

The Public-Private Partnership in the Mexican market

Category: Infrastructure, PPPs and Government Procurement, Publications

written by Nader, Hayaux & Goebel | marzo 2, 2021

Law Review - 7th Edition - Mexico - by Partner Alejandro Rojas and associate Benjamin Torrero

A brief description of the situation in Mexico regarding the law review of PPP projects, the process to submit an application, the considerations to be taken into account and which contacts should be considered for your process to succeed. It also includes a historical analysis of the industry in Mexico and the opportunities that the current government has to boost investment and growth.

“More than 14 PPP projects are still operating in the country in the health, telecommunications and transport sectors.”

“In future years, the PPP agenda in Mexico may increase, particularly in the transportation and telecommunications sectors, since the administration for 2018 to 2024 has shown particular interest in developing railways, highways and airports, as well as an extensive telecommunications network project to provide internet access and digital services across the country.”

“The energy sector has experienced changes as the open policy under former administrations was being slowed down by the current administration; notwithstanding, with the United States-Mexico-Canada Agreement (USMCA), the country’s power supply, as well as oil and natural gas activities, remain open to foreign investment and are protected as a covered sector under Chapter 14 subject to national treatment, minimum standard of treatment and an investment dispute resolution procedure.”

“The USMCA might also provide further confidence to foreign investors in other sectors, which, along with the recent assurances of the federal government regarding PPP projects, may drive the development of self-financed PPPs in Mexico as a means to increase foreign investment in the country.”

“Since the enactment of the PPP Law in 2012, there have been more than 100 public biddings for the implementation of projects through the PPP model focused primarily on the health, transportation, telecommunications, social and hydraulic infrastructure sectors. The energy and environmental sectors have also shown an increasing participation in PPPs, which translates into more projects ranging from solar photovoltaic power plants to waste management and waste-to-energy projects.”

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Recent regulatory developments in the Mexican electricity sector

Category: Energy, Legal Alerts

written by Nader, Hayaux & Goebel | marzo 2, 2021

▪ (A) SUPREME COURT RULES ON CONSTITUTIONAL CLAIM FILED BY COFECE AGAINST THE SENER RESOLUTION

On February 3rd, 2021, the Second Chamber of Mexico’s Supreme Court of Justice (the “Supreme Court”) issued a final ruling on the constitutional claim filed by COFECE on June 19th, 2020 regarding the Resolution for ensuring the Reliability, Security Continuity and Quality of the National Electricity Grid published by the Ministry of Energy (“SENER”) on May 15th, 2020 (the “SENER Resolution”).

The SENER Resolution has been perceived as an attempt by the Mexican government to favor CFE as a State-owned company, so that CFE regains control of the electricity market instead of applying the free market rules set forth in the electricity laws in Mexico.

In addition, the SENER Resolution aims to impose new restrictions for the interconnection of renewable power plants to the electricity grid, in order to favor and prioritize the interconnection of conventional power plants owned by CFE. In addition, the SENER Resolution aimed to impose roadblocks for the issuance of new generation permits, while strengthening the functions of SENER, CENACE and CFE to plan and operate the electricity grid.

COFECE filed the constitutional claim against the SENER Resolution arguing that (i) it affects free competition in the electricity market; (ii) it affects the principle of open and non-discriminatory access to the grid provided in the LIE; (iii) it compromises the economic dispatch of electricity; (iv) it violates the principle of constitutional supremacy, since the resolution contains provisions that are contrary to those included in the Mexican Constitution through the Energy Reform.

Through its ruling, the Supreme Court declared invalid the following provisions of the SENER Resolution:

- The “strategic projects” to be appointed by SENER for the benefit of CFE;
- granting preferential interconnection to such projects appointed by SENER;
- the feasibility test to be conducted by CENACE for the interconnection of projects;
- granting priority to the reliability of the dispatch, instead of the economic dispatch.

However, the Supreme Court recognized as valid several provisions such as (i) the provision that strengthens CFE’s strategic planning for the reliability of the electric grid; (ii) the imposition of costs to intermittent clean energy generators if additional ancillary services are required to ensure the reliability of the grid; and (iii) the provision establishing that the capacity of intermittent clean energy plants do not contribute to the reliability of the grid, and therefore, such capacity will be considered a decrease in the annual capacity requirements of load servicing entities, proportionally.

