

Mexico

General Information

Summary

Status: ETS implementation scheduled

Jurisdictions: Mexico

The General Law on Climate Change Law (GLCC) of April 2012 provides the basic framework for the establishment of a voluntary ETS in Mexico. Subsequently, in June 2013, the government released its National Strategy on Climate Change, outlining the country's transition to a low-carbon economy. In April 2014, the Special Climate Change Program (2014–2018) was released. In 2017, the Cámara de Diputados (the second Chamber of the Mexican Parliament) amended the GLCC requiring the establishment of a mandatory ETS. The amendments were approved by the Senate (first chamber of Parliament), and this constitutes the basis to introduce a mandatory system.

Already in October 2014, a mandatory reporting system (the National Emissions Register, or RENE for the Spanish acronym) for both direct and indirect GHG emissions for facilities with annual emissions above 25,000 tCO₂e was established (as mandated by the GLCC). Emitters in the energy, industrial, transport, agricultural, waste, commercial, and services sectors are required to report the six GHGs identified by the UNFCCC as well as black carbon. The National Emissions Register also includes the voluntary registration of mitigation or reduction certificates obtained from projects and activities carried out in Mexico.

Between 2017 and 2018, the Ministry of Environment and Natural Resources (SEMARNAT), the Mexican Stock Exchange (Grupo BMV), and MÉXICO₂ (the voluntary carbon platform at the BMV) ran a national carbon market simulation. The simulation brought together more than 100 Mexican companies stemming from numerous economic sectors, such as electric power, hydrocarbons, aviation, mining, forestry, consumer goods and financial institutions, among many others. The companies represented two thirds of Mexico's greenhouse gas emissions. The exercise had the objective of strengthening the capacity and readiness of Mexican businesses to participate in a future ETS.

SEMARNAT recently announced that a carbon market pilot phase will begin in 2019. The pilot will run for three years, before transitioning to an ETS. SEMARNAT anticipates that the regulatory framework for the ETS will be fully operational by 2022.

Mexico is actively seeking to link its future ETS to markets in North America. To this end, in October 2015, Mexico signed an MOU with Québec that includes cooperation on ETS. In August 2016, Mexico, Québec, and Ontario issued a joint declaration on carbon markets collaboration. Additionally, in December 2017, Mexico, together with four countries and seven subnational governments, issued the Paris Declaration on Carbon Pricing in the Americas for carbon pricing implementation.

In 2014, Mexico introduced a USD 3.50 carbon tax on fossil fuel sales and imports (natural gas exempted). Firms may use offset credits from domestic projects to fulfill their tax liability. The rules for the optional use of offset credits, published in December 2017, allow for the use of CERs issued after January 2014 from projects developed in Mexico. During 2018, the use of CERs will be restricted to 20% of an entities carbon tax liability. In addition, authorities are currently discussing options for allowing the use of future ETS allowances to fulfill CO₂ tax obligations.

	Ley General de Cambio Climático Ley del Impuesto Especial sobre Producción y Servicios Activities of Mexico under the Partnership for Market Readiness (PMR) Registro Nacional de Emisiones Emissions Trading Scheme Simulation																
Overall GHG emissions (excluding LULUCF)	Emissions: 633 MtCO ₂ e (2013)																
Overall GHG emissions by sector	<table border="1"> <thead> <tr> <th>Sector Name</th> <th>MtCO₂e</th> </tr> </thead> <tbody> <tr> <td>Electricity Generation</td> <td>127</td> </tr> <tr> <td>Industrial processes</td> <td>115</td> </tr> <tr> <td>Gas and Petroleum</td> <td>80</td> </tr> <tr> <td>Agriculture</td> <td>80</td> </tr> <tr> <td>Transport</td> <td>174</td> </tr> <tr> <td>Residential and Commercial</td> <td>26</td> </tr> <tr> <td>Waste</td> <td>31</td> </tr> </tbody> </table>	Sector Name	MtCO ₂ e	Electricity Generation	127	Industrial processes	115	Gas and Petroleum	80	Agriculture	80	Transport	174	Residential and Commercial	26	Waste	31
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Overall GHG reduction target	<p>By 2030: 22% reduction compared to BAU scenario and 36% conditional reduction, subject to a global mitigation agreement (NDC of Mexico).</p> <p>By 2050: 50% reduction from 2000 GHG levels (Climate Change Law aspirational goal).</p>																
Type of ETS	No information available yet.																
Cap and trajectory	No information available yet.																
Carbon Price	<i>Current Allowance Price (per t/CO₂e):</i> No information available yet.																

ETS Size

Emissions covered by the ETS	No information available yet.
GHG covered	No information available yet.
Sectors covered and thresholds	No information available yet.
Number of liable entities	No information available yet.
Point of regulation	No information available yet.

Phases & Allocation

Compliance period	No information available yet.
Trading period	No information available yet.
Allocation	No information available yet.

Flexibility

Banking and borrowing	No information available yet.
Offsets and credits	No information available yet.
Provisions for price management	No information available yet.

Compliance

Monitoring, Reporting, Verification (MRV)	<p>In October 2014, a mandatory reporting system (the National Emissions Register, or RENE for the Spanish acronym) for both direct and indirect GHG emissions for facilities with annual emissions above 25,000 tCO₂e was established (as mandated by the GLCC).</p> <p>Emitters in the energy, industrial, transport, agricultural, waste, commercial, and services sectors are required to report the six GHGs identified by the UNFCCC as well as black carbon. The National Emissions Register also includes the voluntary registration of mitigation or reduction certificates obtained from projects and activities carried out in Mexico.</p>
Enforcement	No information available yet.

Other Information

Institutions involved	Ministry of Environment and Natural Resources (SERMANAT); Ministry of Energy (SENER); Ministry of Finance (SHCP).
Linkage with other schemes	No information available yet.

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