



A LEGAL WORKING BRIEF ON

THE NEW GENERAL LAW ON CLIMATE CHANGE IN MEXICO Leading National Action to Transition to a Green Economy

EXECUTIVE SUMMARY

Mexico passed the General Law on Climate Change on April 19, 2012, establishing a new leading global legal best practice to address climate change. Mexico has become the second country, after the United Kingdom, to set out a regulatory framework that comprehensively addresses climate change through a committed multi-sectoral and multi-stakeholder approach. Importantly, this Law removes the challenge of addressing climate change from the whims of political parties and electoral cycles, and declares it to be a long-term priority of the Mexican State with innovative new legal tools and institutions created to meet this challenge.

The provisions of the General Law incorporate recommendations of the two national studies completed by IDLO in 2011, the world's first Legal Preparedness for Climate Change Assessment Report and a Country Study on Legal Preparedness for REDD+ in Mexico.

'Addressing climate change is removed from the whims of electoral cycles and declared a long-term priority of the Mexican State'

The key leading features of the General Law on Climate Change include:

Fulfillment of International Commitments: The drafting of this new legislation presents a clear alignment with safeguards for *REDD+ activities* that are contained in paragraph 70 and Annex 1 of the *Cancun Agreements*, as well as with additional guidance in the COP 17 Durban Outcomes. It also conforms to criteria, definitions, mechanisms and commitments in the United Nations Framework Convention on Climate Change (UNFCCC) and Kyoto Protocol, and criteria established by other international organizations such as FAO, on the issue of climate change.

Emission Reduction and Renewable Energy Goals: The Law sets out ambitious voluntary goals made by Mexico while recognizing the challenges and conditions to their achievement. It sets out innovative new mechanisms to establish a transparent and accountable emissions trading scheme to boost investor confidence domestically and internationally, while continuing its call for international assistance in funding and technology transfer as an important condition.

Focused Progressive National Action on Climate Change: The new National Strategy on Climate Change, mandated by the Law, calls for the development of National Policies on Mitigation and Adaptation that are to be

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reviewed and revised in 10, 20, and 40 years. Further, the goals contained in these policies, once set, cannot be reversed thus ensuring that Mexico continues to progress forward in its climate change efforts. The Transitory Articles of the Law outline the specific mitigation and adaptation actions to be prioritized in Mexico, providing concrete guidance to focus actions.

Focused Progressive National Action on Climate Change: The new National Strategy on Climate Change, mandated by the Law, calls for the development of National Policies on Mitigation and Adaptation that are to be reviewed and revised in 10, 20, and 40 years. Further, the goals contained in these policies, once set, cannot be reversed thus ensuring that Mexico continues to progress forward in its climate change efforts. The Transitory Articles of the Law outline the specific mitigation and adaptation actions to be prioritized in Mexico, providing concrete guidance to focus actions.

New Institutional Framework focused on Coordination and Participation: The Law also sets out a robust institutional framework. It creates new multi-sectoral bodies dedicated specifically to climate change issues: the high-level Interministerial Commission on Climate Change (CICC) and the National Institute of Ecology and Climate Change (INECC). It also sets out clear rights and responsibility of all levels of government, and establishes the National System for Climate Change to ensure coordination. It mandates the formal participation of civil society, the private sector and academia in policy development and project implementation through membership in the Council for Climate Change and Evaluation Committee. The Law emphasizes the need to engage indigenous communities, youth, disabled, and other vulnerable communities.

New Tools focused on Transparency and Accountability: The Law establishes new innovative tools to boost investor and citizen confidence in the emissions trading system and the allocation of funds. To support its new Voluntary System of

Emissions Trading, it creates an Inventory of Emissions, a Registry of Emissions and a new Climate Change Fund with a focus on certifications, assurances, and regular verifications.

