Climate Transparency

BROWN TO GREEN:
THE G20 TRANSITION TO A LOW-CARBON ECONOMY | 2017

MEXICO

This country profile assesses Mexico's past, present - and indications of future - performance towards a low-carbon economy by evaluating emissions, climate policy performance, climate finance and decarbonisation. The profile summarises the findings of several studies by renowned institutions.

HUMAN DEVELOPMENT INDEX[1]

0.76

0.70 G20 average

Source: UNDP, 2016

GDP PER CAPITA[2] ($ (const. 2011, international))

16,493 Mexico

18,373 G20 average

Source: WB databank, 2017

SHARE OF GLOBAL GDP[2]

1.8 %

Global GDP

Mexico

Source: WB databank, 2017

GHG EMISSIONS PER CAPITA[3] (tCO_2 e/cap)

5.8 Mexico

8.3 G20 average

Source: PRIMAP-hist, 2017

SHARE OF GLOBAL GHG EMISSIONS[3]

1.5 %

Mexico

Source: PRIMAP-hist, 2017

NOTRE DAME GLOBAL ADAPTATION INITIATIVE (ND-GAIN) INDEX[4]

0 — 1

0.33 Vulnerability Subindex

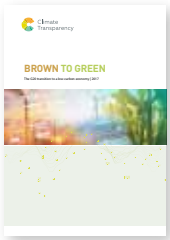
Source: ND-GAIN, 2015

AIR POLLUTION INDEX[5] (PM 2.5)

10 µg/m³ WHO benchmark

20 µg/m³

Source: WB databank, 2017



This country profile is part of the **Brown to Green 2017** report. The full report and other G20 country profiles can be downloaded at:

http://www.climate-transparency.org/g20-climate-performance/g20report2017

CLIMATE ACTION TRACKER

CCPI Climate Change Performance Index

HUMBOLDT-VIADRINA Governance Platform

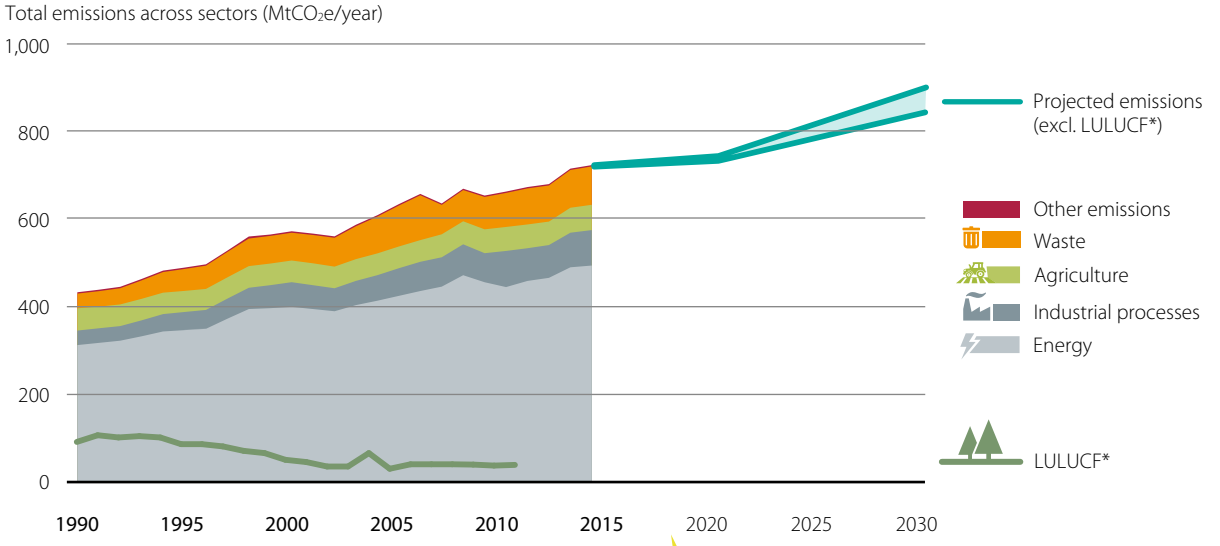
NEW CLIMATE INSTITUTE

GERMANWATCH

CONTENT

MEXICO

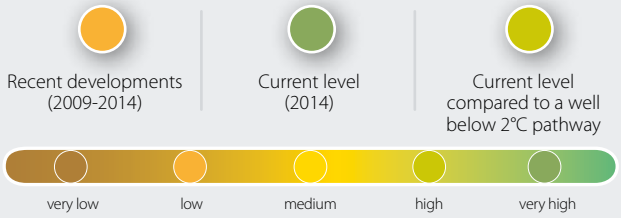
GREENHOUSE GAS (GHG) EMISSIONS DEVELOPMENT



**Land Use, Land Use Change and Forestry emissions according to the Climate Action Tracker*

Source: PRIMAP, 2017; CAT, 2017

CCPI PERFORMANCE RATING OF GHG EMISSIONS PER CAPITA[7]



Source: CCPI 2017 – G20 Edition

In Mexico, emissions from almost all sectors have in-creased steadily. The energy sector is still the largest GHG contributor. After a brief stagnation until 2020, emissions are projected to grow at a fast rate. LULUCF emissions have steadily fallen since the 1990s to near zero in 2012.[6]

MEXICO

CLIMATE POLICY PERFORMANCE

POLICY EVALUATION [8]

	low	medium	high
Long term low emissions development strategy			
GHG emissions target for 2050			
Renewable energy in power sector[a]			
Coal phase-out[b]			
Efficient light duty vehicles			
Efficient residential buildings			
Energy efficiency in industry sector			
Reducing deforestation[c]			

Climate Transparency evaluates sectoral policies and rates them whether they are in line with the Paris Agreement temperature goal. For more detail, see Annex.

