

**Possible Elements of Market-based Mechanisms:
A Summary of Views from Parties on the Elaboration of Market-based
Mechanisms under Post-2012 Regime**

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The Conference of Parties, by its decision 1/CP.16, paragraph 82, invited Parties to submit to the secretariat, by 21 February 2011, their views on matters relating to the establishment of one or more market-based mechanisms to enhance the cost-effectiveness of, and to promote, mitigation actions.

This paper provides a summary of views from Parties on the elaboration of market-based mechanisms under Post-2012 regime shown in FCCC/AWGLCA/2011/MISC.2. The views are summarized in accordance with the following categories: principle, institution/regulatory body, MRV methodology, relationship with existing mechanisms (CDM, JI, and international emissions trading), and others.

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#	1
Party	Australia
Principle	<ul style="list-style-type: none"> • Legally-binding post-2012 treaty for all major emitters. • An approach so called "common framework" which would accommodate a broad range of market mechanisms and allow Parties to individually or jointly submit detailed design proposals of market-based mechanisms.
Institution/Regulatory body	<ul style="list-style-type: none"> • Mechanisms to be established whether under Protocol or Convention.
MRV methodology	<ul style="list-style-type: none"> • Measurement reporting and verification, including international assessment and review, consultation and analysis as well as accounting standards.
Relationship with existing mechanisms (CDM, JI, IET)	<ul style="list-style-type: none"> • Continuation and reform of international emissions trading, CDM and JI.
Others	<ul style="list-style-type: none"> • Progress would be best achieved through workshops prior to formal negotiations.

#	2
Party	Bangladesh
Principle	<ul style="list-style-type: none"> • A direct public intervention (such as mandatory standards of energy efficiency) supplemented by appropriately regulated market is possibly the best way to lower GHG emission and the extent of the combination of such measures and in what time sequence can lower the cost of mitigation may need to be decided on a country by country basis. • GHG emission reductions through market based mechanisms up to maximum 20% of national commitments and the remaining 80% has to be reduced domestically.
Institution/Regulatory body	
MRV methodology	
Relationship with existing mechanisms (CDM, JI, IET)	<ul style="list-style-type: none"> • CDM functioning needs to be reformed and expanded by: <ul style="list-style-type: none"> ➤ Beyond project-based CDM and upscale programmatic CDM. ➤ Introducing Policy-based CDM.
Others	<ul style="list-style-type: none"> • The experience of various market-based mechanisms needs to be critically reviewed by a committee under the SBI. • Measures should be taken for capacity building in LDCs and SIDS for them to effectively take part in CDM activities.

#	3
Party	Bolivia (Plurinational State of)
Principle	<ul style="list-style-type: none"> • The issue of new market-based mechanisms is one of the critical elements why Bolivia rejected the draft Decision of Cancun where although Bolivia expressed its clear opposition the final draft decision makes it appeared as if agreement was reached. • Bolivia attains Bari Action Plan and if market mechanisms are found not to be cost-effective, or not to enhance mitigation, then other various approached must be implemented. • NAMAs must be by definition “supported NAMAs” • “Sectoral crediting” or “NAMA crediting” implies locking in the “business as usual” emissions all mitigation under the business as usual baseline in developing countries result in offsets, which is to say, results in permits to keep on emitting for developed countries. • Existing market mechanisms have demonstrated NOT to safeguard environmental integrity. • Bolivia calls for: <ul style="list-style-type: none"> ➤ Elimination of patents on environmentally friendly technology. ➤ Developed countries must reduce their domestic emissions both in aggregate and in per capita levels.
Institution/Regulatory body	
MRV methodology	
Relationship with existing mechanisms (CDM, JI, IET)	
Others	<ul style="list-style-type: none"> • Any kind of carbon markets are unacceptable because they are against the integrity of climate policy, and only worsen the actual climate crisis. • Bolivia proposes opening of studies and discussion on the cost-effectiveness of market mechanisms and future development of Mother Earth's rights.

