

Greenhouse gas emissions in Mexico, relative cost estimations and policy implications

Topic: Analyzing greenhouse gas emissions in Mexico and Brazil

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This study is an assessment of the impact of greenhouse gas emissions on prices and quantities of production of the various industries that make up the 2003 input-output matrix of the Mexican economy. These emissions are seen as negative externalities associated to each industry's productive activity. The study includes the calculation of gas emissions by industry, the estimation of the relative costs of these gas emissions and the identification of "key sectors". For the purpose of calculating relative costs we make use of the so called Ghosh matrix, that is to say we study the GHG emissions' effects on prices.

The essential conclusion is that the key sectors of the Mexican economy are those of energy power production and others closely related to it; all these sectors are also the most polluting ones. In order to reduce gas emissions, it is required to strongly supervise their activities and find ways to produce a technology change so as to make them more efficient, meanwhile new clean technologies are set in operation to develop energetic products substitutes.