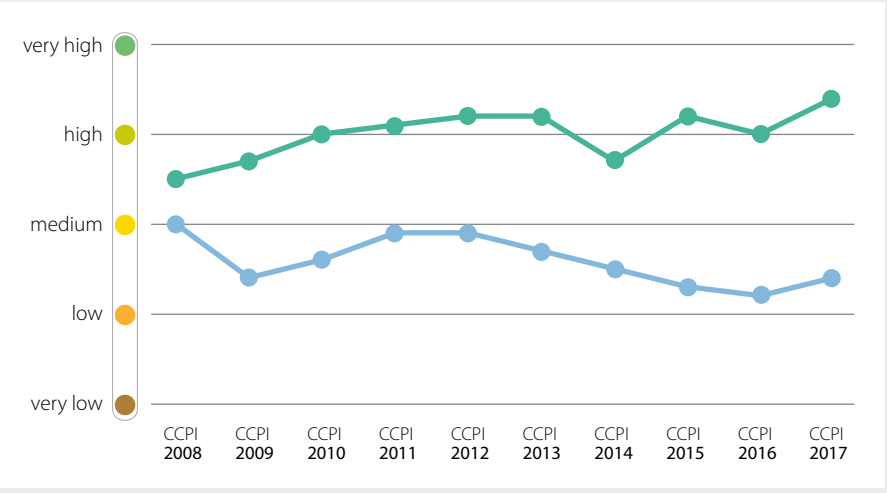
a) Share of renewables in the power sector (2014): **18%**
b) Share of coal in total primary energy supply (2014): **7%**
c) Forest area compared to 1990 levels (2014): **95%**

Source: own evaluation

CCPI EXPERTS' POLICY EVALUATION [9]

In putting forward its long-term strategy, Mexico made a step forward in its climate policy performance, but national experts criticise its Mid-Century Strategy which is not aligned with the emissions reduction targets set in its Climate Change Law.

However, the strategy's focus on renewable energy deployment and reduction of high polluting fossil fuels, provides a vision, principles and lines of indicative action towards low-emissions development.



Evaluation of international climate policy

Evaluation of national climate policy

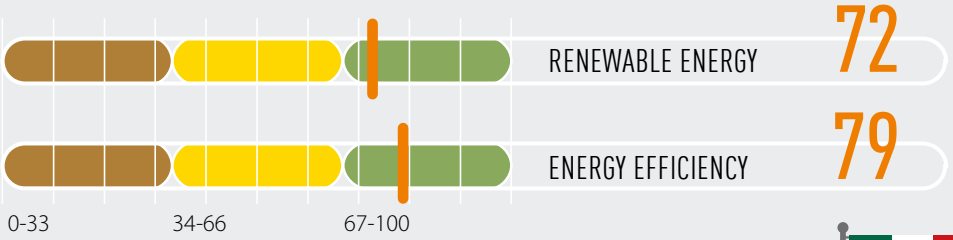
CCPI EVALUATION OF CLIMATE POLICY (2017)

Overall policy performance

Source: CCPI 2017 – G20 Edition

REGULATORY INDICATORS FOR SUSTAINABLE ENERGY (RISE) INDEX

RISE scores reflect a snapshot of a country's policies and regulations in the energy sector. Here Climate Transparency shows the RISE evaluation for Renewable Energy and Energy Efficiency.