#	4
Party	China
Principle	<ul style="list-style-type: none"> • The possible market based mechanisms should not be considered in any sense as a means for developing countries to undertake any type of emission reduction commitments. • The precondition is that the developed country Parties that are not Parties to the Protocol undertake internationally legally binding economy-wide emission reduction commitments after 2012 which shall be achieved mainly through domestic efforts.
Institution/Regulatory body	
MRV methodology	
Relationship with existing mechanisms (CDM, JI, IET)	<ul style="list-style-type: none"> • Market mechanisms as complementary role should be project-based and shall not replace those market mechanisms under the Protocol.
Others	<ul style="list-style-type: none"> • All developing country Parties should have equal access to the possible market-based mechanisms to be established, and necessary capacity building activities should be provided to countries including LDCs and African countries.

#	5
Party	Columbia
Principle	<ul style="list-style-type: none"> Market mechanisms with a sectoral and sub-sectoral scope to be referred as “Mechanism for Carbon-Efficient Economies” (MCEE) which would seek to provide incentives to broad segments of developing country economies and aid developed country parties in their efforts to meet part of their mitigation targets, as supplemental mechanisms to their domestic mitigation efforts. Including automatic cancelation of reduction or avoidance certificates of each project activity as the host country’s contribution to the global efforts to mitigate GHG emissions which will be vary depending on the host country’s contribution to global GHG emissions.
Institution/Regulatory body	<ul style="list-style-type: none"> Rules and procedures should be defined under a unique (single) international framework allowing all countries to participate.
MRV methodology	<ul style="list-style-type: none"> The framework should promote a robust MRV system for emissions reductions, avoiding double counting with existing market mechanisms and NAMAs being implemented in developing countries also setting uniform stringency standards to demonstrate environmental integrity.
Relationship with existing mechanisms (CDM, JI, IET)	<ul style="list-style-type: none"> Co-exist with CDM by establishing accounting rules which would ensure that credits generated in a project within a sub-sector or sector would be subtracted from the MCEE project.
Others	<ul style="list-style-type: none"> A significant global demand of certificates from the MCEE from developed country Parties is crucial as well as capacity building efforts in host parties.

#	6
Party	Ecuador
Principle	<ul style="list-style-type: none"> • Voluntary participation of the Parties and supplement NAMAs of the developing countries and stimulating mitigation in the diverse economic sectors. • Emissois Netas Enbitadas (ENE) as a concept which lead to the real mitigation of climate change. • Programmatic and sectoral focus. • The mechanisms are not restricted to specific activity or a sector but any sector of the economy that can decrease emission.
Institution/Regulatory body	
MRV methodology	
Relationship with existing mechanisms (CDM, JI, IET)	<ul style="list-style-type: none"> • Mechanisms and its implementation are built on the base of those existent including the ones under Kyoto Protocol as well as REDD+.
Others	

#	7
Party	Grenada on behalf of the Alliance of Small Island States (AOSIS)
Principle	<ul style="list-style-type: none"> • Any new market-based mechanisms should complement and build upon the existing Kyoto Protocol mechanisms with reflecting: <ul style="list-style-type: none"> ➢ Ambitions, legally-binding emission reduction targets ➢ Stringent baselines for new participants ➢ Industrial gases with high GWP should be addressed through non-market-based mechanisms • Choices for developing countries to participate in international emission trading through economy-wide or sectoral basis. <ul style="list-style-type: none"> ➢ Sectoral trading: proposing absolute target, upfront financing. ➢ Sectoral crediting: without binding targets, baseline and crediting. • While annex I countries have the same eligibility requirements existing under the Kyoto Protocol, the eligibility for non-annex I countries wishing to participate in any new voluntary sectoral trading or sectoral crediting mechanism includes: <ul style="list-style-type: none"> ➢ Presenting target that is significantly below BAU. ➢ Establishing national system for estimation of emissions and removal, regular reporting on emissions, maintenance of registry, and avoiding double counting.
Institution/Regulatory body	
MRV methodology	<ul style="list-style-type: none"> • Transparent, consistent, comparable, complete and accurate inventory and its assessment. • Common reporting formats and methodologies for the calculation of emissions.
Relationship with existing mechanisms (CDM, JI, IET)	<ul style="list-style-type: none"> • Any mechanisms should complement and build upon the existing Kyoto Protocol mechanisms. Thus the existing mechanisms (CDM, JI and IET) retain.
Others	<ul style="list-style-type: none"> • Where developing countries wish to participate in international emission trading themselves, voluntary, on a sectoral or economy-wide basis, this interest should be supported through the international climate change regime.

