

Mexico P3 Market Snapshot

Infrastructure Sector Highlights

Infrastructure in Mexico represents new business opportunities for Canadian companies. In April 2014, President Enrique Peña Nieto unveiled the ambitious [National Infrastructure Programme 2014-18](#), in an effort to complement the recently approved competitiveness-enhancing reforms (notably the energy, financial, fiscal and telecommunications reforms). The programme included 743 projects distributed in six key economic sectors: (i) energy (carried out by Pemex and the Federal Electricity Commission) - amounting to 50% of total; (ii) urban development (24%); (iii) communications and transport (17%), (iv) water (5%), (v) tourism (2%), and (vi) health (1%). Investment equivalent to \$7.7 billion pesos (US\$594 billion) is expected as a result of the Programme, of which 63% is to be funded through federal or state budgets, and the remainder via funds generated by the recently implemented law on public-private partnerships (P3s).

Additionally, Mexico has started the construction of the new international airport for Mexico City which is expected to have the first 3 of 6 runways ready by 2018. It is expected that the new airport will be the third largest in the world, and the most important infrastructure deliverable of the current administration. The project will require an investment of over \$10 billion and is expected to quadruple the capacity of the current airport to 120 million passengers annually. The Mexican

Government expects to start a couple of important tendering processes to offer between September and November.

Implications for Canadian Firms

Mexico represents opportunities and challenges for Canadian companies. P3 projects are expected to become more relevant in the following months/years in Mexico due to current and possible future public budget constraints. Though some projects were suspended or cancelled, the secretariat of communications and transportation stressed that the new airport in Mexico City will continue as planned.

In this context, the importance of structuring effective P3 projects in Mexico has become critical. Mexico's P3s law (approved in 2012) is expected to be a key mechanism to attract private capital into infrastructure projects as it is more flexible and makes the rights and obligations of both the private and the public parties more transparent. In this regard, Canada's successful experience in the development of P3 projects in Canada is an asset that can help generate collaboration and business opportunities with Mexico.

Business opportunities for Canada are also related to the use of advanced technologies and materials in infrastructure projects (i.e. intelligent transportation systems, intelligent buildings with features including energy-efficient materials, security systems, telecommunications channels, and emergency systems).

One of the best ways of achieving success in Mexico is through cooperation with a solid local partner who can assist in assessing clients' specific needs, and give access to the



traditionally closed supply networks of the industry. In this regard, the annual conference of the Canadian Council of Public-Private Partnership represents an excellent opportunity to meet with key stakeholders in the Mexican infrastructure sector and explore collaboration opportunities.