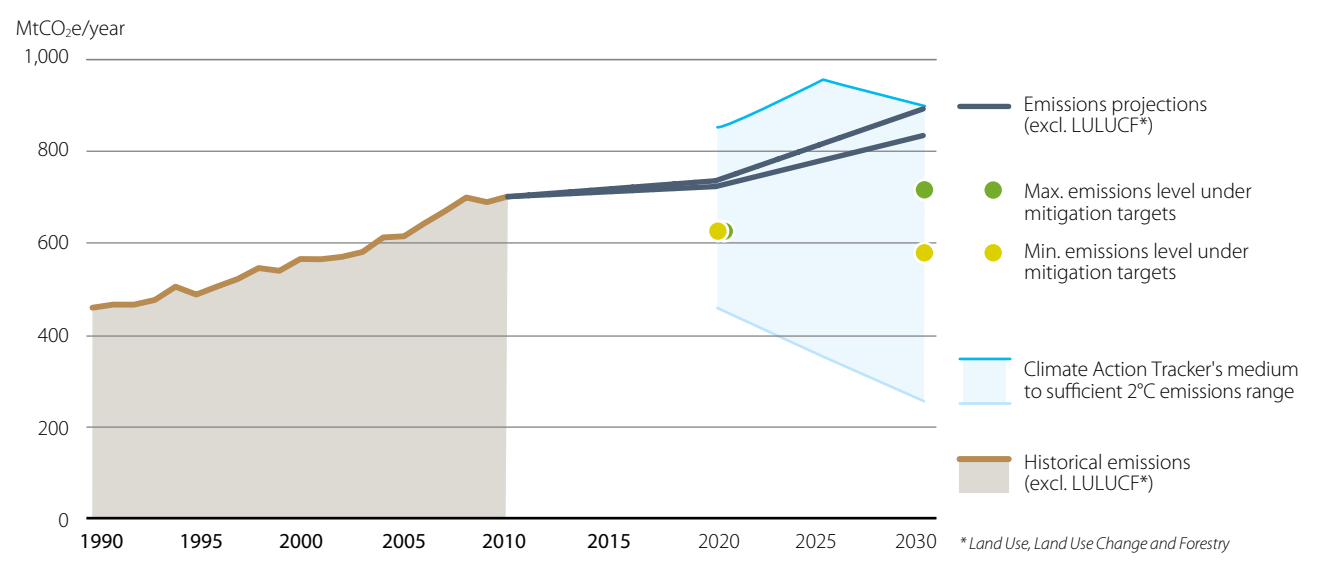


Source: RISE index, 2017

MEXICO

CLIMATE POLICY PERFORMANCE

COMPATIBILITY OF CLIMATE TARGETS WITH A 2°C SCENARIO [10]



Source: CAT, 2017

Mexico has pledged to reduce its GHG emissions by 22% below baseline in 2030, equivalent to an increase of emissions by 56% above 1990 levels. The Nationally Determined Contribution (NDC) also includes targets on black carbon and targets that are conditional on elements of international cooperation and support. Based on these targets, the Climate Action Tracker (CAT) rates Mexico "medium:" not yet consistent with limiting warming below 2°C, let alone with the Paris Agreement's stronger 1.5°C limit, unless other countries make much deeper reductions and comparably greater effort.

CLIMATE ACTION TRACKER EVALUATION OF NATIONAL PLEDGES, TARGETS AND NDC [10]

Source: CAT, 2017

MEXICO

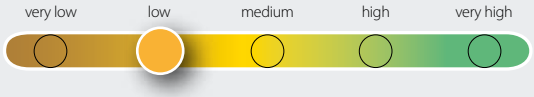
FINANCING THE TRANSITION

INVESTMENTS

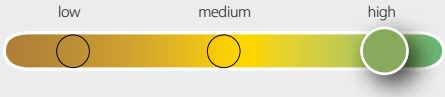
INVESTMENT ATTRACTIVENESS

Mexico has recently improved its support policy for renewable energy, but continues to rank in the lower half of G20 countries in terms of its market absorption capacity for renewables and general investment conditions. Despite significantly increasing the amount of renewable energy capacity installed in 2016 compared to previous years, the overall share of renewables in the power mix remains marginal.

ALLIANZ CLIMATE AND ENERGY MONITOR [11]



RENEWABLE ENERGY COUNTRY ATTRACTIVENESS INDEX (RECAI) [12]



TREND

Source : Allianz, 2017; EY, 2017

MEXICO

FINANCING THE TRANSITION

GREEN BONDS

Green bonds are bonds that earmark proceeds for climate or environmental projects and have been labelled as 'green' by the issuer.[13]

GREEN BONDS AS SHARE OF OVERALL DEBT

0.38%

G20 average: 0.16%

TOTAL VALUE OF GREEN BONDS

2.7 billion US$2017

Source: calculations done by Climate Bonds Initiative for Climate Transparency, 2017

EMISSIONS OF NEW INVESTMENTS IN THE POWER SECTOR

This indicator shows the emissions per MWh coming from newly-installed capacity in 2016. The smaller the value, the more decarbonised the new installed capacity.

0.31 tCO_2/MWh

Source: calculations done by IDDRI for Climate Transparency, 2017

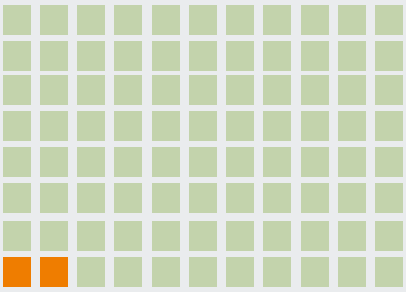
FISCAL POLICIES

FOSSIL FUEL SUBSIDIES (FOR PRODUCTION AND CONSUMPTION)[14]

Mexico has initiated a reform to reduce oil industry restrictions, raising production and attracting international investment. In 2014, direct support for gasoline and diesel fuel consumption -through a floating excise tax- was eliminated. A new fiscal regime for the oil and gas industry to reduce tax and royalty payments and create a level playing field between the monopoly producer and private players was initiated in 2015. Steadily increasing retail prices have led to a reduction in consumer support. Combined with lower international oil and fuel prices, total consumer support fell from US$ 18.5 billion in 2012 to US$ 2.5 billion in 2014.

5.1 billion US$2014

G20 total: **230** billion US$2014



Source: Calculations done by ODI based on OECD inventory, 2017

EFFECTIVE CARBON RATE[16]

With no emissions trading system, specific taxes on energy use dictated an effective carbon price. In 2012, 33% of carbon emissions from energy use were priced, none above € 30/tCO_2 (~US$ 37). Agriculture and fisheries sector emissions were not priced, but the majority of unpriced emissions were from the industry, the residential and commercial, and the electricity sectors. Since 2012, Mexico has reformed the excise tax on road transport fuels and introduced a carbon tax, increasing the transport sector's effective carbon rate, and expanding pricing into various other sectors. Mexico also plans to put in place a national carbon market in 2018.