Such provisions may still be declared invalid by means of the constitutional claims (*amparos*) filed by industry participants before federal courts, and under other type of legal arguments (i.e. environmental).

▪ **(B) BILL TO AMEND AND SUPPLEMENT THE ELECTRICITY INDUSTRY LAW**

On February 1st, 2021, Mexican President Andrés Manuel López Obrador introduced to the House of Representatives (*Cámara de Diputados*) a bill with the purpose of amending and supplementing the Electricity Industry Law (*Ley de la Industria Eléctrica*) (the “Proposed Bill”).

1. **Main Aspects of the Proposed Bill**

The main aspects of the Proposed Bill are the following:

1. *Dispatch*: The Proposed Bill changes the order in which electricity is dispatched to the electricity grid, and suggests the following priority:
 - Hydroelectric plants owned by Federal Electricity Commission (“CFE”);
 - other power plants owned by CFE (i.e. geo-thermal, combined cycle);
 - wind and solar plants owned by private entities;
 - combined cycle plants owned by private entities.

By preventing the early dispatch of wind and solar plants that use the most efficient or economic sources of energy (economic dispatch), the Proposed Bill favors dispatch for physical delivery of plants owned by CFE.

2. *CELS*: Clean energy certificates (“CELS”) are granted to renewable power plants that commenced operations after August, 2014 with the purpose of accelerating the transition to clean energies. The Proposed Bill intends to eliminate such purpose by allowing ageing hydroelectric plants to obtain CELs, thus favoring CFE and eliminating incentives to develop new sources of renewable energy.
3. *Long-Term Auctions*: The Proposed Bill eliminates the obligation of CFE Suministrador de Servicios to acquire electricity through long-term electricity auctions (*subastas eléctricas*) organized by the National Center of Energy Control (CENACE), due to an alleged scheme in which only private entities benefit to the detriment of CFE.

4. *Permits*: Permits granted under the self-supply (*autoabasto*) scheme used prior to the Energy Reform in 2013 may be revoked if these are used as a “fraudulent evasion of the law” (*fraude a la ley*) to satisfy the electricity supply needs of third parties.

In addition, requests for generation permits issued by the Energy Regulatory Commission (CRE) under the Electricity Industry Law (“LIE”) may be denied under criteria related to the planning of the electricity grid.

5. *Independent Producers*: The Proposed Bill also suggests reviewing the agreements entered by CFE with independent producers prior to the Energy Reform based on their legality and the profitability for the Mexican government. Based on such review, the agreements may be re-negotiated or terminated.

Effects of the Proposed Bill.

The Proposed Bill may have the following effects:

1. Higher economic and environmental costs for the final users, including industries, commerce and individuals, by giving preference to energies whose sources are more expensive and harmful to the environment, such as fossil fuels;
2. Undermining the purpose of CELs which is to accelerate a transition to clean energies. Such effect may result in possible violations of international agreements and treaties to which Mexico is a party, such as the Paris Agreement on climate change, as well as other Mexican laws such as the Energy Transition Law (*Ley de Transición Energética*) and the Climate Change Law (*Ley General de Cambio Climático*);
3. Preventing CFE to purchase electricity through auctions will not guarantee lower energy prices to final users. Discretion to purchase electricity may open the door to permanent electricity subsidies in the residential and agricultural sectors, since efficiency will no longer be determining factor to purchase electricity. Such subsidies may result in untenable expenses for the Mexican government and may affect CFE’s finances.
4. The possibility of revoking self-supply permits or denying the issuance of

generation permits creates legal uncertainty to investors by either retroactively affecting the conditions under which they made their investments or preventing them to develop their projects in Mexico.

5. Possible violation of the new United States-Mexico-Canada Agreement (USMCA), since the Proposed Bill may fall under the definition of an indirect expropriation.
6. From an antitrust perspective, the Initiative undermines free competition and the efficient development of the electricity market, since it grants a discriminatory treatment to efficient generators and favors CFE.
7. If the Proposed Bill is approved by Congress and the LIE is modified, the affected industry participants may challenge the modified LIE before federal courts by means of amparo proceedings, which could potentially suspend the implementation of the applicable provisions, first on a provisional basis and, subsequently, on a permanent basis when a final ruling is issued by the court. Further, the Initiative may be challenged by the Mexican Antitrust Commission ("COFECE") through a constitutional challenge filed with Mexico's Supreme Court.
8. In addition, international investors could potentially file claims under international investment treaties based on the protections provided by such treaties (i.e. no undue discriminatory treatment, no expropriation without compensation, among others).

