of these sinks projects. Forest management credits, including both ERUs issued for projects under JI and RMUs issued for domestic activities under Article 3.4 of the Kyoto Protocol, are limited by a cap on forest management activities for that Party set out in the appendix to Decision 11/CP.7 (for Canada, the cap is 44 Mt CO₂/year).

2.6 Capacity-Building for Countries with Economies in Transition

The Marrakech Accords recognizes that In order to facilitate participation in JI, there is a need to build capacity within the economies in transition in several areas. These include education, training and public awareness, emissions trading, establishing a national system for estimation of GHG inventories as well as modalities for accounting relating to targets, timetables and national registries and reporting obligations.

3. International Emissions Trading (Article 17 of the Kyoto Protocol)

International Emissions Trading (IET) is a mechanism under the Kyoto Protocol that allows Parties to engage in international trading of assigned amount units (AAUs), credits from CDM and JI (CERs and ERUs), and credits from removals by domestic sinks (RMUs). Given the abatement cost differentials among the Annex I Parties and the availability of surplus credits in some countries, IET can result in cost effective emissions reductions. Furthermore, under the authority of individual Parties, entities will be able to participate in international emissions trading.

3.1 Components of Assigned Amount

Under the Kyoto Protocol and the decisions reached at COP 6 bis and COP 7, there are four types of emission reduction units that make up the Assigned Amount:

AAU: Assigned Amount Unit

- serialised units of the assigned amount from a Party's initial allocation.

⁹ Report on COP 7 Addendum 1, FCCC/CP/2001/13 Add.1. *Appendix to the Decision 11/CP.7*. Paragraphs 1(a) to (h) page 56. January 21, 2002.