EFFECTIVE CARBON RATE IN 2012[17]

for non-road energy, excluding biomass emissions

0.3 $US\$/tCO_2$

Source: OECD, 2016

MEXICO

FINANCING THE TRANSITION

PROVISION OF INTERNATIONAL PUBLIC SUPPORT

Mexico is not listed in Annex II of the UNFCCC, and it is therefore not formally obliged to provide climate finance. While there may be climate-related contributions through bilateral or multilateral development banks, these have not been included in this report.

PLEDGE TO THE GREEN CLIMATE FUND (GCF)

Obligation to provide climate finance under the UNFCCC	Signed pledge to the GCF (Million US$)	Pledge per 1000 dollars of GDP ($US_{2011\ (constant)}$)
no	10.0	n/a

Source: GCF,2017

CONTRIBUTIONS THROUGH THE MAJOR MULTILATERAL CLIMATE FUNDS[18]

Annual average contribution 2013-2014 (Billion US$)	Annual average contribution 2013-2014 per 1000 dollars of GDP (Billion US$)	Adaptation	Mitigation
n/a	n/a	n/a	n/a

Source: Climate Funds Update, 2017

BILATERAL CLIMATE FINANCE CONTRIBUTIONS[19]

Bilateral finance commitments (annual average 2013-14) (Billion US$)	Bilateral finance commitments per 1000 dollars of GDP (annual average 2013-14) (Billion US$)
n/a	n/a

Financial instrument (average 2013-2014)				
Grant	Concessional Loan	Non-Concessional loan	Equity	Other
n/a	n/a	n/a	n/a	n/a

Theme of support (average 2013-14)			
Mitigation	Adaptation	Cross-cutting	Other
n/a	n/a	n/a	n/a

Source: Party reporting to the UNFCCC, 2013-14

CLIMATE FINANCE CONTRIBUTIONS THROUGH MULTILATERAL DEVELOPMENT BANKS (MDBs)[20]

MDBs in aggregate spent $21.2 billion on mitigation and $4.5 billion on adaptation in developing countries in 2014.

No national disaggregation available

Source: MDB report, 2015

FUTURE CLIMATE FINANCE COMMITMENTS

Source: "Roadmap to US$100 Billion" report, 2016.

MEXICO

DECARBONISATION

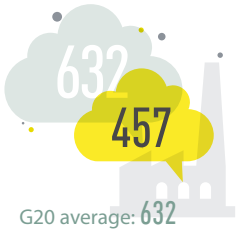
SECTOR-SPECIFIC INDICATORS

POWER SECTOR

ELECTRICITY DEMAND PER CAPITA
(kWh/capita)

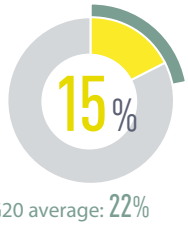
Data from 2014
Source: CAT, 2016

EMISSIONS INTENSITY OF THE POWER SECTOR
(gCO_2/kWh)



Data from 2014
Source: CAT, 2016

SHARE OF RENEWABLES IN POWER GENERATION
(incl. large hydro)



Data from 2015
Source: CAT, 2016

SHARE OF POPULATION WITH ACCESS TO ELECTRICITY

Data from 2016 / Source: IEA, 2016
** The Mexican Electricity Utility reports 98% in its Annual Report (CFE, 2016).*

SHARE OF POPULATION WITH BIOMASS DEPENDENCY

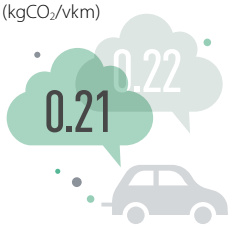
Data from 2014
Source: IEA, 2016

TRANSPORT SECTOR

TRANSPORT EMISSIONS PER CAPITA
(tCO_2e/capita)

Data from 2014
Source: IEA, 2016

TRANSPORT EMISSIONS INTENSITY
($kgCO_2$/vkm)



Data from 2010
Source: CAT, 2016

SHARE OF PRIVATE CARS AND MOTORCYCLES

Data from 2010
Source: CAT, 2016

SHARE OF GLOBAL ELECTRIC VEHICLE SALES
(%)

INDUSTRY SECTOR

INDUSTRY EMISSIONS INTENSITY
(tCO_2/thousand US$2012 sectoral GDP (PPP))

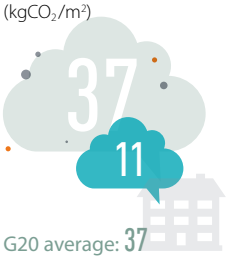
Data from 2014
Source: CAT, 2016

BUILDING SECTOR

BUILDING EMISSIONS PER CAPITA
(tCO_2/capita)

Data from 2014
Source: CAT, 2016

RESIDENTIAL BUILDINGS EMISSIONS INTENSITY
($kgCO_2/m^2$)



Data from 2010
Source: CAT, 2016

RESIDENTIAL BUILDING SPACE
(m^2/capita)

Data from 2010
Source: CAT, 2016

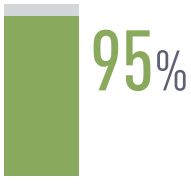
AGRICULTURE SECTOR

AGRICULTURE EMISSIONS INTENSITY
(tCO_2e/thousand US$2010 sectoral GDP (constant))