RECIENTES CAMBIOS REGULATORIOS EN EL SECTOR ELÉCTRICO MEXICANO

▪ (A) LA SUPREMA CORTE RESUELVE CONTROVERSIA CONSTITUCIONAL PROMOVIDA POR COFECE CONTRA EL ACUERDO DE SENER

El 3 de febrero de 2021, la Segunda Sala de la Suprema Corte de Justicia de la Nación (la "Suprema Corte") emitió su sentencia definitiva sobre la controversia constitucional promovida por COFECE el 18 de junio de 2020, en relación a la Política de Confiabilidad, Seguridad, Continuidad y Calidad en el Sistema Eléctrico Nacional, publicada por la Secretaría de Energía ("SENER") el 15 de mayo de 2020

(el “Acuerdo SENER”).

El Acuerdo SENER ha sido percibido como una muestra de cómo la política energética del actual gobierno mexicano tiene como objetivo fortalecer a la CFE para que domine el mercado eléctrico, en lugar de que el mercado se rija por los criterios de libre competencia contenidos en las disposiciones legales aplicables al sector eléctrico.

Asimismo, el Acuerdo SENER intenta limitar la interconexión de centrales eléctricas renovables para dar prioridad a centrales eléctricas convencionales de la CFE, otorgándoles un rol más significativo en la planeación del sistema eléctrico nacional. Asimismo, impone barreras para la emisión de nuevos permisos de generación, al mismo tiempo que fortalece las funciones de la SENER, el CENACE y la CFE para planear y operar la red eléctrica.

COFECE promovió la controversia constitucional contra el Acuerdo SENER argumentando que (i) afecta la libre competencia en el mercado eléctrico; (ii) afecta el principio de acceso abierto y no discriminatorio a la red contenido en la LIE; (iii) compromete el despacho económico de electricidad; (iv) viola el principio de supremacía constitucional, ya que el acuerdo contiene disposiciones que son contrarias a las que fueron incluidas a la Constitución Mexicana a través de la Reforma Energética.

En su sentencia, la Suprema Corte declaró inválidas las siguientes disposiciones del Acuerdo SENER:

- Los “proyectos estratégicos” a ser designados por SENER para beneficio de la CFE;
- el otorgamiento de interconexión preferente en relación a dichos proyectos estratégicos designados por SENER;
- las evaluaciones de factibilidad a ser realizadas por el CENACE respecto a las solicitudes de interconexión para proyectos;
- el orden de despacho que da prioridad a la seguridad del despacho, en lugar del despacho económico.

Sin embargo, la Suprema Corte reconoció como válidas distintas disposiciones, tales

como (i) la disposición que fortalece la planeación estratégica de la CFE para la confiabilidad del sistema eléctrico; (ii) la imposición de costos a los generadores de energía limpia intermitente en caso de que se requieran servicios conexos adicionales para asegurar la confiabilidad del sistema eléctrico; (iii) la disposición que establece que la potencia generada por las centrales de energía limpia intermitente no contribuye a la confiabilidad del sistema eléctrico, y por ende, dicha potencia se considerará una disminución de los requisitos anuales de potencia de las entidades responsables de carga, de manera proporcional.

Dichas disposiciones aún podrían ser declaradas inválidas a través de los amparos interpuestos por los participantes del mercado ante juzgados federales, y bajo otro tipo de argumentos legales (i.e. ambiental).

▪ **(B) INICIATIVA PARA REFORMAR Y ADICIONAR LA LEY DE LA INDUSTRIA ELÉCTRICA**

El 1 de febrero de 2021, el presidente de México, Andrés Manuel López Obrador, presentó a la Cámara de Diputados una iniciativa para reformar y adicionar la Ley de la Industria Eléctrica (la “Iniciativa”).

1. **Principales Características de la Iniciativa**

Las principales características de la Iniciativa son las siguientes:

1. Despacho: La iniciativa cambia el orden para el despacho de electricidad en el sistema eléctrico, y sugiere la siguiente prioridad:
 - Centrales hidroeléctricas de la Comisión Federal de Electricidad (“CFE”);
 - otras centrales de la CFE (i.e. geotérmicas, ciclo combinado);
 - centrales eólicas y solares privadas;
 - centrales privadas de ciclo combinado.

