

INSIGHTS FROM LACS 2026

POLICY HIGHLIGHTS & THE ROAD AHEAD

HIGHLIGHTS

Days	Participants	Speakers	Edition	Plenaries & Addresses	Workshops & Breakouts
3	400+	65+	12 TH	9	11

Hosted by

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A region at an inflection point

Mexico's Secretary of the Environment, Alicia Bárcena, issued a strong call for climate action and emphasized Mexico's commitment to reducing emissions by 225 million tons during the current administration (6 years). She highlighted Mexico's progress on the Emissions Trading System, the harmonization of federal and sub-national instruments, the VCM, and Article 6 mechanisms. Additionally, she stressed the importance of having discussions guided by an equity perspective, prioritizing the most vulnerable populations, the environment, and long-term economic sustainability.

“CARBON POLICY IS NO LONGER A FUTURE DESIGN QUESTION — IT IS A PRESENT-DAY COMPETITIVENESS REALITY.”

Carbon border measures are changing the rules of trade

A dominant theme across LACS was the growing influence of carbon border measures, particularly the EU's Carbon Border Adjustment Mechanism (CBAM), which has now entered its definitive phase. Discussions highlighted how CBAM is already reshaping trade dynamics, exposing key sectors such as steel, fertilisers, and chemicals to new cost pressures. More importantly, it is forcing a shift in how governments and companies approach carbon policy — no longer as a domestic environmental issue, but as a core component of international competitiveness. The risk of overlapping carbon costs, combined with misaligned monitoring and reporting systems, underscored the urgency for greater interoperability between carbon pricing regimes. The signal from Mexico was clear: countries that act quickly to align systems and strengthen carbon data transparency will be better positioned in an increasingly carbon-constrained global economy.

“CARBON COMPETITIVENESS IS QUICKLY BECOMING AS IMPORTANT AS COST, QUALITY, AND ACCESS TO MARKETS.”



From policy design to delivery: Mexico's ETS moment

Mexico's ETS emerged as a central focus of the summit, seen as a critical test case for the region. With the operational phase expected to begin from 2027, the discussion has shifted decisively from policy ambition to practical execution. The effectiveness of the system will hinge not only on regulatory design, but on the strength of its underlying infrastructure — including registries, trading systems, compliance rules, and market liquidity. Participants emphasised that the real challenge lies in ensuring the system functions smoothly in practice, with clear rules, credible pricing signals, and strong coordination between government and industry. At the same time, unresolved questions around carbon pricing levels, offset use, and international alignment highlight the need for continued collaboration and clarity. How Mexico navigates this transition will have significant implications for market confidence and replication across the entire region.

Fragmentation vs. alignment

Across sessions, a consistent barrier identified was fragmentation — between national systems, between compliance and voluntary markets, and between policy ambition and operational capacity. This fragmentation is already creating inefficiencies, increasing costs, and slowing down the development of scalable carbon markets. The discussions reinforced that, while the region has strong potential, unlocking it will require greater coordination and alignment at both regional and international levels. There was a strong sense that associations such as IETA play a crucial role in bridging these gaps, helping to connect policymakers, market participants, and investors around shared standards and approaches that can support a more integrated market landscape.

Brazil highlighted the importance of the Open Coalition on Compliance Carbon Markets to coordinate and align global carbon pricing, and invited other countries in the region to follow the example of Mexico and Chile and join the initiative to have a greater voice in discussions with other global actors.

“WITHOUT ALIGNMENT, COMPLEXITY BECOMES THE BIGGEST COST IN CARBON MARKETS.”



From reporting to value chain transformation

Another clear shift emerging from the summit is the transition from carbon markets as a reporting exercise to fully integrated value chain management tools. Compliance with CBAM and the development of ETSs are driving companies to rethink how emissions data is gathered, verified, and shared across supply chains. This is creating new pressures, particularly for smaller suppliers, but also opening opportunities for greater collaboration and innovation. Carbon performance is increasingly influencing procurement decisions, investment strategy, and corporate risk management. The message throughout the event was that success in the next phase of carbon markets will depend on robust data systems, stronger value chain coordination, and the ability to translate carbon information into business decisions.

Integrity as the foundation for growth

Underlying many of these discussions was a growing recognition that market integrity and credibility are fundamental to long-term success. Whether in relation to offsets, removals, or compliance systems, there is increasing scrutiny on ensuring that carbon markets deliver real, measurable, and verifiable outcomes – for everyone. There is a broader push to ensure that markets reflect not just environmental integrity but also social value and inclusion, recognising the role of communities and local stakeholders in delivering climate action on the ground. This reflects a maturing perspective in the region, where carbon markets are viewed not only as mechanisms for compliance, but as tools that must deliver sustainable and equitable outcomes to attract investment and drive finance.

What comes next: carbon markets as a catalyst for investment

The summit reinforced that carbon markets are entering a pivotal moment in the region. The policy foundations are in place, but the next phase will be defined by how effectively these systems are implemented, aligned, and scaled. Done well, carbon markets can act as a powerful catalyst for investment, directing capital towards low-carbon technologies, clean energy systems, and nature-based solutions across the region. But realising this potential will require a continued focus on operational readiness, policy coherence, and market integrity, alongside stronger collaboration between government, industry, and finance.

As the discussions in Mexico made clear, those who move early to build credible, connected, and investable carbon market frameworks will not only accelerate the energy transition, but help position the region at the forefront of a rapidly evolving global economy.

We would like to thank our partners, sponsors, speakers and participants for their support at LACS 2026.

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