Data from 2014
Source: PRIMAP, 2017; WorldBank, 2017

FOREST SECTOR

FOREST AREA COMPARED TO 1990 LEVEL

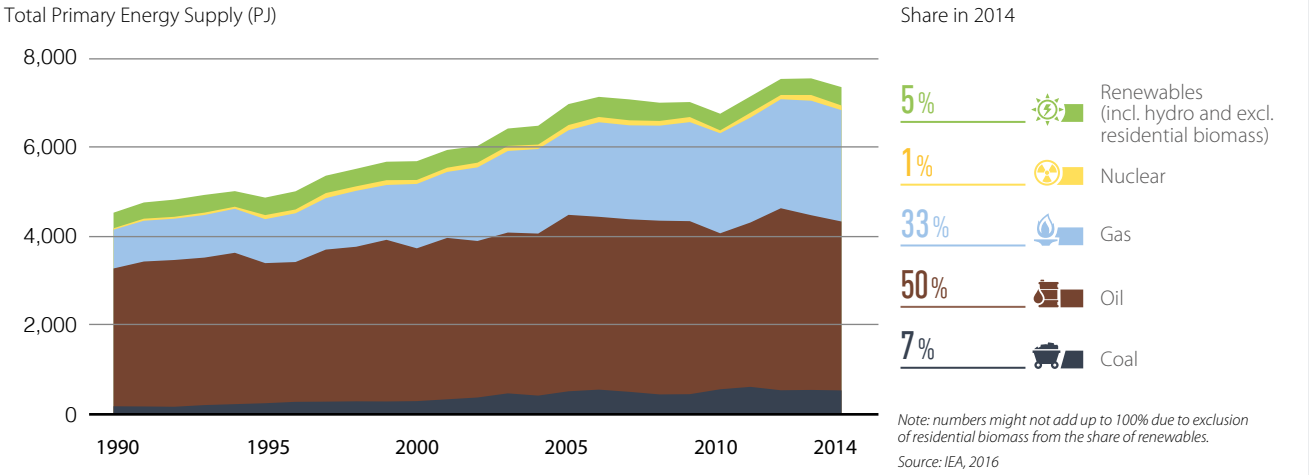


Data from 2015
Source: CAT, 2016

MEXICO

DECARBONISATION

ENERGY MIX[21]

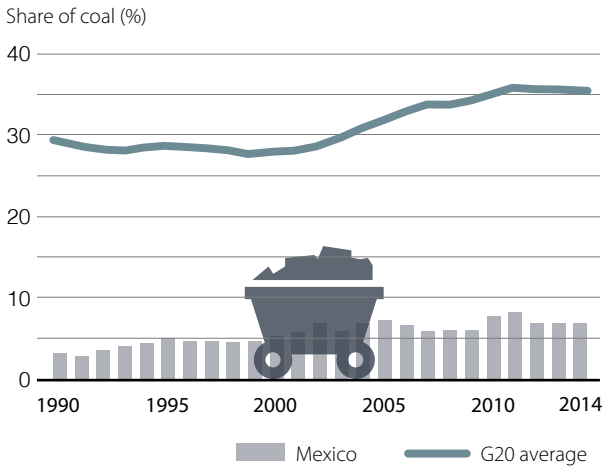


Note: numbers might not add up to 100% due to exclusion of residential biomass from the share of renewables.

Source: IEA, 2016

SHARE OF COAL IN ENERGY SUPPLY[22]

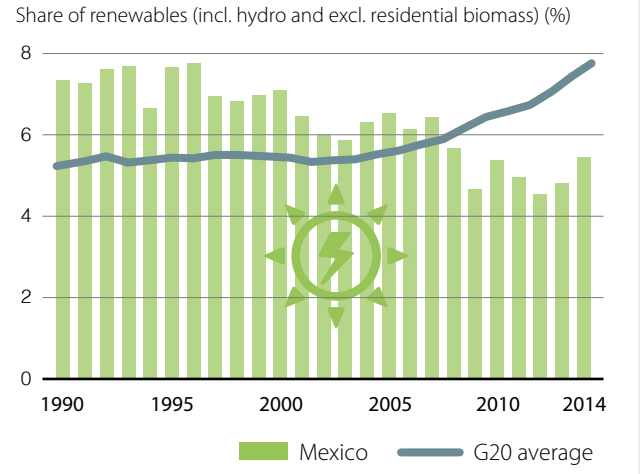
Mexico has the fifth lowest share of coal in the G20 – at a little less than 7% in 2014.



Source: IEA, 2016

SHARE OF RENEWABLES IN ENERGY SUPPLY[23]

While the share of renewables was higher than the G20 average in 1990, it steadily declined over the past decade reaching 5% in 2014, below the G20 average of almost 8%.



Source: IEA, 2016

PERFORMANCE RATING

RECENT DEVELOPMENTS (2009-2014)

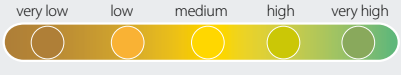
CURRENT LEVEL (2014)

Source: own evaluation

CCPI PERFORMANCE RATING OF THE SHARE OF RENEWABLES[7]

