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ABSTRACT: Climate Change: A perspective from Mexico

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As a developing country, Mexico adopts poverty eradication as an absolute priority, and avoids policies that may jeopardize economic growth. As such, climate change is both a threat and an opportunity to foster sustainable development, inasmuch as risks associated with climate change itself and with potential response measures (given that Mexico is an oil exporting nation), can be avoided.

Mexico's policy on climate change is a staged response, in which the consolidation of national capacities (institutions, legal framework, actions, monitoring and evaluation) is achieved step by step. For example, while the Climate Change Office was set up in 2003 and the Inter-Ministerial Climate Change Commission established in April 2005, the Law on Renewable Energy is still being drawn up.

National capacity building evolves around seven functional clusters, of which the first, the preparation of GHG Inventories and National Communications, is crucial for all the rest, as monitoring progress on prevention and mitigation requires reliable baselines. Formulating policies, coordinating actions, R & D, promoting mitigation projects (AIJ, CDM), the participation of civil society and effective participation in climate change negotiations, constitute the other six functional clusters.

Among the concrete measures implemented by Mexico, PEMEX has instituted a virtual cap and trade on CO₂ emissions unparalleled elsewhere, which is in the planning stages of becoming a real exchange process. Mexico was also the first Non-Annex I country to produce a second National Communication, in 2001. At present, a new GHG Inventory and a new National Strategy for Climate Action – this last in collaboration with the Mario Molina Center – are both in progress, and expected to be published late in 2005. A third National Communication will be published late in 2006.

Mexico, like other Latin American countries, supports the CDM, but considers that while useful for inducing positive institutional arrangements, it has largely failed to live up to expectations: Its effectiveness is perceived as relatively poor, its transaction costs are high and it has the potential to become a perverse incentive, limiting developing countries' mobilization of their own full potential, when improved national legislation and policies threaten to undermine the requisite proof of additionality for individual CDM projects.

Mexico's medium to long term strategy on climate change embraces several conceptual standpoints, including the need for greater differentiation of responsibilities among advanced developing nations. Also, while other Parties' non-compliance should not affect Mexico's own compliance, it could affect the scope of its commitments. Nevertheless, Mexico is against sanctions for non-compliance. While Mexico foresees some limited success in mitigation achievements, it will require international support to go beyond these: Mexico considers that over-compliance should win compensation.

Equity concerns are essential to Mexico, and *per capita* emissions and their evolution should play a more central role in the international regime, on the basis of flexible convergence in accordance with national circumstances. Furthermore, a need to go beyond isolated projects to tackle entire sectors of the economy, in accordance with their readiness to act, is also essential. There is also a need to review the potential effectiveness of the "emissions intensity" approach, which may be less effective when compared with the carbon efficiency standards per unit of product or service approach.