#	8
Party	Hungary on behalf of the European Union (EU) and its member states
Principle	<ul style="list-style-type: none"> • New market-based mechanisms will: <ul style="list-style-type: none"> ➢ Be supplemental to the domestic action by developed countries which constitute a significant part of their effort. ➢ Take into account the different capabilities of the various developing countries. ➢ Assist developing countries in attracting additional international financing in some targeted broad segments of their economy. • There is a need for developing NAMAs which can both be unilateral and supported through finance, technology and capacity buildings as well as the sale of emission reduction credits on the market if a certain emission reduction threshold below projected emissions is reached.
Institution/Regulatory body	<ul style="list-style-type: none"> • A centralised model in a form of Special Supervisory Board (similar to the CDM Executive Board) or a decentralised model in a form of Report and Review.
MRV methodology	<ul style="list-style-type: none"> • MRV and accounting requirements for new market-based mechanisms have to be coherent with overall framework. Emissions are monitored with sufficient accuracy in all relevant installations in the broad segment of economy ensuring that sector boundaries remain the same over time and minimising the risk of carbon leakage as well as independent verification of data and proposed crediting thresholds is important.
Relationship with existing mechanisms (CDM, JI, IET)	<ul style="list-style-type: none"> • Clear rules regarding the relationship between existing and new market-based mechanisms for the orderly transition between mechanisms. In principle, once a new market-based mechanism is applied, no new CDM registration would be eligible in the same sector in the same country, while existing CDM investments need to be honoured.
Others	<ul style="list-style-type: none"> • Two types of new-market based mechanisms of: <ul style="list-style-type: none"> ➢ Crediting by which baselines will be set and credits will be issued to the amount below them. No penalty will be applied (no-lose target). ➢ Trading by which emissions allowances will be issued in accordance with an ex-ante defined absolute target. • Important capacity building support will also be required.

#	9
Party	Japan
Principle	<ul style="list-style-type: none"> • New market-based mechanisms should allow: <ul style="list-style-type: none"> ➤ Wide spectrum of approaches including project based and sectoral based approaches. ➤ Promoting transfer and dissemination of low carbon technologies, products and services to developing countries. ➤ Being flexible and efficient reflecting specific circumstances of both developed and developing countries with ensuring environmental integrity. • The potential market-based mechanisms can be able to be combined with NAMAs. • The market mechanisms should not preclude any technologies such as nuclear power and carbon capture and storage. • Individual countries are also allowed to design, establish and implement their market mechanisms.
Institution/Regulatory body	
MRV methodology	<ul style="list-style-type: none"> • COP directs basic principles on MRV.
Relationship with existing mechanisms (CDM, JI, IET)	<ul style="list-style-type: none"> • Co-exist with the existing market-based mechanisms.
Others	<ul style="list-style-type: none"> • Developed countries should actively provide capacity building in developing countries for sufficient institutional capacities.

#	10
Party	New Zealand
Principle	<ul style="list-style-type: none"> • Supporting the development of new, scaled-up market mechanisms to complement those already in place while they are not envisaged as a replacement for the existing Kyoto Protocol mechanisms. It works as a complement to them and any of them would also need to operate according to the principles listed in paragraph 80 of FCCC/AWGLCA/2010/L.7. • They can be designed to accommodate the different national circumstances and capabilities of developing country Parties. • Enhancing the role of domestic mechanisms plays important part and UNFCCC has role and opportunity regarding the linkages between existing and proposed emission trading schemes by helping to set up standards, rules and modalities that can maximize the efficiency and environmental integrity of these schemes as well as entail the development of a formal accreditation system for domestic mechanisms.
Institution/Regulatory body	
MRV methodology	
Relationship with existing mechanisms (CDM, JI, IET)	<ul style="list-style-type: none"> • Paragraph 6(b) of FCCC/AWGKP/2010-L8.Add 1 confirms that emissions trading and the project based mechanisms under the Kyoto Protocol shall continue to be available. However, parties need to consider the technical and legal issues that are likely to arise if there is a gap between the expiry of CP1 and the entry into force of CP2.
Others	<ul style="list-style-type: none"> • The issues are best addressed at expert workshop level, either during formal, in-session negotiations, or during special meetings as envisaged by paragraph 81 of FCCC/AWGLCA/2010/L.7. which are held under AWG-LCA and the first one need to happen early in 2011.