Recent developments
(2009-2014)
excl. hydro and traditional biomass

Current level
(2014)
incl. hydro and excl. traditional biomass

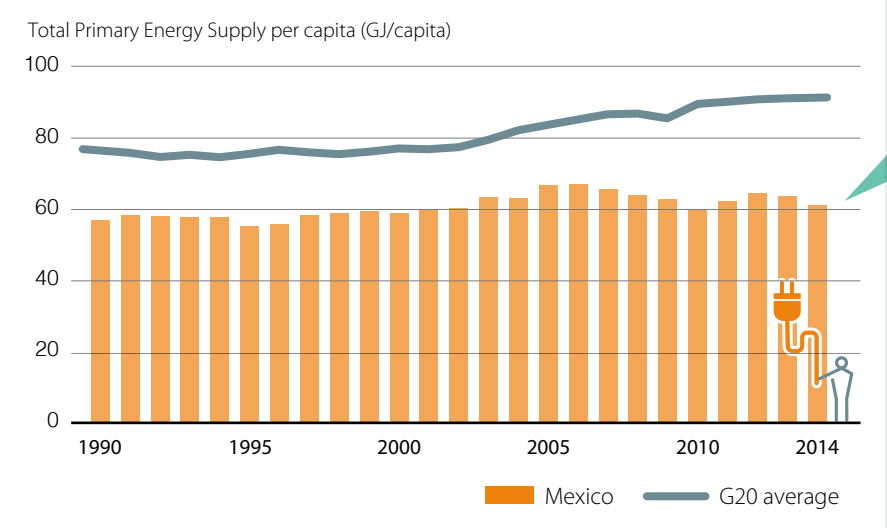


Source: CCPI 2017 – G20 Edition

MEXICO

DECARBONISATION

ENERGY USE PER CAPITA[24]



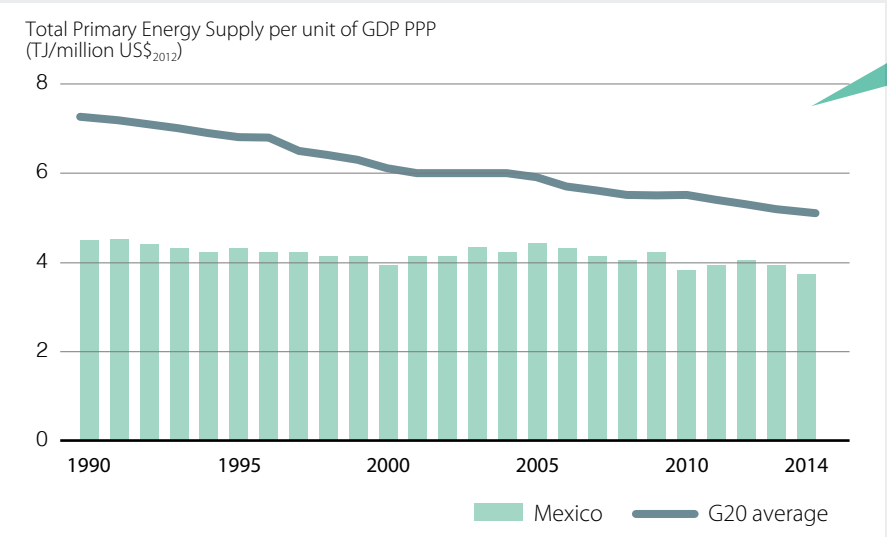
Mexico's energy use per capita increased at a low rate until 2006, and has since marginally declined. It remains below the G20 average.

Source: IEA, 2016

CCPI PERFORMANCE RATING OF ENERGY USE PER CAPITA[7]

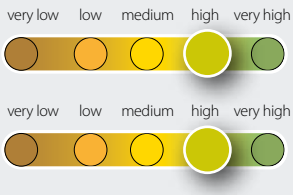
Source: CCPI 2017 – G20 Edition

ENERGY INTENSITY OF THE ECONOMY[25]



The energy intensity of Mexico's economy is below the G20 average and has been relatively steady since the 1990s.

PERFORMANCE RATING



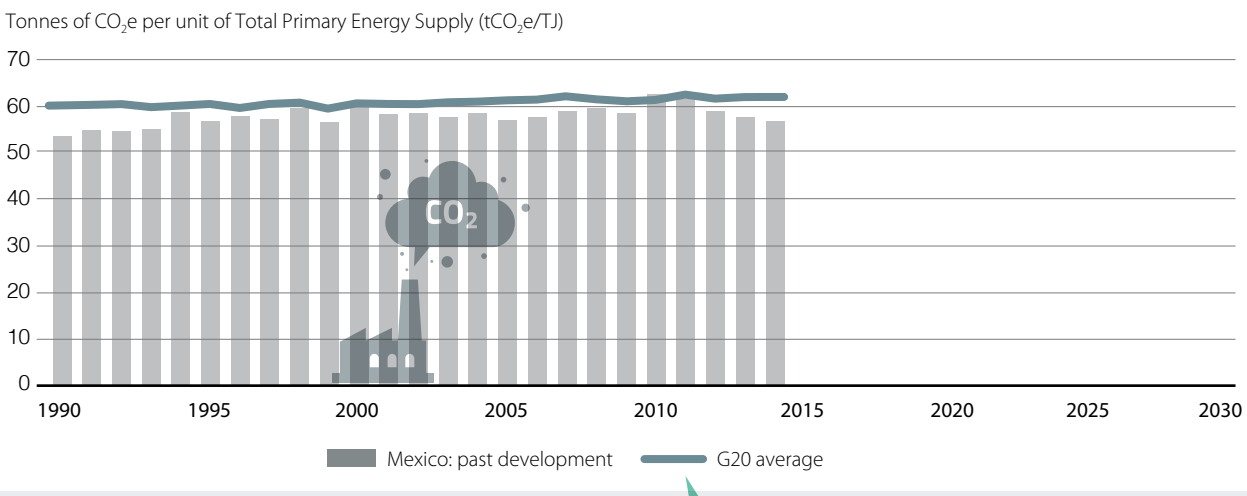
Source: own evaluation

Source: IEA, 2016

MEXICO

DECARBONISATION

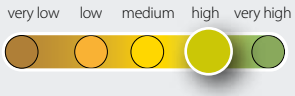
CARBON INTENSITY OF THE ENERGY SECTOR [26]



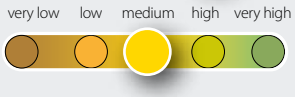
Source: IEA, 2016

The carbon intensity of Mexico's primary energy supply has shown a marginal upward trend over the last decades but remains below the G20 average.