Challenges remain, particularly in the implementation and funding of the institutions and tools created by the new General Law. One of the main challenges for the implementation of this Act will be how to involve the private sector, so as to overcome its reluctance and identify areas of opportunity in the context of the green economy, including improving competitiveness and the availability of financial and technological supports. An additional challenge is the lack of resources to facilitate the implementation of the Law. To address this situation, a *Climate Change Fund* was established to capture and channel funds from public and private sectors at both, national and international levels, in support of mitigation and adaptation actions

Ultimately however, the General Law represents a major step forward for Mexico, and for those countries that choose to learn from this new leading best practice, in their efforts to address climate change and transition to a new global green economy.

BACKGROUND

'The General Law is a major step forward for Mexico, and a new leading best practice to address climate change and transition to a new green economy'

Mexico is one of the five most vulnerable countries to climate change due to its biodiversity, geographic position, and poverty levels. The country has already experienced climate change effects, from severe droughts to rainstorms of increasing intensity and frequency. Meanwhile, it is the world's 13th biggest emitter of greenhouse gases, and the world's 11th biggest economy, projected to

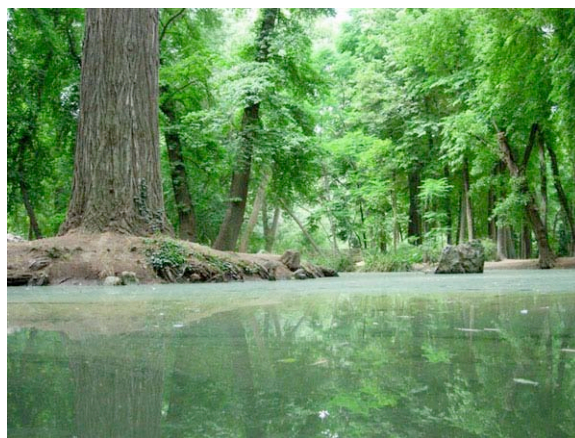
be the 5th largest economy by 2050. Mexico has taken proactive steps, both in international commitments and national actions, to address the challenge of climate change and transition to a low-carbon emission economy.

The *Cancun Agreements* adopted at the 16th Conference of the Parties (COP16) of the United Nations Framework Convention on Climate Change (UNFCCC) in December 2010, made a significant step forward by establishing a framework on Reducing Emissions from Deforestation and Forest Degradation (REDD+), aimed at reducing deforestation and promoting the conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries. A major breakthrough of the Agreements are the guidelines established to carry out REDD+ activities in a manner that safeguards important rights and guarantees.

At the 17th Conference of the Parties (COP17) held in Durban, South Africa in December 2011, three important issues were raised: 1) the renewal of the Kyoto Protocol, reaching a second period of commitment from 2013; 2) the funding and design of the program of work for the Green Climate Fund, which will put USD \$100,000 million per year by 2020 available to developing countries to adapt to the consequences of climate change; and 3) the reduction of global greenhouse gases emissions, through the approval of a Roadmap for the adoption of a new binding Global Agreement, to be applicable to all countries, not only developed States. An important result of COP 17 are the Durban Outcomes, which outlined further guidelines on the social and environmental safeguards to be applied to all mitigation, adaptation and emission reduction actions undertaken by countries.

Addressing the impacts of climate change and transitioning to a low-carbon emission economy have been key priorities for the Mexican Government. As an official UN

REDD Programme partner country, Mexico recognizes forest resources as an important natural resource that contributes to the livelihoods of its people. The country has embraced the REDD+ mechanism as an important opportunity to stop and reverse deforestation and degradation of forests and soil. REDD+ offers the potential to recognize financial value for the carbon stored in Mexico's forests and promote environmental and social benefits towards a Green Economy model, characterized by new technology and low emission development pathways



In order to support Mexico to strengthen its capacity to move towards a low-carbon emission economy and implement REDD+, the International Development Law Organization (IDLO) conducted a two national studies: the world's first Legal Preparedness for Climate Change Assessment Report (L-PAR) and a Country Study on the Legal Preparedness for REDD+. These reports provided options and recommendations for legislative and institutional arrangements to support climate mitigation and adaptation actions and favorable implementation of REDD+ projects to benefit Mexico's rural poor. The studies featured discussion on the legal and institutional requirements outlined in the Cancun Agreements and the Durban Outcomes and propose tailored reforms for Mexico to address climate change while meeting the social and environmental safeguards.

