

# Uncertainty Around Article 6 of Paris Agreements Holds Back New Carbon Projects

Media Mentions

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Bracewell's **Jeff Holmstead** shared with *S&P Global Platts* that of three main unresolved issues that will be discussed at the 26th annual Conference of Parties, the second and third issues stem from the same question: "Should carbon credits be used simply to reach emission reduction targets at the lowest cost, or should it be used for other purposes — such as redistributing wealth across countries or attempting to go beyond the actual targets?"

Article 6 of the Paris Agreement on climate change will determine whether countries can use voluntary carbon markets to reach their net-zero emissions goals. The concerns emerging around the implementation of Article 6 revolve around three primary issues:

- United Nations Clean Development Mechanism (CDM) and its projects
- Share of Proceeds (SOP) issues
- Carbon credits being canceled any time a bundle of credits is purchased

"If we allow developing countries to benefit from a share of the proceeds coming from trading activities, or to keep some of the emission reduction credits purchased by buyers, we would help developing countries to reduce the cost of their mitigation efforts," said Holmstead. "But this would have an impact on voluntary carbon markets and on the environment because carbon finance will become less efficient and more expensive."

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