PERFORMANCE RATING



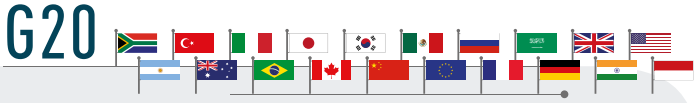
RECENT DEVELOPMENTS (2009-2014)



CURRENT LEVEL (2014)

Source: own evaluation

ANNEX



KEY INDICATORS

1) The Human Development Index (HDI) is a composite index published by the United Nations Development Programme (UNDP). It is a summary measure of average achievement in key dimensions of human development. A country scores higher when the lifespan is higher, the education level is higher, and GDP per capita is higher. Data for 2016.
2) Gross Domestic Product (GDP) per capita is calculated by dividing GDP with midyear population figures. GDP is the value of all final goods and services produced within a country in a given year. Here GDP figures at purchasing power parity (PPP) are used. Data for 2015.
3) PRIMAP-hist combines several published datasets to create a comprehensive set of greenhouse gas emissions pathways for every country and Kyoto gas covering the years 1850 to 2014 and all UNFCCC member states as well as most non-UNFCCC territories. The data resolves the main IPCC 1996 categories. Data for 2014.
4) The ND-GAIN index summarizes a country's vulnerability to climate change and other global challenges in combination with its readiness to improve resilience. It is composed of a vulnerability score and a readiness score. In this report, we display the vulnerability score, which measures a country's exposure and sensitivity to the negative impact of climate change in six life-supporting sectors – food, water, health, ecosystem service, human habitat and infrastructure. In this report, we only display the vulnerability score of the index. Data for 2015.
5) Average level of exposure of a nation's population to concentrations of suspended particles measuring less than 2.5 microns in aerodynamic diameter, which are capable of penetrating deep into the respiratory tract and causing severe health damage. Data for 2015.

GREENHOUSE EMISSIONS (GHG)

6) This indicator gives an overview of the country's emissions profile and the direction the country's emissions are taking under current policy scenario.
7) The Climate Change Performance Index (CCPI) aims to enhance transparency in international climate politics. On the basis of standardised criteria, the index evaluates and compares the climate protection performance of countries in the categories GHG emissions, renewable energy and energy use. It assesses the recent developments, current levels, policy progress and the compatibility of the country's current performance and future targets with the international goal of limiting global temperature rise well below 2°C.

CLIMATE POLICY PERFORMANCE:

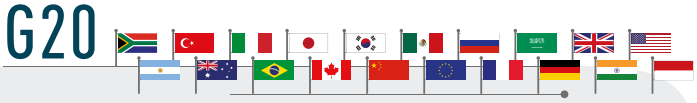
8) The table below displays the criteria used to assess a country's policy performance. For the sector-specific policy criteria the 'high' rating is informed by the Climate Action Tracker (2016) report on the ten steps needed to limit warming to 1.5°C and the Paris Agreement.
9) The CCPI evaluates a country's performance in national climate policy, meaning the performance in establishing and implementing a sufficient policy framework, as well as international climate diplomacy through feedback from national climate and energy experts.
10) The Climate Action Tracker is an independent, science-based assessment that tracks government emissions reduction commitments and actions. It provides an up-to-date assessment of individual national pledges, targets and NDCs and currently implemented policies to reduce greenhouse gas emissions.

FINANCING THE TRANSITION

11) The Allianz Climate and Energy Monitor ranks G20 member states on their relative fitness as potential investment destinations for building low-carbon electricity infrastructure. The investment attractiveness of a country is assessed through four categories: policy adequacy, policy reliability of sustained support, market absorption capacity and the national investment conditions.
12) The Renewable Energy Country Attractiveness Index (RECAI) produces scores and rankings for countries' attractiveness based on macro drivers, energy market drivers and technology-specific drivers which, together, compress a set of 5 drivers, 16 parameters and over 50 datasets. For comparability purposes with the Allianz Monitor index, we divided the G20 members included in the latest RECAI ranking (May 2017) in two categories and rate the top half as "high performance" and the lower half as "medium performance".
13) The green bonds country indicator shows which countries are active in the green bond market by showing green bonds per country as a percentage of the overall debt securities market for that country. Green bonds were created to fund projects that have positive environmental and/or climate benefits.
14) The data presented is from the OECD inventory: www.oecd.org/site/tadffss/ except for Argentina and Saudi Arabia for which data from the IEA subsidies database is used. The IEA uses a different methodology for calculating subsidies than the OECD. It uses a 'price-gap' approach and covers a sub-set of consumer subsidies. The price-gap approach compares average end-user prices paid by consumers with reference prices that corresponds to the full cost of supply.