Al prevenir el despacho preferente de centrales eólicas y solares que usan los recursos económicos de energía más eficientes (despacho económico), la Iniciativa favorece el despacho por entrega física de centrales que son propiedad de CFE.

2. CELs: Los certificados de energía limpia (“CELs”) son otorgados a centrales de energía renovable que comenzaron operaciones después de Agosto de

2014 con el propósito de acelerar la transición a energías limpias. La Iniciativa pretende eliminar dicho propósito al permitir que centrales hidroeléctricas más antiguas obtengan CELs. Por lo tanto, se favorece a la CFE y se eliminan incentivos para desarrollar nuevas fuentes de energía renovable.

3. *Subastas Eléctricas*: La Iniciativa elimina la obligación de la CFE Suministrador de Servicios Básicos de adquirir electricidad a través de subastas eléctricas organizadas por el Centro Nacional de Control de Energía ("CENACE"), debido a un supuesto mecanismo que sólo favorece a entidades privadas, para el detrimento de la CFE.
4. *Permisos*: Los permisos otorgados bajo el esquema de autoabasto utilizado previo a la Reforma Energética del 2013, podrán ser revocados si se usan como "fraude a la ley" para satisfacer la demanda de electricidad de terceros.

En adición, las solicitudes de permisos de generación emitidos por la Comisión Reguladora de Energía (CRE) bajo la Ley de la Industria Eléctrica ("LIE") podrán ser negadas bajo criterios relacionados a la planeación del sistema eléctrico.

5. *Productores Independientes*: La Iniciativa sugiere revisar los contratos celebrados entre la CFE y productores independientes previo a la Reforma Energética para determinar su legalidad y la rentabilidad que representan para el gobierno mexicano. Con base a dicha revisión, los contratos podrán ser renegociados o terminados.

Efectos de la Iniciativa

La Iniciativa podría tener los siguientes efectos:

1. Costos económicos y ambientales más elevados para los usuarios finales, incluyendo industrias, comercios y particulares, al dar preferencia a energías cuya fuente es más cara y dañina para el medio ambiental, como lo son los combustibles fósiles;
2. Menoscabo al propósito de los CELs que es acelerar la transición a energías limpias. Dicho efecto podría resultar en posibles violaciones a tratados internacionales de los que México forma parte, como el Acuerdo de París

sobre el cambio climático, así como otras disposiciones legales en México como la Ley de Transición Energética y la Ley General de Cambio Climático.

3. Prevenir que la CFE adquiriera electricidad a través de subastas eléctricas no garantizará precios energéticos más bajos a los usuarios finales. La discreción para adquirir electricidad podría generar subsidios permanentes en los sectores residencial y de agricultura, ya que la eficiencia no será el factor determinante para la adquisición de electricidad. Dichos subsidios podrían generar gastos insostenibles para el gobierno mexicana y podría afectar las finanzas de la CFE.
4. La posibilidad de revocar permisos de autoabastecimiento o negar solicitudes de permisos de generación genera incertidumbre legal para los inversionistas, ya sea que se vean afectadas las condiciones en las que hicieron sus inversiones de manera retroactiva, o impidiendo que desarrollen sus proyectos en México.
5. Posible violación al Tratado entre México, Estados Unidos y Canadá (T-MEC), ya que la Iniciativa podría caer en la definición de una expropiación indirecta.
6. Desde la perspectiva de competencia económica, la Iniciativa perjudica la libre competencia y el desarrollo eficiente del mercado eléctrico, ya que otorga un trato discriminatorio a generadores eficientes para el beneficio de la CFE.
7. Si la Iniciativa es aprobada por el Congreso y se modifica la LIE, los participantes del mercado que se vean afectados podrán disputar la LIE modificada ante juzgados federales a través de amparos, que podrían suspender la implementación de las dispersiones aplicables, primero de forma provisional, y posteriormente de forma permanente cuando el juzgado emita su sentencia definitiva. En adición, la Iniciativa podrá ser disputada por la Comisión Federal de Competencia Económica (“COFECE”) a través de una controversia constitucional ante la Suprema Corte de Justicia de la Nación.
8. En adición, inversionistas internacionales podrían comenzar disputas bajo tratados internacionales de inversión bajo las protecciones otorgados en los mismos (i.e. trato no discriminatorio, la no expropiación sin compensación, entre otros).

