ERCST
European Roundtable on Climate Change and Sustainable Transition

INICIATIVA CLIMÁTICA DE MÉXICO

Climate Trade Measures

In-person country workshop

Convened by European Roundtable on Climate Change and Sustainable Transition (ERCST) and Iniciativa Climática de México (ICM)

This meeting is under Chatham House Rules

Date: March 15th, 2024
Time: 10.00 – 12.30
Location: Salón Rufino Tamayo del Hotel Marriott Mexico City Reforma Hotel, Av. Paseo de la Reforma 276, Juárez, Cuauhtémoc, Ciudad de México, CDMX.
Translation service will be provided.

In August 2020, the European Roundtable on Climate Change and Sustainable Transition (ERCST) and Iniciativa Climática de México (ICM) organized an event to analyze the role that Carbon Border Adjustment (BCA) mechanisms can play in addressing asymmetry in climate ambition under the Paris Agreement. Given the renewed debates on BCAs, it was the opportune moment to closely examine the available policy design elements and options, along with associated trade environmental, economic, political, and legal implications. The goal was to understand what type of BCA could work for the European Union (EU).

ICM has led civil society efforts in recent years, developing analyses to support a more ambitious Nationally Determined Contribution (NDC) and providing a detailed preparation of Net Zero pathways for Mexico. Instruments like these play a significant role in influencing Mexico's efforts to advance climate policy and achieve the goals of the Paris Agreement.

The EU introduced the regulation for the Carbon Border Adjustment Mechanism (CBAM) on October 1, 2023, to impose tariffs on imported goods based on their carbon emissions. The full implementation of this mechanism is expected on January 1, 2026, and it will require the submission of CBAM Emissions Certificates for all imported goods entering the EU.

Stakeholders are invited to join an in-person, by-invitation consultation for the Climate Trade Nexus project. The primary objective of this consultation is to discuss and develop methodologies that integrate climate and trade considerations. It will also provide stakeholders with insights into the emerging wave of trade measures that may impact their exports and industries.

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The purpose of the Climate-Trade Nexus Assessment (CTNA) is to explore how trade-based climate measures, addressing international greenhouse gas leakage resulting from domestic climate policies in key industries, might be designed to account for legitimate differences in climate policy across various developing country trading partners.

One of the initial steps is to conduct a broad survey of used and proposed methodologies for comparing and assessing national-level, sector-level, or industry-level climate change ambition, as expressed in climate policies—both carbon price-based and those that do not involve carbon markets or pricing.

10:00 (10 min) Welcome

- A. Marcu, Executive Director, ERCST
- Adrian Fernández, Executive Director, ICM

10:20 (20 min) Introduction to trade-based climate measures and presentation of the Climate-Trade Nexus project

- A. Marcu, Executive Director, ERCST
- M. Mehling, ERCST
- A. Cosbey, ERCST

10: 40 (40 min) Discussion of climate change policy in Mexico

Moderador: Mariana Gutiérrez

- Juan Carlos Arredondo Brun, Senior Knowledge Expert (McKinsey)
- José Ramón Ardavín, CESPEDES
- Sectors
  - Carlos Medina, CEMEX (TBC)
  - Paulina Terrazas, DEACERO

11:10 (10 min) Break

11:20 (30 min) Presentation of methods by ERCST

Moderador: Jorge Villareal, ICM

- Marcu, Executive Director, ERCST
- M. Mehling, ERCST
- A. Cosbey, ERCST
- Carlos Muñoz, WRI (Mexico Climate Change Policy and the 4 methods)

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11.50 (30 min) **Discussion on methods with stakeholders**

Discussion of how each method will affect each sector/country based on questions: Q1. Which, if any, of the outlined approaches is better aligned with the existing international trade climate change framework? Q2. For the purposes of fairly reflecting your country's (or your firm's) level of climate ambition, which of the proposed methodologies is most appropriate? Which has shortcomings? Q3. Are there advantages/disadvantages to considering climate ambition at the sectoral, rather than the national, level? Q4. Should the assessment of ambition be universal, or should it take account of circumstances such as level of development, level of technology, and capacity for mitigation? If the latter, how could such a distinction be made in practice?

12:30 **End of meeting**