



TUESDAY 14 JUNE 2011
Bonn Subsidiaries Bodies

“NEW MARKET MECHANISMS”: BROADER USES OF THE MARKET



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Market as Intermediator

1. COMPANY/PRODUCT VOLUNTARY FOOTPRINT OFFSETTING

Raw Materials
Processing
Manufacture
Transport
Overheads

overlap

2. NATIONAL COMPLIANCE OFFSETTING

Government Action

Domestic

Sovereign Purchases, A1, NA1

Delegated Action

Domestic

A1 trades
NA1 purchases

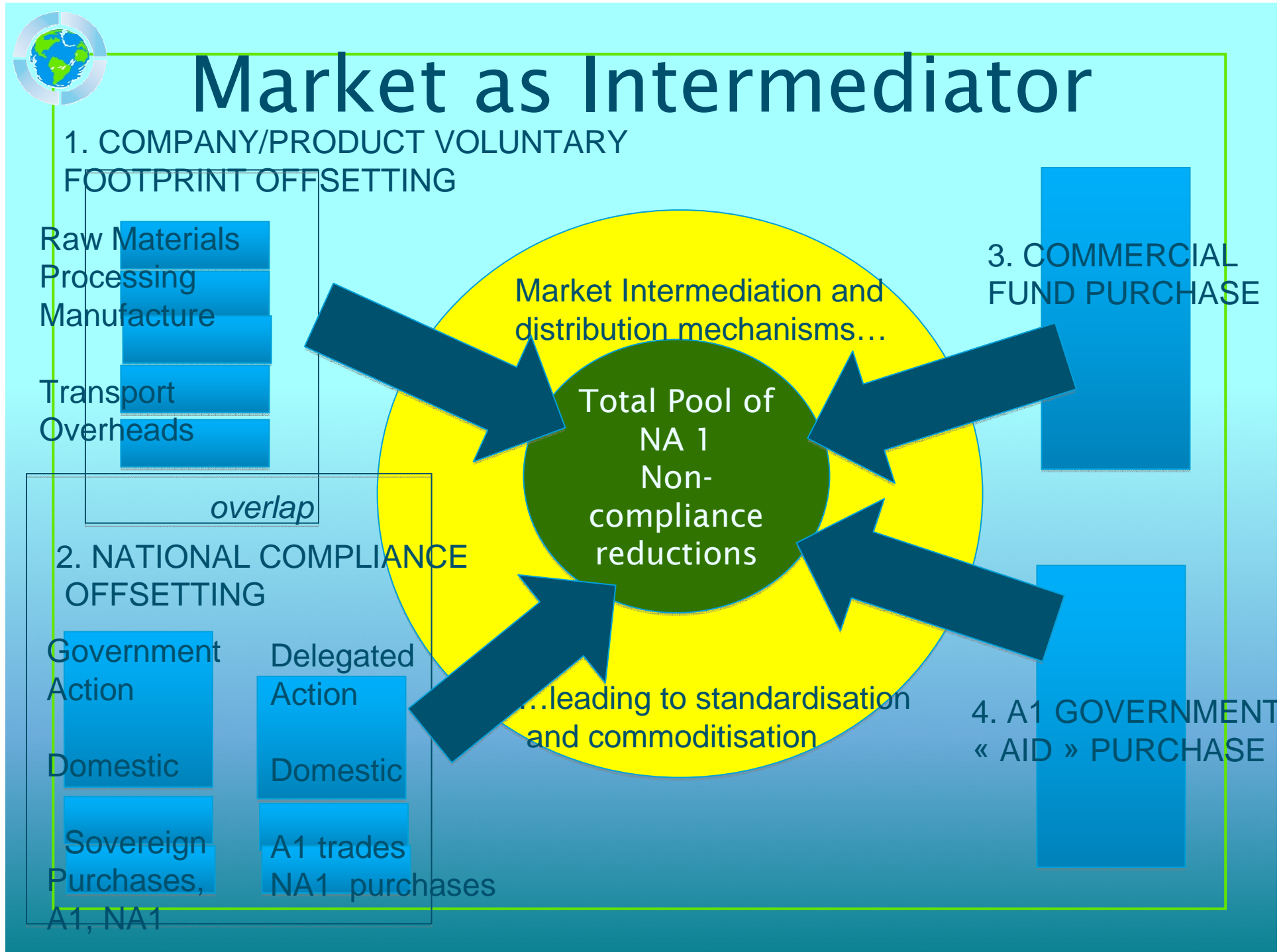
3. COMMERCIAL FUND PURCHASE

4. A1 GOVERNMENT « AID » PURCHASE

Market Intermediation and distribution mechanisms...

Total Pool of
NA 1
Non-compliance
reductions

...leading to standardisation and commoditisation





The Market's Mechanisms

FORM

Auction

Tender

Exchange

Marketplace

CURRENCY

Cost

Cost per Unit of reduction

Ease of Management

Fungibility

Co-benefits



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