

SUSTENTABILI Δ E 1

Protagonismo nos negócios sustentáveis

Correalização







CNI Confederação Nacional da Indústria

Realização



Mexico's experience with issues realted to competitiveness in carbon pricing instrument design



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Brazil vs. Mexico

	Brazil	Mexico
Population	207 M	127 M
Total area (km ²)	8.516 M	1.964 M
Economy (USD)	1.796 B	1.064 B
Exports (USD)	195 B	391 B
Emissions (tCO ₂ e)	1.2 M	784 M
Sectors	Energy, transport, agriculture and industry	Transport, energy, industry

Mexico is heavily exposed to trade barriers, and very vulnerable to climate change.

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Institutional Framework

- General Law on Climate Change (2012):
 - Creates National Emissions Inventory for facilities emitting over 25,000 tCO₂e per year (over 3,000!)
 - Sets up the "Interministerial Comssion on Climate Change" to coordinate government measures and actions.
 - Originates "environmental fiscal instruments"- carbon tax (since 2014), currently at MXN 42.00 (USD 2.4 USD).
 - GHG emission reductions aspirational goals (30% to 2020 and 50% to 2050)
- Paris Agreement (2015): aspirational goals become mandatory.
- Energy Transition Law (2015): provides faculty to create an emissions trading scheme in the electricity sector to the Executive.







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CNI SUSTENTABILIDADE 2017 Protagonismo nos negócios sustentóveis

Challenges

- Addressing competitiveness in private sector
 - Industry heavily exposed to international trade (≈30% with California)
 - Economy transitioning from heavy oil to natural gas and renewables.
 - Discussion under way between industry and government on cap setting and competitiveness.
- Fiscal dependency on oil revenues.
- **Political will:** current administration provides political will to develop an economy wide ETS but elections in 2018 what will happen next?

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ETS Simulation at Stock Exchange



• Capacity Building in private sector

- Joint project among Mexican Stock Exchange and Mexican Ministry of Environment (SEMARNAT) to create capabilities in the Mexican private sector.
- Start date: October 2017.
- More than 90 participating companies from aviation, chemical and petrochemical, cement, ceramics, iron and steel, oil and gas, pulp and paper, etc.
- 3 phases with different market parameters.
- Advisory committee: WRI -California, Quebec and Ontario- Mexican subnationals: Jalisco, Mexico City, Mexico State, Nuevo Leon, NGOs: CESPEDES, EDF, ICAP, IETA.







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