On April 19, 2012, Mexico passed the General Law on Climate Change, the first comprehensive national law to address climate change enacted in the developing world and the second one at the global level (after the *Climate Change Act*, passed in the United Kingdom in 2008). This affirmative action of the Government of Mexico was made in compliance with the commitments made at COP16 and COP17. The provisions of the Law reflect the recommendations of the two national studies completed by IDLO.

THE LEGISLATIVE PROCESS

On December 6, 2011, the full Senate of Mexico approved the draft decree enacting the General Law on Climate Change. The draft decree contained core elements of seven bills submitted between 2007 and 2011 by senators of all major political parties, drafted with broad stakeholder consultation including inputs and views collected from academia, research institutes, NGOs and the private sector.



In the second stage of the legislative process, the draft decree gained the approval of the Chamber of Deputies (280 votes in favor, 10 votes against and 1 abstention) and was sent back to the Senate for final adoption. The General Law on Climate Change was finally approved by the Senate of Mexico on April 19, 2012 by a unanimous vote (78 votes), and was referred to the Federal Executive Branch for legal

promulgation by publication in the Official Journal of the Federation. This broad multi-political party and multi-stakeholder approval reflects the full commitment and awareness across Mexico to take bold actions to address climate change issues.

PRINCIPAL OBJECTIVES AND GOALS

The General Law on Climate Change

'The Law was developed with the active contribution of all major political parties, private sector and civil society, and was passed with near unanimous support of both the Chamber and Senate'

strengthens Mexico's commitment to sustainable development and its transition to a low carbon economy, promoting the creation of green jobs and innovation in clean technologies and renewable energy. The new Law is a clear demonstration of the political will of the Mexican State to meet sustainable development, renewable energies, and the transition to the new green economy models. This commitment in the text of the Law through Article 35-III which emphasizes the central role of sustainable development, human health, biodiversity, food security, economic development, environment and *"the gradual substitution of the use and fossil fuel consumption by sources of renewable energy"*, and Article 2-VII, which states as a principal objective to *"promote the transition to a competitive, sustainable and low carbon emission economy"*.

The General Law on Climate Change establishes a comprehensive, cross-sectoral legal framework to coordinate national, state and local initiatives to address climate change in Mexico. The Law establishes as principal objectives (Article 2):

- to guarantee the right to a healthy environment;
- to define the concurrent powers of the three levels of government in

this area;

- to reduce the vulnerability of human and natural systems to the effects of this phenomenon;
- to regulate adaptation and mitigation actions;
- to promote research, dissemination, development and transfer of technology and innovations; and
- to facilitate the transition to a competitive, sustainable and low carbon emission economy while promoting environmental, social and economic benefits.

Notably, the right to a healthy environment was added as an objective to the Law in the last round of review by the Senate, an addition that garnered the unanimous support by Mexican Senators.

The Act enshrines ambitious goals for emission reductions and renewable

'The Law sets Mexico's goals of reducing emissions by 20% by 2020 and 50% by 2050, conditioned on international support, as well as the goal of generating 35% of electricity by renewable energy by 2024'

energy. It incorporates the voluntary goals announced by Mexico, consisting of reducing emissions by 30% by 2020 and 50% by 2050, with regard to those issued in the year 2000 (baseline). Both are legally-binding targets conditioned on the financial and technological support of the international community. Due to the conditionality of these targets, they were included in the transitory articles rather than the main body of the Act. The private sector lobby expressed severe scepticism of Mexico's ability to reach the prescribed targets and in particular how the baseline was calculated. In spite of this strong lobby, the modalities for the calculation of the baseline and respective mitigation goals were reviewed and found to be technically sound, and thus were incorporated into the final text of the Act .

The Law also sets the goal that by 2024, 35% of the country's electricity should be generated by renewable energy, and subsidies for fossil fuels will decline gradually to make these renewably energies competitive.