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Supreme Court upholds suspension of electricity policy

Category: Energy, Legal Alerts

written by Nader, Hayaux & Goebel | marzo 2, 2021

On October 21st, 2020, the Supreme Court of Justice (*Suprema Corte de Justicia de la Nación*) upheld the suspension derived from the constitutional claim filed by the Antitrust Commission ("**COFECE**") on June 22nd, 2020, which argued that the "*Policy of Reliability, Safety, Continuity and Quality in the National Electric System*" issued by the Ministry of Energy (the "**SENER Resolution**") breaches fundamental competition and free market principles that are mandated by the Mexican Constitution. Therefore, the SENER Resolution will remain suspended until a final resolution is issued.

The SENER Resolution has been perceived as the most significant measure by the current Mexican federal administration to favor the Federal Electricity Commission (the "**CFE**") as a State-owned company, so that CFE regains control of the electricity market instead of applying the free market rules set forth in the electricity laws in Mexico. It imposes new restrictions for the interconnection of renewable power plants to the electricity grid, in order to favor and prioritize the interconnection of conventional power plants owned by CFE. In addition, the SENER Resolution imposes roadblocks for the issuance of new generation permits, while strengthening the functions of the Ministry of Energy (SENER), the National Center of Energy Control (CENACE) and CFE to plan and operate the electricity grid.

Other recent developments include a resolution issued by the Energy Regulatory

Commission (CRE) on October 7th, 2020 which amends previous provisions regarding legacy permits – permits granted under former legal regime – which prohibits the amendment of permits to include new load points and limits the inclusion of new off-takers to those who were included in the original expansion plan of the permit. In connection therewith, the COFECE issued a recommendation stating that such resolution must be submitted to a Regulatory Impact Analysis before the National Commission for Regulatory Improvement, before being published in the Federal Official Gazette, since the resolution has anti-competitive effects to the detriment of private generators.

This last measure is consistent with a memorandum from the President stating that Mexico might need to change its energy policy to be able to rescue state production companies Petróleos Mexicanos (PEMEX) as CFE, going as far as to suggest a constitutional change to the energy reform is not off the table.

Suprema Corte confirma suspensión de política eléctrica

Con fecha 21 de octubre de 2020, la Suprema Corte de Justicia de la Nación confirmó la suspensión derivada de la controversia constitucional impuesta por la Comisión Federal de Competencia Económica (“la **“COFECE”**”) el 22 de junio de 2020. Dicha controversia constitucional argumentaba que la *“Política de Confiabilidad, Seguridad, Continuidad y Calidad en el Sistema Eléctrico Nacional”* (el **“Acuerdo SENER”**) viola principios fundamentales de competencia y libre concurrencia que están establecidos en la Constitución Política de los Estados Unidos Mexicanos. Por lo tanto, el Acuerdo SENER permanecerá suspendido hasta que se emita una resolución final en el procedimiento.

El Acuerdo SENER ha sido la muestra más significativa de cómo la política energética del actual gobierno mexicano tiene como objetivo fortalecer a la Comisión Federal de Electricidad (la **“CFE”**) para que domine el mercado eléctrico, en lugar de que el mercado se rija por los criterios de libre competencia contenidos en las disposiciones legales aplicables al sector eléctrico. Dicho acuerdo limita la interconexión de centrales eléctricas renovables para dar prioridad a centrales

eléctricas convencionales de la CFE. Asimismo, impone barreras para la emisión de nuevos permisos de generación, al mismo tiempo que fortalece las funciones de la Secretaría de Energía, el Centro Nacional de Control Energía (CENACE) y la CFE para planear y operar la red eléctrica.

Otros acontecimientos recientes incluyen una resolución emitida por la Comisión Reguladora de Energía el 7 de octubre de 2020 por la que se modifica la regulación previa respecto de permisos legados - aquellos otorgados bajo la ahora abrogada ley - para prohibir la alta a nuevos centros de carga y limitar la inclusión de nuevos socios autoconsumidores, para que sólo puedan incluirse aquellos que se encuentran en el plan de expansión original previsto en el permiso. Al respecto, la COFECE recomendó someter el anteproyecto a un Análisis de Impacto Regulatorio ante la Comisión Nacional Reguladora de Mejora Regulatoria, antes de ser publicado en el Diario Oficial de la Federación, por representar efectos anticompetitivos en detrimento de generadores privados.