#	11
Party	Norway
Principle	<ul style="list-style-type: none"> • Participation in market based mechanisms will be voluntary. • It can contribute to planning and implementation of NAMAs in developing countries. • New mechanisms can be based on sectoral approaches depending on the market readiness in the developing country and the relevant sector parallel to the project based mechanisms. The sectoral based approach could better secure moving beyond pure offsetting and encourage developing countries to improve their reporting on emissions and create intrinsic demand for more detailed and accurate national inventories.
Institution/Regulatory body	
MRV methodology	<ul style="list-style-type: none"> • Common rules for crediting of units (i.e. setting of baselines, and for MRV); clear rules for the accounting of the emission reductions (in order to avoid double counting) and tradable emission allowances; and international registry function for the new market-based mechanisms should be established.
Relationship with existing mechanisms (CDM, JI, IET)	<ul style="list-style-type: none"> • Ensuring that the existing Kyoto mechanisms will continue and be further improved.
Others	<ul style="list-style-type: none"> • The role of market based mechanisms should be addressed in the upcoming workshops on the mitigation pledges.

#	12
Party	Papua New Guinea
Principle	<ul style="list-style-type: none"> • The new market based mechanisms may be created through: <ul style="list-style-type: none"> ➤ Top-down models: requiring approval by the COP of market based NAMAs reconciled against national reference levels. ➤ Bottom-up models: requiring approval by the COP of market based NAMAs emerging at the national level which reconciled against national reference levels. • Crediting mechanism will be created by COP and credit will be allocated ex-post when the emissions are under agreed baseline or reference level. • Trading mechanisms will be created by COP and emission right will be allocated ex ante. • Agreed national baselines or national reference levels, a national GHG inventory report, applying the latest IPCC Guidelines, and national or international consultation and analysis related to results are required for participation. • Modalities, procedures and eligibility requirements will be defined by SBSTA. • The use of the mechanisms by any party will be voluntary.
Institution/Regulatory body	<ul style="list-style-type: none"> • Carbon Regulatory Bank shall be established. • Sustainable Development Mechanisms Standard Board (SDMSB) will be established under the COP.
MRV methodology	
Relationship with existing mechanisms (CDM, JI, IET)	<ul style="list-style-type: none"> • Parties should continue to support and improve existing mechanisms, learn from the experience gained from existing mechanisms, and promote the development of new mechanisms.
Others	<ul style="list-style-type: none"> • Capacity building is a prerequisite for the development, deployment and implementation of such market based approaches.

#	13
Party	Peru
Principle	<ul style="list-style-type: none"> • New approaches and instruments: <ul style="list-style-type: none"> ➤ Have a larger scale and scope than those currently existing, making best use of the means and institutions under Cancun agreement and those already operating, providing Parties with the capacity to blend different types of actions, within different sectors and/or regions of their economies, at a national and/or sub-national levels; and retaining sovereign capacity of the host country. • Program based instrument at a national or sub-national scale under which developing countries can contribute to a net decrease of emission through: <ul style="list-style-type: none"> ➤ Nationally funded activities. ➤ Internationally funded activities. ➤ Market instruments including CDM and new instruments. ➤ NAMAs with international support and with other market instruments under Kyoto Protocol or any new other market or mitigation mechanisms.
Institution/Regulatory body	
MRV methodology	<ul style="list-style-type: none"> • Any of NAMAs and/or the instruments forming part of mechanisms should be underpinned by a MRV scheme.
Relationship with existing mechanisms (CDM, JI, IET)	<ul style="list-style-type: none"> • Approaches and instruments that allow countries to combine the existing market instruments with NAMAs.
Others	

