



NEW MARKET MECHANISM

Submission by the Plurinational State of Bolivia September, 2014

Bolivia has opposed to the functioning of market-based approaches to cope with climate change and to the establishment of a New Market Mechanism under the UNFCCC. This position is based on the following considerations:

- a) The establishment of markets in climate change implies the commodification of the environmental functions of Mother Earth;
- b) Markets transfer responsibilities of domestic national emission reduction from developed countries to developing countries;
- c) Generate double counting of emissions; are a pretext to legalize illegal carbon markets; open payment instruments that replace the obligations of developed countries of providing financing.
- d) Promote free foreign investment on carbon and other items related to mitigation;
- e) Developing countries are integrated into volatile market that makes uncertain, unpredictable and unsustainable the access to financial resources given the carbon price shocks in those markets.

In this context, Bolivia ratifies its position presented to the UNFCCC in the previous submission of November 2013 about the New Market Mechanism.

The Conference of Parties,

1. *Decides* to establish a clause with a moratorium in the functioning of markets and in the establishment of a New Market Mechanism to cope with climate change under the precautionary principle, due to the scientific and conceptual incongruity of emissions markets with the basic science of climate change, inconsistency of carbon markets with the effective reduction of greenhouse gases, and the incongruence between carbon markets and their contribution to sustainable development.
2. *Also decides* that in order to analyze the suspension of the moratorium, an official report must be formulated every two years by the IPCC to be submitted to the Parties in order to evidence the carbon market contribution to the stabilization of the climate system.

3. *Establishes* that the official report formulated by the IPCC must contain referentially the criteria for overcoming the drawbacks and risks of market-based approaches posited in paragraph 1, including also:

a) The fulfillment of the ultimate objective, principles and provisions of the Convention, particularly the principle of Equity and Common but Differentiated Responsibilities.

b) The implication of the market mechanism on human rights and indigenous people rights.

c) The promotion of the equitable access to sustainable development and the protection of the integrity of Mother Earth.

d) The feasibility for establishing a system of rigorous accounting of report and monitoring of emission reductions in the context of article 4.7 of the Convention.

According to this perspective, the FVA should be established mainly through a non-market-based approach, since this fulfills a priori with all the elements established in the conceptual framework of the FVA and is fully consistent with the principles and provisions of the UNFCCC.