Esta última medida es consistente con el memorándum del Presidente circulado el 22 de julio de 2020. Dicho documento plantea cambiar la política energética del país para poder rescatar a las empresas estatales Petróleos Mexicanos (PEMEX) y CFE, e incluso sugiere que una reforma constitucional podría realizarse para lograr dicho objetivo.

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A brief description of the situation in Mexico regarding the law review of PPP projects, the process to submit an application, the considerations to be taken into account and which contacts should be considered for your process to succeed. It also includes a historical analysis of the industry in Mexico and the opportunities that the current government has to boost investment and growth.

Mexico's overview

The development of PPPs in Mexico began in 2004 under the scheme known as projects for the provision of services (PPS), although the enactment of the Law on Public-Private Partnerships (the PPP Law) and its Regulations occurred until 2012. In Mexico, however, different types of public-private investment schemes have been used since the early 1990s to implement infrastructure projects, such as concessions, financed public works and investment projects with deferred expenditure registration. These schemes served as direct precedents of PPPs as understood at the time of writing.

PPPs constitute a long-term contractual relationship between the public and private sectors for the provision of services to the public sector or the end user, in which the private developer provides, partially or totally, the infrastructure required for such services and, generally, the public entity pays a monetary consideration to the private developer. PPPs have been used for government policy reasons to increase social welfare, offer more and better infrastructure and foster investment in the country.

Since the enactment of the PPP Law in 2012, there have been more than a 100 public biddings for the implementation of projects through the PPP model focused on the following sectors: health, transportation, telecommunications, social and hydraulic infrastructure. Also, the energy and environmental sectors have shown an increasing participation in PPPs.

To ensure transparency and access to information, the federal government created two websites known as CompraNet and Mexico Projects Hub. CompraNet is a digital platform that provides public information on projects, bidding processes, procurements, leases, public works and other related services; while Mexico Projects Hub contains updated detailed information of the most relevant energy and infrastructure projects that require private investment. The Hub is part of the Mexican government's initiative to create an investor-relations office to link investment projects with domestic and foreign potential investors, encouraging long-term financing for infrastructure.

In the following years, the PPP agenda in Mexico may increase, particularly in the transportation and telecommunications sectors, since the new administration for 2018 to 2024 has shown particular interest in developing railways, highways, airports, as well as an extensive telecommunications network project to provide internet access and digital services across the country.

PPP PROJECTS ARE AN OPPORTUNITY FOR INVESTMENT IN THE COMING YEARS

Mexico represents an opportunity for the promotion of PPP projects since they have been a fundamental mechanism in developing economies to increase the offer of infrastructure and public services, involving public and private funding with the participation of the private sector in the development of projects where the private sector has better knowledge and experience. As of 2016, 41 new federal PPP projects have been structured and developed in Mexico; of those 41 projects, 18 are in the structuring and pre-investment phase; six in the bidding phase; and 17 in the development and operation phase. These projects are focused on the transportation, health, telecommunications, social and hydraulic infrastructure.

When President Andres Manuel Lopez Obrador took office in 2018, he announced an

ambitious agenda in infrastructure, mainly focused on the south and south-east regions of the country, which are the most marginalised in terms of public services. This agenda included the development of new railways, highways, ports and refineries. At first, Mr Lopez Obrador proved to be reluctant and sceptical about PPP projects, however, at the end of 2019 he announced the National Infrastructure Plan, whereby the federal government plans to invest approximately 43 billion pesos in over 1,700 infrastructure projects from 2020 to 2024, mainly in roads and transportation, energy, tourism, water and sanitation; many such projects are structured under a PPP scheme. Besides, to prevent a reduction in foreign investment, it is essential that the federal government turns to PPPs as a viable option for structuring and developing new infrastructure projects that are much-needed in the country, gaining investors' confidence and promoting the participation of the private sector in Mexico's economic growth. The signing of the new United States-Mexico-Canada Agreement certainly reflects the trust and confidence in the country for the upcoming future. Entering its second year, federal government may use this leverage created by the new T-MEC to boost the projects recently announced.