#	14
Party	Republic of Korea
Principle	<ul style="list-style-type: none"> • A new market-based mechanism should: <ul style="list-style-type: none"> ➢ Accommodate a broader range of mitigation actions by developing countries and stimulate the investment in them. ➢ Support large-scale actions such as sustainable development policies and measures and economy-wide mitigation actions. ➢ Be country driven addressing need or actual circumstances of a host country. • Developing countries will voluntarily participate in the mechanisms and their viewpoints on the details of mitigation actions, such as the boundary, baseline level, etc should be reflected in consultations. • There will be no legal consequence to the developing country Party if the agreed target is not reached. • One way to greatly reduce transaction cost could be to develop a criteria using factors other than the precise amounts of reduction/avoidance but suitable to capture the effectiveness of specific large-scale mitigation actions, and adopt them for issuing credits.
Institution/Regulatory body	
MRV methodology	<ul style="list-style-type: none"> • NAMAs eligible for crediting are those that can bring MRVable emissions reduction/avoidance without undermining the sustainable development of developing countries. • If such MRV (direct MRV) is clearly not feasible, success indicators could be adopted as the baseline level which should be an effective proxy for reduced or avoided emissions and should also go through the MRV process as rigorously as the direct MRV (indirect MRV). In terms of environmental integrity and net decrease in GHG, credits might, for example, be less issued through indirect MRV.
Relationship with existing mechanisms (CDM, JI, IET)	
Others	

#	15
Party	Saudi Arabia
Principle	<ul style="list-style-type: none"> • Saudi Arabia emphasizes that the UNFCCC is and will continue to be the main guiding framework for all climate actions for new and into the future. • Cancun Agreement is to enhance implementation of the convention for the present, as well as up to and beyond 2012. • Annex I countries have the commitment to reduce their emissions because of their historical responsibility. The reductions should be done mainly domestically and comprehensively in addressing all greenhouse gases and all economic sectors. • Developing countries mitigation is voluntary. For those who may wish to establish a national system for dealing with reduction units can do so at their own discretion. Such system should be distinct from systems established in Annex I countries.
Institution/Regulatory body	
MRV methodology	
Relationship with existing mechanisms (CDM, JI, IET)	<ul style="list-style-type: none"> • Any new market-based mechanisms under the convention should be complementary to the existing mechanisms under Kyoto Protocol and not a replacement.
Others	<ul style="list-style-type: none"> • There must be an agreed maximum percentage of total mitigation by Annex I countries that can be undertaken outside national borders. Those mitigation done by Annex I countries in developing countries should aim at complete new projects that provide opportunities from creating new jobs and transferring technology. Low cost mitigation options should be left for the developing countries as part of their voluntary endeavour. • A list should be created at the UNFCCC for developing countries to register mitigation project opportunities that can be funded by Annex I countries. Only those activities on the list is available for mitigation actions by Annex I countries in developing countries.

#	16
Party	Singapore
Principle	<ul style="list-style-type: none"> • New market based mechanisms should be: <ul style="list-style-type: none"> ➤ Complementary to the existing mechanisms. ➤ Voluntary. ➤ Covering reductions and removals across broad segments of the economy. ➤ Additional. ➤ Promoting technology transfer and other co-benefits. ➤ Fair and equitable access to the mechanisms. ➤ Promoting investment by the private sector. • They should be established as a part of legally binding agreement under the Convention in the context of two-track approach.
Institution/Regulatory body	
MRV methodology	
Relationship with existing mechanisms (CDM, JI, IET)	<ul style="list-style-type: none"> • Existing market mechanisms continue to be maintained under the legal framework of the Kyoto Protocol and new mechanisms as complementary.
Others	

#	17
Party	Switzerland
Principle	<ul style="list-style-type: none"> • New market-based mechanisms are key instruments to support developed and developing countries in achieving and scaling-up ambitious and cost-effective mitigation actions with characteristic of their contribution to net environmental benefits. • Two possibilities to ensure a net decrease of emissions: <ul style="list-style-type: none"> ➤ A crediting-based mechanism where emission reductions in certain segments of the economy are credited against a (non-los) baseline set well below business-as-usual (BAU) emissions. Emissions reduction is achieved either through unilateral NAMAs or supported NAMAs. ➤ A trading-based mechanism, where tradable emission reduction certificates are delivered ex-ante and in accordance with a fixed baseline set well below BAU emissions.
Institution/Regulatory body	
MRV methodology	
Relationship with existing mechanisms (CDM, JI, IET)	<ul style="list-style-type: none"> • Complement existing mechanisms, in particular CDM, for countries or segments of the economy with limited or dispersed potentials for applying these new mechanisms.
Others	<ul style="list-style-type: none"> • In-/pre-session workshop needs to be organized. • Work programme could be established at COP17 under SBSTA for further operationalising the development of new mechanisms and work on the elaboration of modalities and procedures.