INSTITUTIONAL ARCHITECTURE

The General Law establishes an institutional framework that emphasizes the need to a transversal, cross-sectoral approach to climate change, and the critical importance of wide stakeholder participation.

Comisión Intersecretarial de Cambio Climático (CICC)
Interministerial Commission on Climate

'The institutional framework creates new agencies dedicated to climate change, as well as bodies charged with coordination across government sectors and levels. Other new bodies mandate membership by civil society, private actors and academia for policy development and implementation evaluation'

Change (CICC)

The CICC is a high-level ministerial body with the following functions: to coordinate actions among the agencies of Federal Public Administration; to formulate and implement national policies for adaptation and mitigation of climate change; to develop criteria for mainstreaming and comprehensiveness of climate change policies; to call for the participation of civil society and private sector; and, in particular, to propose alternatives to regulate emissions trading in phases, starting with capacity building.

It will be chaired by the Head of the Federal Executive, who may delegate this function to the head of the Ministry of the Interior or to the Ministry of Environment and Natural Resources (SEMARNAT). The

Commission shall comprise the heads of the following Ministries: SEMARNAT, the Ministry of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA), Health, Communications and Transport, Economy, Tourism, Social Development (SEDESOL), Interior, Marine, Energy, Education, Finance and Public Credit (SHCP) and Foreign Affairs.

The CICC will oversee the work of the following Working Groups (WG) as defined in Articles 45 and 49):

- I. WG for the Special Climate Change Program.
- II. WG on Adaptation Policies.
- III. WG on Reducing Emissions from Deforestation and Degradation.
- IV. WG on Mitigation.
- V. WG for International Negotiations on Climate Change.
- VI. Mexican Committee for Projects that Reduce Emissions and Capture Greenhouse Gases.

Consejo de Cambio Climático (CCC)
Council on Climate Change (CCC)

The Council is the permanent consultative body of the CICC with the objective to foster broad stakeholder participation and collaboration. It shall be composed of a minimum of fifteen members from the government, civil society, private and academic sectors, who shall be appointed by the President of the CICC and must serve in their personal capacities and with an honorary title (Articles 51 and 53). Through this body, the Federal Government is obligated to consult with civil society, private sector and academia to ensure broad support of climate change policies and actions.

Instituto Nacional de Ecología y Cambio Climático (INECC)
National Institute of Ecology and Climate Change (INECC)

INECC is established as the main public agency responsible for climate change policy development and evaluation with own legal personality, patrimony and

managerial autonomy. INECC will have the following functions: to coordinate, promote and develop scientific and technological research related to the National Policy on climate change; to prepare, conduct and evaluate the National Policy; to participate in the design of economic, fiscal, financial and market instruments, linked to the National Policy; to integrate and develop the national communications of Mexico to the UNFCCC; to develop the Emissions Inventory; and to promote academic training on climate change.

Its highest authority is a multi-sectoral Governing Board chaired by the Head of the SEMARNAT and integrated by the Heads of the Ministries of Agriculture, Livestock, Fisheries and Food (SAGARPA), Interior (SEGOB), Social Development (SEDESOL), Finance and Public Credit (SHCP), Energy (SENER), Health (SS) and the National Council of Science and Technology (CONACYT). The Institute shall have a Director General appointed by the Federal Executive (Articles 13, 17 and 18).

Sistema Nacional de Cambio Climático (SNCC)
The National System for Climate Change (SNCC)

The SNCC will serve as a permanent mechanism for communication and coordination between the Federation, States and Municipalities, as well as to promote the cross implementation of the National Climate Change Policy in the short, medium and long term. It shall be composed of the CICC, the CCC, the INECC, the State Governments, a representative from each of the national associations of local authorities and representatives of the Congress of the Union (Articles 38 and 40).

