



1ST ANNUAL MEETING OF CORE TEAMS

Polices and Measures Baseline work

An initial policies and measures document has been prepared that succinctly presents Mexico's current climate policy. This document highlights that the delay in the publication of certain climate policy instruments and lack of transparency and specificity in the methodologies complicates the assessment of how the Mexican government plans to implement its policies and achieve its national and international commitments. Mexico updated its NDC in 2020, increasing the adaptation targets but, with a modification to the baseline, decreasing ambition in its mitigation objectives. The Mexican NDC sets an emissions trajectory on a 3°C pathway and is insufficient to comply with the long-term goals of the Paris Agreement. The country's conditional 2020 NDC target would increase emissions to 45% above 1990 levels, leaving an ambition gap of 255 MtCO_{2e} by 2030. Furthermore, none of the pandemic recovery measures have been environmentally sensible, and government spending on fossil fuel infrastructure has increased. The energy policy is at the center of national debate and is key for the President, who has promoted



MÉXICO

The Mexico team seeks to both assess the characteristics and welfare of a society compatible with a 2 – 1.5 future by 2050, as well as the trajectories leading to them. Our team effort focuses on understanding why leaders and societies do not enact and/or implement the technically optimal policies and actions for 1.5°/2°C futures that can materialize by 2050. The team is assessing this by combining political economy work around a society compatible with 2 -1.5 futures and its trajectories, the development of scenarios for the transformation, and general equilibrium modelling to assess options and gains and losses in the envisioned society and transition.

We utilize a political-economy approach that considers economically optimal solutions for 1.5°/2°C futures, which are estimated by a general equilibrium model of the Mexican economy that determines the right prices that optimize the set of incentives for getting the desired outcomes. We work interactively among the team members to incorporate political and social restrictions to the model that would create feasible outcomes and policies that incorporate these restrictions from its design.

We also think about new paths outside the model scenarios that imagine how to increase ambition. We plan to complement the model's outcomes with specific narratives that imagine the set of (potentially feasible) conditions that would incentive rulers and citizens to scaling up their ambition on policies and actions that effectively mitigate CO₂ emissions towards a 1.5°/2°C future.

The model base line scenario and the future scenarios for 1.5°/2°C futures by 2050 are under construction. We have an initial document that analyzes Mexico's current circumstances and mitigation policies that could be implemented. As inputs for our work, we utilize the existing technical knowledge on climate change

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This report presents Mexico’s estimated 1.5°C National Carbon Budget. If Mexico were to align with the 1.5°C scenario, it should cut its GHG emissions in half by 2030 and have net zero emissions by 2050. With constant sector allocations, the carbon budget per sector are as follows (for a 1.5°C temperature increase, from 2019 to 20100): Electricity generation 1.6 GtCO_{2e}, Transport 1.9 GtCO_{2e}, Industry 1.5 GtCO_{2e}, Oil and Gas 0.9 GtCO_{2e}, Buildings 0.7 GtCO_{2e}, Waste 0.5 GtCO_{2e}, Agriculture 1.4 GtCO_{2e}, LULUCF 0.2 GtCO_{2e}. Figures of the required reductions are presented. Finally, mitigation measures and technologies are presented with reductions estimations for waste, AFOLU, electricity, oil and gas and transportation. For the three most critical sectors of the Mexican economy: electricity, oil and gas, and transportation specific decarbonization pathways are presented based on the National Carbon Budget.



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and mitigation policies, and the visions of leaders by economic sector and field of specialization. We have conducted multiple interviews and seminars in which we promote knowledge exchange, synergies, and disseminate the project.

From our initial assessment, based on interactions with specialists in multiple fields, Mexico’s initial conditions are not ideal at this moment: powerful (high CO₂ emitting) economic sectors; weak societal demand for lesser CO₂ emissions; and, an extremely centralized authority on the national government that does not include climate policy among its priorities and, in addition, limits local solutions and the connection between citizens and governments.

As we state in our team’s initial document, Mexico’s delay in the publication of certain climate policy instruments and lack of transparency and specificity in the methodologies complicates the assessment of how the Mexican government plans to implement its policies and achieve its national and international commitments. None of the pandemic recovery measures have been environmentally sensible, and government spending on fossil fuel infrastructure has increased. The energy policy is at the center of national debate and is key for the President, who has promoted “sovereignty” and “security” measures to strengthen the state-owned companies, hindering private investments that were the only efforts towards increasing renewable energy.

These are significant restrictions that limit the set of feasible solutions. For expanding the possibilities for 1.5°/2°C futures, our initial vision—which we are updating as the project unfolds—considers the following four opportunity areas:

- Good will (including political will) is not sufficient for change. In addition to economic restrictions, we need to understand the existing political and societal constraints.
- We need to create the right incentives for stronger societal demands for better environment/lesser CO₂ emissions.
- We need to formally induce much greater participation/authority from local governments on CO₂ emissions mitigation policies.
- Given the existing constraints, we need to think on more effective pricing measures on CO₂ emissions.

So far, we have identified multiple challenges ahead. Nevertheless, there are also multiple tools and opportunities for successful change.