#	18
Party	Turkey
Principle	<ul style="list-style-type: none"> • Developed countries should use domestic actions in meeting their emission reduction goals and may use new market-based mechanisms supplemental to their domestic actions. • The participation in the new market-based mechanisms should be voluntary, and be supported for the promotion of fair and equitable access of all. • Turkey is in a view of that she should be considered as a developing country for the purposes of new market based mechanisms to support her domestic action to mitigate greenhouse gas emissions. • Designing new market based mechanisms would require common methodologies, same level of transparency as well as properly set benchmarks for emission reductions. The new market-based mechanisms ensure additionality and cost effectiveness for UNFCCC to address the crucial need for environmental integrity under supervision by special board under the UNFCCC.
Institution/Regulatory body	<ul style="list-style-type: none"> • Special board under the UNFCCC.
MRV methodology	
Relationship with existing mechanisms (CDM, JI, IET)	
Others	<ul style="list-style-type: none"> • There will be need for the formation and readiness activities for new market-based mechanisms. • It is necessary to have a work program regarding MRV and piloting needs as soon as possible.

#	19
Party	Venezuela (Bolivarian Republic of)
Principle	<ul style="list-style-type: none"> • It is far from proven that market mechanisms “promote” mitigation shifting the burden of mitigation from developed to developing countries (e.g. CDM). • The market approaches could potentially risk “undermining” rather than “promoting” mitigation. • The Bali Action Plan refers to “markets” not to “international carbon markets”, which are an issue addressed under the Protocol and all issues relating to which should be addressed in the Protocol to avoid duplication and ensure consistency with the agreed negotiating mandates. • Formal consideration and discussion of the non market based approaches are requested in respect to: changes in consumption patterns, removing barriers associated with intellectual property, enhancing endogenous capacities and technologies in developing countries, and education.
Institution/Regulatory body	
MRV methodology	
Relationship with existing mechanisms (CDM, JI, IET)	
Others	<ul style="list-style-type: none"> • Developed country Parties including those included in Annex II shall undertake policies and measures to substantially modify consumption patterns in all relevant sectors in order to achieve an aggregate reduction of CO₂e emission from domestic sources of GHG of more than [X] below 1990 levels by 2020 under the Protocol. These programs should be aligned and coordinated with definitions of the 10 Year Framework of Programmes (10YFP) under the Marrakesh Process. • Developed country Parties shall support the development and enhancement of endogenous capacities and technologies of developing country Parties through a program of action in all relevant sectors. • Developed country Parties including those included in Annex II, shall take all practicable steps to promote, facilitate and finance efforts by and in developing countries in the fields of education, training and public awareness related to climate change.

#	20
Party	Cuba
Principle	<ul style="list-style-type: none"> • Any mechanisms defined under the Convention must achieve stabilizing concentrations for GHG at a level that would prevent dangerous anthropogenic interference with the climate system. • They cannot incur an additional load of commitments for developing countries, neither can constitute obstacles or barriers to the international trade. • The negotiation for the adoption of these mechanisms cannot prejudice the process of multilateral negotiations under the Convention. • Implementation of these mechanisms is additional to emission reduction commitments at the source by Annex I Parties. • Any commitments incurred by the new mechanisms must be similar magnitude and scale of the commitments of the Protocol. • Accordingly Cuba considers to establish: <ul style="list-style-type: none"> ➤ A mechanism for identifying international emission quota for developed and developing countries with three- or five-year basis which could be reviewed and adjusted in correspondence with the IPCC assessments. For those developed countries which exceed the quotas will be applied a tax [X] to every tCO₂e emitted. This would be used to promote actions for adaptation and mitigation and technology transfer especially for SIDS, LDCs and African countries. ➤ A system of taxes on international transactions of a speculative nature. • Those funds raised by above are additional and independent nature to the developed countries commitments and channelled through the financial fund established as part of the resolutions adopted at the COP 16.
Institution/Regulatory body	
MRV methodology	
Relationship with existing mechanisms (CDM, JI, IET)	<ul style="list-style-type: none"> • Market mechanisms cannot mean the extinction of Kyoto Protocol. Those mechanisms which have similar purposes or are of the same nature to the flexible mechanisms of the Protocol should not be adopted under the Convention.
Others	