Coordinación de Evaluación (CE)
The Evaluation Committee (EC)

The Evaluation Committee is a multi-stakeholder expert body responsible for

periodically and systematically evaluating compliance with the National Policy on Climate Change, including progress in achieving the objectives, goals and actions of the Special Climate Change Program, and the emissions reductions and renewable energy targets. The Committee will make recommendations to the National System for Climate Change. It will be integrated by the President of INECC and six Social Councillors, including representatives of the scientific academic, technical and industrial sectors. The Councillors shall be appointed by the CICC through a public call issued by the INECC (Articles 23 and 25).

PLANNING AND POLICY INSTRUMENTS

The primary planning instruments are the National Strategy on Climate Change, the Special Climate Change Program, and the relevant Programs of the States (Article 58).

Estrategia Nacional de Cambio Climático
National Climate Change Strategy

'Innovative new tools include Mexico's voluntary emission trading system and Climate Change Fund. The Law contains instruments to ensure promote accountability and transparency'

The National Climate Change Strategy is the overarching guiding national policy instrument to address the effects of climate change and move Mexico towards a competitive, sustainable and low carbon emission economy. SEMARNAT will develop the strategy in collaboration with the INECC with the advisory opinion of the CCC. Ultimately, the Strategy will be adopted by the CICC (Article 60). Under the Strategy, two national policies are to be created, the National Policy on

Adaptation and the National Policy on Mitigation.

SEMARNAT, with the participation of the CICC, shall review the National Strategies at least every ten years on mitigation and every six years on adaptation. Explanations must be provided for any deviations detected between the projected estimates and the results evaluated. Once committed, goals, projections and objectives cannot be retracted or reduced in subsequent evaluations despite the progress noted. This is a clear indication of Mexico's commitment to continuously move forward in their efforts to address climate change (Article 61). The baseline scenarios, the emission projections and goals of the National Strategy will be reevaluated and set in periods of ten, twenty and forty years (Article 62).

The Commission may propose and approve equivalent or more ambitious adjustments or modifications to the scenarios, pathways, actions and targets included in the National Strategy for the following reasons: I. adoption of new international commitments in this area; II. development of new scientific knowledge or relevant technologies; III. when required by policies on environment, natural resources, economy, energy, sustainable transport, health and food security; and IV. when derived from the results of evaluations made by the Evaluation Committee (Article 63).

Política nacional de adaptación
The National Policy on Adaptation

The National Policy on Adaptation, developed under the National Strategy, will aim, *inter alia*, to reduce the vulnerability of society and ecosystems from the effects of climate change and build resilience and strength of natural and human systems (article 27).

Política nacional de mitigación
The National Policy on Mitigation

The National Policy on Mitigation envisions

progressive implementation of its goals. The Policy promotes the strengthening of national capacities for mitigating emissions and adapting to the adverse effects of climate change, and prioritizes areas of greatest potential for reducing emissions in Mexico. In addition, it will also help to achieve Mexico's international commitments (article 32).

To ensure effective implementation of new green economy policies, activities that would involve a cost to the private sector or society at large, and for which no funds or international sources of funding exist, may be implemented in two phases. In the first phase, the Government would develop policies and programs to strengthen domestic capabilities through the voluntary actions of the regulated sectors. In the second phase, once domestic capacity has reached a certain level, the Government will establish specific emission reduction goals, considering the contribution of the respective sectors to the emissions of greenhouse or composite gases in the country. For example, this two-phased approach may be employed to support the gradual development of REDD+ initiatives, clean energy and technology installations and green infrastructure projects.

Inventario de Emisiones The Inventory of Emissions

In order to support the implementation of mitigation measures, the General Law entitles the INECC to create a technical body responsible for developing the Emissions Inventory in accordance with the guidelines and methodologies established by the United Nations Framework Convention on Climate Change, its Conference of the Parties and the Intergovernmental Panel on Climate Change. The INECC will calculate the contents of the Inventory in accordance with the following deadlines (article 74):

- I. The emissions from burning fossil fuels will be estimated annually.

- II. The emissions from sources other than burning fossil fuels, except those relating to land use change, will be estimated every two years.
- III. The total emissions by sources and removals by sinks of all categories included in the Inventory, will be estimated every four years.