The development of PPP projects by states and municipalities has increased in recent years. In 2020, the State of Nuevo Leon intends to bid and award the first waste to energy project in Mexico. The estimated amount of investment will be US\$500 million and it will be developed in the city of Monterrey, partly financed by the federal government through Banobras. Also, early in 2020, Fonadin will bid and award an MRO agreement under a PPP scheme for four federal roads and two international bridges on the states of Nuevo Leon and Tamaulipas, on a project known as the 'Northeast Package'. The fact that local PPP projects have increased over the years is certainly a good sign for the sector itself, since it helps ease the burden on the federal budget.

For the upcoming year of this new administration, PPPs will become fundamental for the accomplishment of the goals established in the federal budget for 2020. If a safe environment for national and foreign investment is assured, PPPs can expect to grow in the following years, with some expected changes to provide more transparent and objective mechanisms in public biddings, as well as to properly manage public funds in the implementation of PPPs.

[To read the complete article, please click here.](#)

Energy specialists contribute to the Latin Lawyer Reference Guide 2019 on Oil & Gas

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[Héctor Arangua](#), [Adalberto Valadez](#) and [Oscar Vázquez](#) have contributed the chapter on Mexico in the [Latin Lawyer Reference Guide on Oil and Gas](#). The Reference provides answers to key legal and regulatory questions in Latin America in relation to the energy sector, with a special focus on Oil and Gas.

Contributing editor is Carlos Albarracín, partner at Milbank, Tweed, Hadley & McCloy LLP. The complete article can be downloaded [here](#).



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“Mexico Day” held in London celebrates UK-Mexico bilateral relationships and investment links

Category: Awards, Banking & Finance, Energy, Events, Firm news, Infrastructure, PPPs and Government Procurement, Insurance and Reinsurance

written by Nader, Hayaux & Goebel | marzo 2, 2021

Nader, Hayaux & Goebel's London office participates in the “Mexico Day”, hosted by the UK Mexican Embassy, the government institution [ProMexico](#) and the [Mexican Chamber of Commerce for Great Britain](#).

The event, held in London on 21 March 2018, celebrated its third edition. The Mexico Day had opening remarks by Ambassador Julian Ventura and the Department

of International Trade's Minister for Investment, Graham Stuart who highlighted the broadening and deepening of trade and investment links, as well as some of the main initiatives carried out by both governments to strengthen the bilateral relationship.

Successive panels and keynotes by senior government officials and business leaders showcased opportunities in key sectors, including energy, infrastructure, insurance and technology in financial services. ProMéxico, Mexico's trade and investment promotion agency, offered an overview of the country's main structural strengths, including its macroeconomic stability and the ongoing implementation of various structural reforms; Mexico's Development Bank CEO highlighted the strengths of the economy in the context of the complex global situation; the President Commissioner of the National Hydrocarbons Commission presented the progress achieved in the bidding rounds on hydrocarbons, and engaged in an interactive dialogue with some of the key players in the British energy industry, including British Petroleum, Ernst and Young and the firm Norton Rose Fulbright.

Furthermore, "Mexico Projects Hub", a digital platform with information on tenders for infrastructure projects was presented by a representative of Mexico's Infrastructure Bank, Banobras, which will foster deeper bilateral synergies, taking advantage of financing tools such as the credits granted by the UK Export Finance. The segment dedicated to the new Special Economic Zones in Mexico, emphasized opportunities for British firms and their importance as drivers of regional growth and development.

The seminar also included a presentation of the recently enacted Law to Regulate Financial Technology Institutions in Mexico ("Fintech Law"), generating an interesting dialogue between experts from both countries on opportunities and potential of the respective FinTech ecosystems. The Mexican Association of Insurance Institutions identified recent developments in the Mexican insurance industry and its growing complementarity with the Lloyd's market in London.

In the closing session, the President of the MexCC and NHG partner, [Yves Hayaux du Tilly](#), underlined the importance of collaboration between governments and the private sector. That evening, the traditional Gala Dinner and Award of the MexCC

took place. British and Mexican companies Bishopsgate Dental and Gringa Dairy were awarded for their entrepreneurial leadership and British Petroleum and Mexichem received awards for their extraordinary contribution to the strengthening of the bilateral economic relationship.

The event was covered by [The Latin Lawyer](#). The Mexican Chamber of Commerce issues a [press release](#) on the Mexico Day. A transcript of the speech by Graham Stuart of the UK Government can be consulted [here](#).