#	21
Party	Egypt
Principle	<ul style="list-style-type: none"> • The principles and provisions of the Convention constitute the legal umbrella to any actions related to climate change and any discussion dealing with climate change mitigation should follow them. • Enhancing the global mitigation effort should be done primarily through identifying clear and legally binding emission reductions targets by Annex I Parties according to the principles. • Any discussions related to market based mechanisms should be done primarily under the AWG-KP. Addressing markets in the AWG-LCA should complement and enhance the original process at the AWG-KP. It should not by any means substitute the KP.
Institution/Regulatory body	
MRV methodology	
Relationship with existing mechanisms (CDM, JI, IET)	<ul style="list-style-type: none"> • The existing mechanisms under the Protocol actively promote mitigation actions and encourage developing countries to voluntarily contribute in the global mitigation effort through carbon markets. • Any new mechanism should follow the determination of the CP2 of the Protocol in order to preserve the legal nature of the carbon mechanisms under the Protocol.
Others	

#	22
Party	Tuvalu
Principle	<ul style="list-style-type: none"> • It should primarily be aimed at reducing overall greenhouse gas emissions being consistent with the Objectives of the Convention. • It would be undesirable creating new offset market-based mechanisms under the Protocol or any new offset mechanisms through a legally binding instrument developed through the AWGLCA process including the ones from REDD+. • Parties to the UNFCCC ensure following measures which must <ul style="list-style-type: none"> ➢ Properly address leakage at the local, national, and global level. ➢ Ensure real emission reductions and market based mechanisms based on reference levels that may contain hypothetical or counterfactual baselines are inappropriate. ➢ Ensure fully additional emission reduction. ➢ Have a governance and regulatory structure which are free from corruption and political interference. ➢ Ensure opportunities for emissions reduction are available across the globe. ➢ Ensure emission reduction calculations based on sound science and which should not. ➢ Credit natural fluxes in emissions. ➢ Create a disincentive for BAU activities to reduce global emissions. ➢ Establish a right to pollute or a means to transfer it to other Parties. ➢ Impinge on the rights of Indigenous Peoples and local communities. ➢ Provide opportunities for speculation (e.g. secondary carbon markets). ➢ Create a lock in for obsolete polluting technologies. • AWGLCA should explore new, non-offset market based mechanisms which include: <ul style="list-style-type: none"> ➢ An international levy on aviation and maritime transport with the revenue being applied promoting renewable energy and energy efficiency measures and measures to address REDD+. ➢ The establishment of a Global Feed in Tariff Mechanism by creating a new funding arrangement to support the establishment. Funding could come from the new financial arrangements agreed in COP 16 and also come from revenue generated from the aforementioned levy.
Institution/Regulatory body	
MRV methodology	
Relationship with existing mechanisms (CDM, JI, IET)	<ul style="list-style-type: none"> • Current system under the Protocol has a number of inherent safeguard concerns e.g. additionality, baselines and infringement of rights. • Extending these measures beyond those that currently exist within the Protocol would be unwise and stricter safeguards for the Protocol for the next commitment period and beyond should be explored.
Others	

Table: Elements of Views on the Elaboration of Market-based Mechanisms

#	Party	Principle	Institution/ Regulatory body	MRV methodology	Relationship with existing mechanisms (CDM, JI, IET)	Others
1	Australia	*	*	*	*	*
2	Bangladesh	*			*	*
3	Bolivia (Plurinational State of)	*				*
4	China	*			*	*
5	Columbia	*		*	*	*
6	Ecuador	*			*	
7	Grenada on behalf of AOSIS	*		*	*	*
8	Hungary on behalf of the EU and its member states	*	*	*	*	*
9	Japan	*		*	*	*
10	New Zealand	*			*	*
11	Norway	*		*	*	*
12	Papua New Guinea	*	*		*	*
13	Peru	*		*	*	
14	Republic of Korea	*		*		
15	Saudi Arabia	*			*	*
16	Singapore	*			*	
17	Switzerland	*			*	*
18	Turkey	*	*			*
19	Venezuela (Bolivarian Republic of)	*				*
20	Cuba	*			*	
21	Egypt	*			*	
22	Tuvalu	*			*	