Registro de Emisiones The Registry of Emissions

SEMARNAT will integrate a Registry of Emissions to facilitate transparency and accountability in the emissions trading scheme. The Registry will record all stationary and mobile sources of emissions that are identified as subject to reporting requirements in the General Law. The Regulations of the Law shall identify the sources that should be reported to the registry by sector, subsector and activity (Articles 87 and 88). This Registry ensure the rights of all participants of the trading scheme and gives certainty and assurances of the effectiveness of projects undertaken.

Sistema voluntario de comercio de emisiones The Voluntary System of Emissions Trading

The General Law provides the basis for the gradual establishment of market-based instruments to encourage the implementation of the National Policy on Climate Change. The SEMARNAT, with the

participation of the CICC and the CCC, may establish a voluntary system of emissions trading in order to promote emission reductions that are cost-effective, and meet measurement, reporting and verification (MRV) requirement (Article 94).

Those interested in participating in a voluntary emissions trading scheme may carry out operations and transactions that are linked to emissions trading schemes in other countries, or international carbon markets (Article 95). The General Law recognizes programs and other mitigation tools have been developed from the Kyoto Protocol and any other that is properly certified by an organization with international recognition. The Regulations of the Law shall establish the requirements to be met for recognition and registration of these programs and instruments (Article 37).

Sistema de Información sobre el Cambio Climático (SICC)
Information System on Climate Change (SICC)

The SICC will promote transparency and access to information, to be administered by the National Institute of Statistics and Geography (INEGI) (Article 76).

Fondo para el Cambio Climático
Climate Change Fund

The General Law establishes a Climate Change Fund aimed at attracting and channeling funds from public and private sectors, at both, national and international levels, in order to support the implementation of actions to address climate change in Mexico. Mexico recognizes the importance of adaptation for long-term sustainable development, so adaptation actions will be given priority in the allocation of the Fund (Article 80). The Fund features several robust auditing mechanisms and is backed by the Mexican Government, thus offering high levels of accountability and transparency to give added confidence to potential investors.

The sources of the Fund will be the annual resources from the Expenditure Budget of the Federation, as well as from other contributions; royalties and land use; donations from individuals or corporations at national or international levels; contributions made by the governments of other countries and international organizations; and from the value of certified emission reductions from those projects implemented in Mexico that the Fund has purchased in the market on a voluntary basis (Article 81).

The Fund will operate through a public trust created by the Ministry of Finance (SHCP) and will have a Technical Committee chaired by SEMARNAT and representatives of the following Ministries of State: Ministry of Finance (SHCP), Economy, Interior, Social Development (SEDESOL), Communications and Transport, Energy and SAGARPA (Articles 83 and 84). The Fund shall be established by the SHCP and the operating rules must be approved by its Technical Committee, within six months from the publication of the Law in the Official Journal of the Federation. The operation of the Fund will be conducted by the National Society of Credit acting as trustee of the public trust constituted for that purpose. The National Bank for Foreign Trade (BANCOMEXT) shall transfer the existing funds in the Mexican Carbon Fund (FOMECA) to the Climate Change Fund (Ninth Transitory Article)

MAJOR INSTITUTIONAL COMMITMENTS

Mexico has proposed the following *aspirational goals* and *indicative deadlines*, subject to the establishment of an international regime with the relevant mechanisms for financial and technological support from developed countries to developing countries, among which Mexico is included:

ADAPTATION: The Third Transitory

Article determines the following:

- To establish a Program that, before the end of 2013, integrates and publishes the National Atlas of Risk, as well as the relevant State and Local Atlas' of Risk, that outlines the municipalities and settlements in Mexico vulnerable to climate change.
- The municipalities most vulnerable to climate change should have, before November 30, 2015, an Urban Development Program which includes the strategies to address the effects of climate change.
- The Federative Entities shall prepare and publish Local Programs to address climate change, by the end of 2013.
- The Federal Government must establish, prior to November 30, 2012, the General Ecological Program Planning, and the Sub-Program for the Protection and Sustainable Management of Biodiversity Against Climate Change.

