



This project is funded by the European Union

LOW CARBON SERVICES

DEFINITION

Low Carbon Services refer to a variety of services that support the measurement, optimization, assessment and offsetting of greenhouse gas (GHG) emissions through technological solutions, models and platforms.

TECHNOLOGIES



Emission calculation services



Carbon capture and storage



Carbon credit and offset



Engineering services



Other carbon optimization services



MARKET OPPORTUNITY MEXICO

LOW CARBON SERVICES

Market overview

Mexico's 2012 General Law on Climate Change and its instruments for monitoring and implementation will promote the development and uptake of low carbon services. The National Emissions Registration System (RENE) is an instrument to facilitate the registration of greenhouse gases and components (GHGC) generated by different economic sectors.

Key business opportunities for European companies

- 1 Mexico's main voluntary carbon market is currently undertaking **three carbon capture- reforestation projects**.
- 2 Companies that report on their CO₂ emissions are required to present **certified third-party calculation validations** every three years.
- 3 Relevant trade partners to Mexico are assessing a tariff on exports to compensate for the **environmental impact in the manufacture of products**.
- 4 [Mexico's Emissions Trading System \(ETS\)](#) is in force and scheduled to be fully operational in 2023. **Commercialization and specialized consulting service offers experienced in ETS** will be required by Mexico's largest corporations.
- 5 A major construction company has set a goal to reduce their CO₂ emissions by 35% by 2030 and are currently exploring **carbon capture technologies**.

Sector highlight

Low Carbon Services in Mexico are still in their nascent stage. The increasing issuance of green bonds by Mexican corporations is an interesting development that could indicate upcoming activities under the ETS.

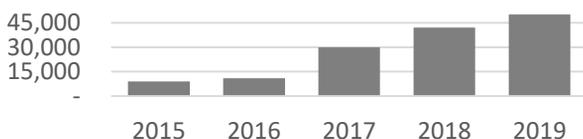
Mexican Green Bond Market

2015 – Aug 2019

Number of green bonds issued

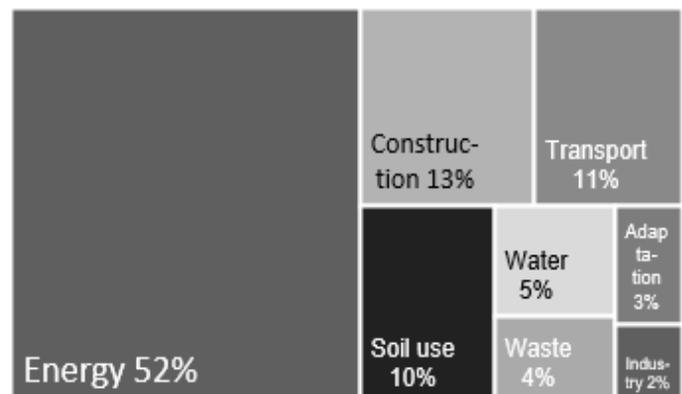


Accumulated amount issued (MXN million)



Source: [Mexico2- website](#)

Percentage of green bonds issued





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Sector insights

- Mexico's emissions trading market is on track to be fully operational in 2023, following a three-year pilot phase.
- Carbon capture technologies are growing but still in their nascent phase and this is a general industry trend. While adoption is more prevalent in Norway, USA, Canada and China, there were only 21 projects in operation worldwide, with 3 facilities in construction and 41 projects under development.

Drivers

- Mexico's ETS is finalising its pilot phase and will be fully operational in 2023. The pilot phase covers energy and industry sectors, as listed in the International Carbon Action Partnership report [here](#).
- The carbon credit and offset market has already emerged in Mexico's main voluntary carbon market.
- Regulation related to carbon emissions calculation requires a Verification Opinion by a third party every 3 years.
- A carbon tax in Tamaulipas is already in place and several state carbon tax initiatives are underway.

Barriers

- Uncertainty exists about the coming operation and regulation of the Mexican ETS – carbon emission limits, sanctions and general operation rules.
- Carbon capture technologies have not yet been implemented in Mexico – these are generally perceived to have high implementation costs.

Case study

A **global logistics company** offers customers the ability to offset carbon dioxide emissions generated by the transportation of their packages through carbon offsetting. Under their carbon neutral option, every ton of CO₂ produced in transporting their packages is equally offset by a verified emissions reduction project elsewhere in the world. Projects include reforestation, abatement of gases from landfills and sewage treatment.

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