



SEMARNAT

SECRETARÍA DE MEDIO AMBIENTE
Y RECURSOS NATURALES

CARBON TAX IN MEXICO

May 2014

A Carbon Tax was introduced in Mexico in 2014

- It applies only for the use of fossil fuels
- The Tax is intended to create awareness of CO₂ Emissions, to put a price to carbon and to promote the use of cleaner fuels (initial price set at \$5 US\$/tCO₂e)
- It also allows for the use of offsets in the payment (only CDM)

However, modifications during its pass through Congress modified the initial proposal:

- ☐ Approx price of Carbon was set at \$US 3.5 / tCO₂e
- ☐ Natural gas was exempted
- ☐ Estimated revenue: approx \$US 1Bn
- ☐ Transferred to Finance Dept by first producers/importers

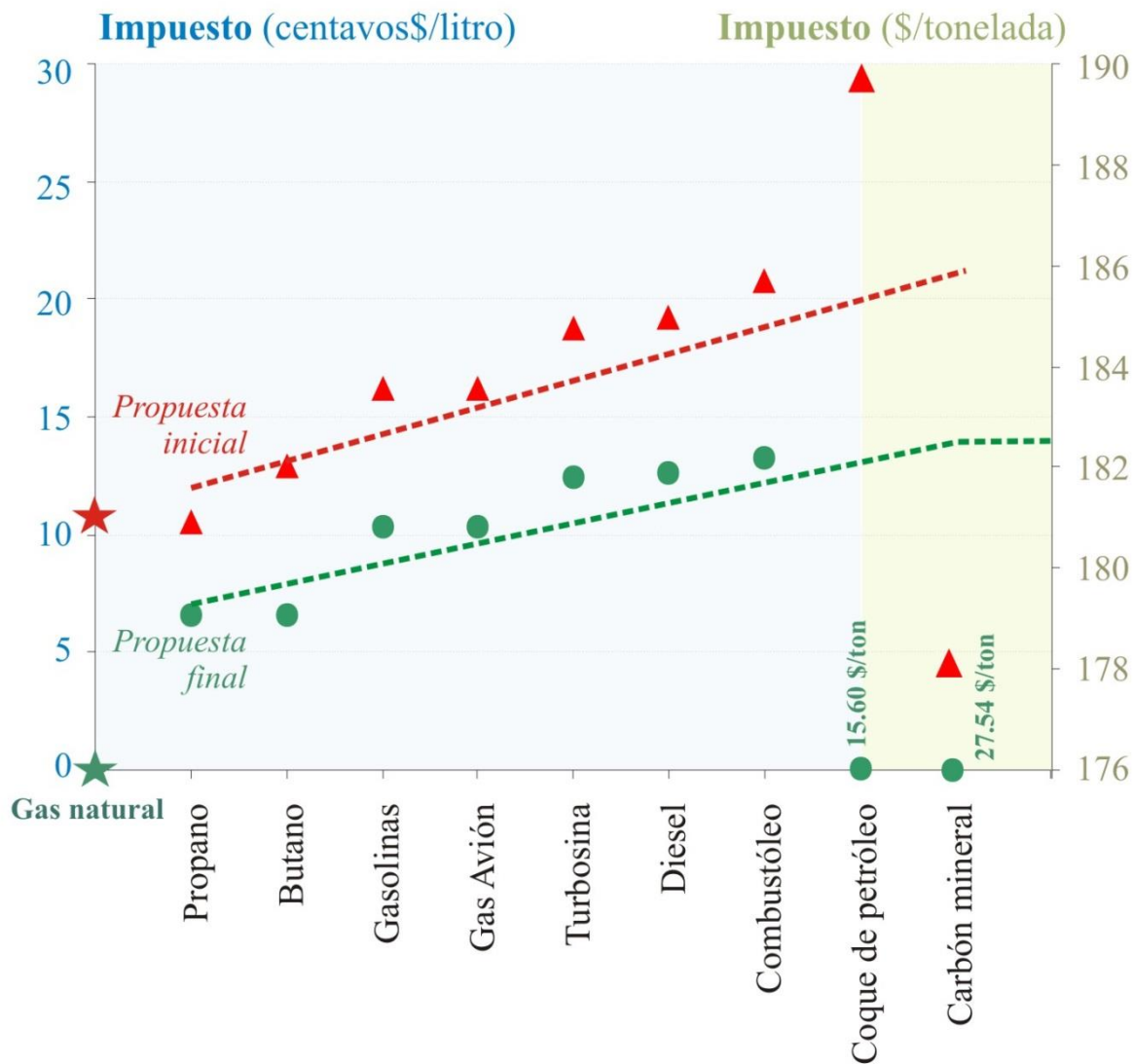
In following years, some changes could be introduced in the law to improve possible use of offsets



FOSSIL FUEL	GENERAL FORMULA	CARBON CONTENT IN MEXICO*	TAX		Difference (%)
			Initial proposal	Final proposal (LIEPS)	
NATURAL GAS	CH_4	0.526 kgC/m ³	11.94 c/m ³	0	
PROPANE	C_3H_8	0.458 kgC/m ³	10.50 c/l	5.91 c/l	43.7
BUTANE	C_4H_{10}	0.458 kgC/m ³	12.86 c/l	7.76 c/l	39.7
GAS (REGULAR AND PREMIUM)	$\text{Mix}_{\text{prom}} \text{C}_8\text{H}_{18}$	0.619 kgC/m ³	16.21 c/l	10.38 c/l	36.0
JET FUEL	$\text{Mix}_{\text{alta}} \text{C}_8\text{H}_{18}$	0.690 kgC/m ³	16.21 c/l	10.38 c/l	36.0
TURBOSINE AND OTHER KEROSENE	$\text{Mix}_{\text{baja}} \text{C}_{12}\text{H}_{26}$	0.710 kgC/m ³	18.71 c/l	12.40 c/l	33.7
DIESEL	$\text{C}_{12}\text{H}_{26} - \text{C}_{15}\text{H}_{32}$	0.722 kgC/m ³	19.17 c/l	12.59 c/l	34.3
FUEL OIL (HEAVY AND REGULAR 15)	$\text{C}_{20}\text{H}_m - \text{C}_{70}\text{H}_m$	0.813 kgC/m ³	20.74 c/l	13.45 c/l	35.1
OIL COKE	$>\text{C}_{70}\text{H}_m$	0.900 kgC/m ³	189.85 \$/ton	15.60 \$/ton	91.8
MINERAL CARBON	$\text{C}_{137}\text{H}_{97} - \text{C}_{240}\text{H}_{90}$	0.825 kgC/m ³	178.33 \$/ton	27.54 \$/ton	84.6

*Based on chemical analysis from PEMEX fuels

**1 liter weights 0.54 kilograms





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GRACIAS