

## Submission by Saudi Arabia

### Views on matters related to the New Market-based Mechanism

Saudi Arabia welcomes the opportunity to submit its views on the work program for elaborating the modalities and procedures for the New Market-based Mechanism in line with decision 1CP/18, which invites Parties and admitted observer organizations to submit their views on matters referred to in paragraphs 50–51, including information, experience and good practice relevant to the design and operation of the mechanism referred to in paragraph 50.

Saudi Arabia believes that using New Market Mechanism to enhance mitigation actions should be viewed in the context of the Bali action plan package and should be implemented to achieve the objectives of the Convention. Therefore, the implementation of New Market Mechanism must be in the context of the balance and comparable implementation of other elements such as adaptation, finance, capacity building and technology transfer.

While supporting the objective of the NMM for enhancing the cost effectiveness of, and to promote mitigation actions, Saudi Arabia believes that the NMM should be established on the following key principles:

- Ensuring voluntary participation of Parties, supported by the promotion of fair and equitable access for all Parties, and should not introduce emission reduction commitments for developing countries;
- Complementing other means of support for nationally appropriate mitigation actions by developing country and Parties reserve the right to develop other market-based mechanisms in accordance to their national circumstances;
- Assisting developed country Parties to meet part of their mitigation targets, while ensuring that the use of such a mechanism is supplemental to domestic mitigation efforts;
- Market-based mechanism established under the Convention should cover a broad segment of the economy, as well as project-based, subject to the discretion of the host country and that its modalities and procedures should be comparable to those established under the Kyoto Protocol.
- Safeguarding environmental integrity;
- Ensuring a net decrease and/or avoidance of global greenhouse gas emissions;
- Ensuring good governance and robust market functioning and regulation;
- Promotes transparency of information and is consistent with UNFCCC guidelines for measurement, reporting and verification, including biennial and national communication reporting guidelines;

However, given the foreseeable carbon market condition and the demand for carbon credits, determining the global nature of NMM to be a centralized system under the oversight of the UNFCCC is a premature judgment. It would be more sensible to allow an organic growth of a

global NMM that would achieve the domestic emissions reduction of their host countries, and build on those systems whenever a global need arises. In essence, we should aim to establishing a bottom-up system that is more resilient and flexible to meet the objective of cost-effective emission reduction while it still maintains the incentive for country Parties to pursue. Providing such flexibility to host countries would enable them to better address their sustainable development needs while achieving emission reduction targets.

Therefore, we hope that the work program for elaborating the modalities and procedures of the NMM to be conducted under SBSTA would further elaborate the appropriateness of the global approach to NMM versus country based systems that is transitional to meet global demand.