



PREPARATION OF AN EMISSIONS TRADING SYSTEM (ETS) IN MEXICO

As of: August 2019

OBJECTIVE AND ACTIVITIES

The project aims at creating the necessary institutional preconditions and technical capacities of both public and private actors for establishing and implementing an Emissions Trading Scheme (ETS) in Mexico. First, scientific analyses and political recommendations, e.g. on sector coverage, emissions thresholds and economic impacts, will inform and support the Mexican decision-making processes. Second, stakeholders (ministries, companies, financial institutions) will be supported through capacity building and stakeholder management processes so that they can assume their roles and responsibilities in the market. Third, international dialogue and exchange with jurisdictions that dispose of an ETS will facilitate learning. At the same time, lessons learnt in the Mexican context will be disseminated at the international level. The project contributes to achieving the Mexican mitigation targets.

STATE OF IMPLEMENTATION/RESULTS

- Project in progress
- Building on the work of the Climate Alliance and with the support of the project, the adaptation of the Climate Change Act (LGCC) came into force in July 2018, which envisages the introduction of an ETS from 2022 and a three-year pilot from 2019.
- Results of technical and legal advice on the project will be incorporated in the development of the legal framework and in the negotiations with the private sector. The secondary legislation for the ETS pilot phase is due to be published in November 2018. A three-year pilot phase is scheduled to commence in January 2019, focusing in particular on the preparation and capacity

PROJECT DATA

Country:

Mexiko

Implementing organisation:

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH - Mexico

Partner institution(s):

- Mexican Agency for International Development Cooperation (AMEXCID), Ministry of Environment and Natural Resources (SEMARNAT) - Mexico
- Ministry of Environment and Natural Resources (SEMARNAT) - Mexico

BMU grant:

€ 2,500,000

Duration:

09/2017 till 09/2020

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development of the private sector and helping to generate high-quality carbon data for decision-making. The project continues to support the implementation of the meetings of the public-private working group on emissions trading, in whose legal framework and design elements are discussed (since 09/2017). This is flanked by further training measures for industry representatives who are showing increasing interest and want to prepare for an ETS (basic and advanced courses since 02/2018, sector training from 11/2018, study trip 10/2018, development of information materials and factsheets).

- The basic elements of the ETS pilot phase are based on analyzes of the project on sector coverage, cap-setting, competitive impact, institutional design, legal framework and integration with other policy instruments in the field of energy, in particular the clean-energy certificate system. These basic elements were officially presented to government and industry representatives in a joint SEMARNAT and GIZ conference (06/2018). The studies will be published jointly by SEMARNAT and GIZ by the end of the year. Currently, recommendations for the allocation of emission rights are being developed (07 / 2018-11 / 2018), which are to be used by SEMARNAT for regulation.
- With SEMARNAT, Central Bank, Ministry of Finance and Banking Supervision, the link between financial market regulation / financial actors and emissions trading in Mexico is analyzed to identify regulatory needs for a secondary market (10 / 2018-04 / 2019).
- SEMARNAT intends to use the former German registry software for the pilot phase and was advised on the necessary technical adjustments. At the same time, the possible use of a blockchain-based commercial register will be exploratively analyzed for the follow-up phase (blog article) (07 / 2018-04 / 2019).

