US-Mexican Carbon Flows and Trading

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Outline

- National and International Setting
- Carbon Flows, Sharing, and Trading
- Opening Doors
International Setting

Both US and Mexico have:

- Energy-dependent economies
- Consistently used more energy each year
- Used more coal as base of energy
- Emitted more carbon each year
Border Setting

The US-Mexican border region is:

- Arid (hard to capture carbon in living resources)
- NAFTA dominated (much and congestive trade and commerce)
- Growing (doubling time in 25 to 30 years is twice Mexican to thrice US national averages)
Carbon Setting

- Mexico has signed Kyoto as a win-win proposition
- US sees Kyoto as a losing proposition
- US encourages volunteer action and has quit even its Methane to Market program

Opportunity Abounds!
Carbon Sharing

- US and Mexico traditionally exchanged oil, gas, and electricity
- US is exclusively a buyer now
- Mexico imports in order to export to US
Carbon Sharing

- “Electricity maquiladoras” burn US fuel, emit into Mexican skies, and export product
- Up to four new Mexican LNG plants will supply US
- PEMEX oil fuels new US refinery and ULSD promised in return.
Joint Implementation

- The village of Ojinaga, on the Texas-Chihuahua border, suffers job loss
- Trees were planted to provide jobs, use wastewater (preventing pollution of the rivers and groundwater), to create habitat
- Living then furniture sequestration measured in 100s of tons
Possible Trading

• The first Emission Reduction Credits laid the road for US-Mexican trading of Renewable Energy Credits, Mitigation, Offsets, even Water Banks

• Why not carbon? US has a Chicago market and Mexico has Kyoto.
Enabling Doors

- NAFTA allows trading as financial instruments
- La Paz Environmental Cooperation Agreement facilitates
- Security and Prosperity Partnership encourages energy cooperation
Opening Doors

- All four US border states have RPS
- Three of four US border states have concrete carbon targets
- Two of the US border states have talked with their neighbor about trading
Keys to Opening Doors

- Carbon footprint calculation
  - Energy Use
  - Transportation
  - Waste
- Savings Plan
- Cap and Trade
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