MITIGATION: The Third Transitory Article states the following:

'Adaptation actions will focus on identifying communities and ecosystems most vulnerable to climate change and developing action plans at the local and national level'

- The National Forestry Commission shall design strategies and policies to transit to a 0% rate of loss of carbon in the original ecosystems, taking into account sustainable development and community forest management.
- For 2018, the municipalities will develop and build the infrastructure for solid waste management that do not emit methane into the atmosphere in urban centers of more than fifty thousand habitants, and where feasible, implement the technology for generating electricity from methane gas emissions
- By the year 2020 and according to the goal-country in reducing emissions, the Ministry of Finance (SHCP) in

coordination with the Ministries of Economy, Energy, Transport and Communications and SAGARPA, must have gradually created a *System of Subsidies* that promotes the highest advantages of using non-fossil fuels, energy efficiency and sustainable public transport in relation to the use of fossil fuels.

- By the year 2020 and according to the goal-country in reducing emissions, the Ministry of Finance (SHCP) in coordination with the Ministry of Energy and the Energy Regulatory Commission, should have established a *System of Incentives* to promote and allow the profitable generation of electricity through renewable sources like wind, solar and mini-hydraulic, by the Federal Electricity Commission (CFE).
- The Ministry of Energy, in coordination with the CFE and the Energy Regulatory Commission, shall promote the generation of electricity from clean energy sources, with the aim of reach at least 35% by 2024

EMISSIONS: The second transitory article confirms that Mexico takes the

'Mitigation actions will focus community forest management, improved solid waste management, energy efficiency and the transition to clean and renewable energy sources'

aspirational target of reducing by the year 2020, 30% of emissions with respect to the baseline; and a 50% of emissions reduction by 2050, in relation to those issued in 2000. The above goals can be achieved by setting an international regime with the relevant mechanisms of financial and technological support from developed countries to developing countries, among which Mexico is included. These goals will be reviewed when published the National Strategy.

CONCLUSIONS

The new General Law on Climate Change represents a major breakthrough in Mexico and leaves an important legacy for the future of the country. It drives changes in some 40 federal laws affecting the policies and plans of the Federation, States and Municipalities, to adopt a more environmentally and socially responsible approach to development. The General Law encourages the transition from traditional models of economic growth to a *"national economic development for achieving sustainability without undermining the competitiveness against international markets"* (Article 26-XII). The Law is intended in fact to *promote Mexico's transition to a competitive, sustainable and low carbon emissions economy*, encouraging the creation of green jobs and innovation in clean technologies and renewable energy.

It is also important to note the presence of clear mechanisms for monitoring, reporting and evaluation, as well as establishing baseline scenarios, emission projections and goals under the National Policies on mitigation and adaptation. In addition, the text provides the foundations for the gradual establishment of market instruments to encourage a voluntary system of emissions trading with the necessary assurances for technology and investment.

Although there are still some concepts and operational details to be developed by other legislative, institutional or policy

instruments, the new General Law on Climate Change establishes, in a satisfactory manner, most of the bases and general guidelines for the implementation of the mitigation and adaptation actions and the transition to the green economy in Mexico, in accordance with major international commitments adopted by the country. Further work will be required to ensure effective implementation and realization of the ambitious goals and new tools established by the Law, but clearly, a bold and decisive step has been taken by the Mexican State in its efforts to lead the world in addressing the global challenge of climate change. International reaction has been very positive, with comments that place Mexico as an international leader setting an example to be followed by other nations.

This legal brief is supported by analysis undertaken using IDLO analytical tools to highlight how the new General Law meets or misses the guidelines set out in the COP16 Cancun Agreement, and COP17 Durban Agreement, as well as the recommendations in IDLO's two recent studies completed for Mexico, the Legal Preparedness for Climate Change Assessment Report, and Legal Preparedness for REDD+. These tables are useful to clearly show the leading innovations and remaining gaps in the new Law in relation to international obligations under the UNFCCC.

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