

INSIGHTS

Mexico's Agenda for 2020 in Energy and Infrastructure

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Andres Manuel Lopez Obrador, Mexico's president recently issued the general criteria of economic policy for the country's 2020 annual budget. The document describes several undertakings to trigger economic growth in Mexico in the upcoming year. One of the main items in the economic agenda is to increase public-private partnerships and allocate public resources to the development of infrastructure for (i) the energy sector, and (ii) transportation.

Energy

The development of the energy industry is a priority of the current administration, and the following actions were named as part of the government's agenda for 2020:

- Collaboration with the Mexican regulatory authorities such as the *Comisión Reguladora de Energía* (CRE) to simplify the regulatory framework;
- Promotion of investment in the hydrocarbons activity chain, through schemes that involve the active participation of the private sector, particularly for transportation, storage, retail fuel sale and petrochemical projects; and
- Development of the infrastructure for electricity by promoting the efficient use of public funds and private investment for the development of infrastructure for generation, transmission and distribution activities.

Infrastructure

In an effort to reduce the development gap between the north and the south regions of Mexico, there will be a special focus on the development of infrastructure in southern Mexico. The government has particular interest in the projects of the Isthmus of Tehuantepec, the Chiapas-Mayab Train and the Mayan Train.

The Interoceanic Corridor of the Tehuantepec Isthmus will be built as the focal point for the economic dynamism of the Interoceanic Multimodal Corridor. Mexico seeks to take advantage of the strategic location of the Isthmus of Tehuantepec and compete in the international market for shipping and transportation of goods, by using several transportation methods between the ports of Coatzacoalcas, Veracruz and Salina Cruz, Oaxaca.

In addition, the Mexican government is planning to develop infrastructure to improve the interstate and intrastate hydraulic systems. For this reason, the government will focus on

building several dams and an aqueduct to increase the supply of drinkable water.

Lastly, the government will continue to promote direct foreign investment in a range of different sectors such as the automotive, aeronautic and pharmaceutical industry, among others.

In conclusion, it appears that under the economic criteria for Mexico's 2020 annual budget, Lopez Obrador's administration seeks to improve the country's energy and transportation infrastructure with public and private resources.