To endnote 8) Rating	Criteria description		
	Low	Medium	High
Long term low emissions development strategy	No long term low emissions strategy	Existing long term low emissions strategy	Long-term low emissions strategy submitted to the UNFCCC in accordance with Article 4, paragraph 19, of the Paris Agreement
GHG emissions target for 2050	No emissions reduction target for 2050 (or beyond)	Existing emissions reduction target for 2050 (or beyond)	Emissions reduction target to bring CO_2 emissions to at least net zero by 2050
Renewable energy in power sector	No policy or support scheme for renewable energy in place	Support scheme for renewables in the power sector in place	Support scheme and target for 100% renewables in the power sector by 2050 in place
Coal phase-out	No consideration or policy in place for phasing out coal	Significant action to reduce coal use implemented or coal phase-out under consideration	Coal phase-out in place
Efficient light duty vehicles	No policy or emissions performance standards for LDVs in place	Energy/emissions performance standards or support for LDVs	National target to phase out fossil fuel cars in place
Efficient residential buildings	No policy or low-emissions building codes and standards in place	Building codes, standards and fiscal/financial incentives for low-emissions options in place	National strategy for near-zero energy buildings (at least for all new buildings)
Energy efficiency in industry sector	No policy or support for energy efficiency in industrial production in place	Support for energy efficiency in industrial production (covering at least two of the country's subsectors (e.g. cement and steel production))	Target for new installations in emissions-intensive sectors to be low-carbon after 2020, maximising efficiency
Reducing deforestation	No policy or incentive to reduce deforestation in place	Incentives to reduce deforestation or support schemes for afforestation /reforestation in place	National target for reaching zero deforestation by 2020s

ANNEX (continued)



15) This footnote had to be deleted as the data for the corresponding indicator was not available at the time of publication of this report.

16) In addition to carbon pricing mechanisms, emissions trading schemes and various energy taxes also act as prices on carbon, although they are generally not developed with the aim or reducing emissions. The OECD report presents calculations on 'Effective Carbon Rates' as the sum of carbon taxes, specific taxes on energy use, and tradable emission permit prices. The calculations are based on 2012 energy policies and prices, as covered in OECD's Taxing Energy Use database. According to OECD estimates, to tackle climate change emissions should be priced at least EUR 30 (or US$ 37) per tonne of CO_2 revealing a major 'carbon pricing gap' within the G20.

17) The effective carbon rate presented in this country profile does not factor in emissions from biomass, as many countries and the UNFCCC treat them as carbon-neutral. However, in many cases biomass emissions are found to be non-carbon neutral over their lifecycle, especially due to the land use changes they cause.

18) Finance delivered through multilateral climate funds comes from Climate Funds Update, a joint ODI/Heinrich Boell Foundation database that tracks spending through major multilateral climate funds. Figures include: Adaptation for Smallholder Agriculture Programme; Adaptation Fund; Clean Technology Fund; Forest Carbon Partnership Facility; Forest Investment Program; Global Environment Facility (5th and 6th Replenishment, Climate Focal Area only); Least Developed Countries Fund; Partnership for Market Readiness; Pilot Program for Climate Resilience; Scaling-up Renewable Energy Program; and the Special Climate Change Fund.

19) Bilateral finance commitments are sourced from Party reporting to the UNFCCC under the Common Tabular Format. Figures represent commitments of funds to projects or programmes, as opposed to actual disbursements.

20) Data for the MDB spending on climate action includes ADB, AfDB, EBRD, EIB, IDB, IFC and the World Bank. Data is self-reported annually by the MDBs, based on a shared methodology they developed. The reported data includes MDBs own resources and expenditure in EU13, not funding from external sources that are channelled through the MDBs (e.g through bilateral donors and dedicated climate funds that are captured elsewhere). Data reported corresponds to the financing of adaptation or mitigation projects or of those components, sub-components, or elements within projects that provide adaptation or mitigation benefits (rather than the entire project cost). It does not include public or private finance mobilised by MDBs.

DECARBONISATION

21) Total primary energy supply data displayed in this factsheet does not include non-energy use values.

22) The share of coal in total primary energy supply reveals the country's historical and current proportion of coal in the energy mix. As coal is one of the dirtiest of fossil fuels, reducing coal's share in its energy mix is a crucial step for a country's transition to a green economy.

23) The share of renewable energy in total primary energy supply shows a country's historical and current proportion of renewables in the energy mix. The numbers displayed in the graph do not include residential biomass and waste values. Replacing fossil fuels and promoting the expansion of renewable energy is an important step for reducing emissions.

24) TPES per capita displays the historical, current and projected energy supply in relation to a country's population. Alongside the intensity indicators (TPES/GDP and CO_2/TPES), TPES per capita gives an indication on the energy efficiency of a country's economy. In line with a well-below 2°C limits, TPES/capita should not grow above current global average levels. This means that developing countries are still allowed to expand their energy use to the current global average, while developed countries have to simultaneously reduce it to that same number.

25) TPES per GDP describes the energy intensity of a country's economy. This indicator illustrates the efficiency of energy usage by calculating the energy needed to produce one unit of GDP. A decrease in this indicator can mean an increase in efficiency but also reflects structural economic changes.

26) This indicator describes the carbon intensity of a country's energy sector (expressed as the CO_2 emissions per unit of total primary energy supply) and gives an indication on the share of fossil fuels in the energy supply.

For more detail on the sources and methodologies behind the calculation of the indicators displayed, please download the Technical Note at:

http://www.climate-transparency.org/g20-climate-performance/g20report2017