

MINENERGIA CARTA N° 0 2 3 6 /

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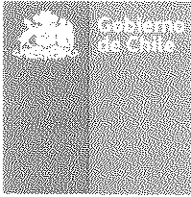
Ms. Joelle Chassard  
Manager  
Carbon Finance Unit  
Environment Department  
Sustainable Development Vice-Presidency  
The World Bank  
Washington D.C., 20433

Dear Ms. Chassard:

I would like to reiterate Chile's commitment to fighting climate change and to inform you that one of our government's priorities will be reducing the greenhouse gas (GHG) emissions growth rate by implementing market-based mechanisms, which are the most cost-effective strategies to achieve this goal. On that same note, we view the Partnership for Market Readiness (PMR) as an important initiative for further establishing these types of instruments throughout the world.

As you know, since the introduction of market-based mechanisms such as the Clean Development Mechanism (CDM) to reduce GHG emissions, Chile has been a strong supporter of them, enabling our country to become a key player in the use of these types of instruments worldwide. A significant portion of our registered CDM projects are in the energy sector, which is reflected by the rapid increase of private investment in wind, small hydro and biomass technologies. Nevertheless, although the CDM has thrived in Chile, we recognize the need for newer and more aggressive mechanisms that will have a stronger effect on investor decision-making. This is particularly relevant now that Chile is making great strides toward becoming a developed country. Toward that end, we are proactively studying and evaluating the best market-based methods to reduce GHG emissions growth rates, including an Emissions Trade System (ETS).

Our initial findings have shown that Chile has the fundamentals for establishing an ETS in the country, these being an appropriate and solid institutional and economic framework, a dynamic private sector and a working legal framework. However, as our research progresses, it is becoming clear that in order to implement such a major reform the country will need further assistance for capacity building and developing new instruments to facilitate ETS implementation as well as a platform for ongoing discussion of technical issues. The need to link up with other markets poses additional challenges since this is the first time this type of project will have been implemented in our country. Nevertheless, I



strongly believe that Chile's active involvement in this Partnership will be an essential element for supporting further research and improvement of the design of our ETS.

Please find attached our Expression of Interest and thank you once again for inviting us to be part of the Partnership for Market Readiness.

Sincerely,



**LAURENCE GOLBORNE RIVEROS**  
**Ministro de Energía**



LGB/JBO/IFA/mmm