

September 2024



## Top Highlights

**Federal Cabinet Appointments:** President-Elect Claudia Sheinbaum appointed the following newest members of her cabinet:

- Secretary of National Defense (SEDENA): Gen. Ricardo Trevilla Trejo
- Secretary of the Navy (SEMAR): Adm. Raymundo Pedro Morales Ángeles
- Federal Consumer Protection Attorney: César Iván Escalante Ruiz
- General Director of the National Water Commission (CONAGUA): Efraín Morales López
- Tax Administration Service (SAT): Antonio Martínez Dagnino, reaffirmed as head of SAT
- Head of the Food for Welfare Program: María Luisa Albores
- Undersecretary of Agriculture and Rural Development: Leonel Cota Montaña
- Coordinator of Territorial Programs: Columba López Gutiérrez

**Judicial Reform Is Approved:** Mexico's Congress has approved a judicial reform, introducing the election of judges by popular vote and marking a significant transformation of the country's judiciary system. This legislative achievement comes in the final month of President Andrés Manuel López Obrador's term. The approval followed a marathon session that was briefly interrupted by protesters breaking into the Senate building, but the ruling Morena party and its allies ultimately secured the two-thirds supermajority needed. President-Elect Claudia Sheinbaum has expressed her support for the reform on social media. The Senate now has 30 days to issue a call for participants in the electoral process, while local congresses have 180 days to amend their constitutions, and Congress has 90 days to modify secondary laws.

**CRE Issues General Provisions on Electromobility Infrastructure:** The Energy Regulatory Commission (CRE) issued Agreement A/108/2024, through which the General Administrative Provisions (DACG) on electromobility were published in the *Official Gazette of the Federation*, aiming to regulate the integration of charging infrastructure for electric vehicles (EVs) and plug-in hybrid electric vehicles (PHEVs) into the National Electric System (SEN) as part of a Smart Electric Grid. These provisions establish the technical and administrative requirements that end users must meet to connect the infrastructure to the SEN, as well as the minimum information that must be provided to the CRE for the creation of a public electromobility platform. The CRE has a 24-month period to implement this platform. (See Holland & Knight's previous alert, "[Energy Regulatory Commission Publishes DACGs on Electromobility in Mexico](#)," Sept. 13, 2024.)

**Ministry of Energy Updates Import/Export Regulations for Petroleum and Hydrocarbon Products:** The Ministry of Energy published a decree that establishes tariff classifications for goods whose import and export are subject to regulation through the Undersecretary of Hydrocarbons and the national Commission of Nuclear Safety and Safeguards (CNSNS), covering products such as gasoline and derivatives. This agreement modifies the process for obtaining permits for the import and export of petroleum products and hydrocarbons, with the goal of simplifying and updating the procedures, which take into account the type, use and quantities of the goods. Additionally, it includes a catalog with physicochemical specifications, and establishes different permit durations, ranging from 60 days to 20 years. The agreement also outlines the requirements, grounds for rejection and the obligation to submit reports, maintaining a focus on energy security and regulatory compliance.

**Economic Data:** The Bank of Mexico (Banxico) lowered the reference rate by 25 basis points, setting it at 10.75 percent.



## Congress Report

**LXVI Legislature Inaugurated:** The LXVI Legislature was inaugurated in the House of Representatives and the Senate. This marks the beginning of a new legislative period that will extend until Aug. 31, 2027, for deputies, and until Aug. 31, 2030, for senators. This event represents a pivotal moment for the Congress of the Union, with a new political composition and an ambitious legislative agenda.

**Approval of National Guard Reform:** Mexico's Senate approved a constitutional reform placing the National Guard under military command. This marks the second constitutional change in two weeks, giving outgoing President Andrés Manuel López Obrador another legislative victory just days before his departure. After an overnight debate, the governing Morena party and its allies overcame opposition, including objections from human rights organizations and the United Nations. Supporters of the reform argued that the military's involvement would strengthen the National Guard as an effective security force, rejecting claims that it would lead to militarization.

**Approval of Indigenous Rights Reform:** As part of the same constitutional reform package presented by President López Obrador, Congress unanimously approved the reform to Article 2 of the Constitution, to fully acknowledge and safeguard the rights of indigenous and Afro-Mexican communities in the Constitution. The proposed decree aims to ensure that these communities have the right to free, prior and informed consultation regarding any decisions that may affect their lands and resources. It also recognizes and respects their normative systems and essential collective rights for self-determination, alongside safeguarding their cultural, material and intellectual heritage.



## Executive Branch

**Final Presidential Report:** President Andrés Manuel López Obrador presented the final report of his administration, highlighting his legacy as he prepares to transfer power to his successor, President-Elect Claudia Sheinbaum. In Mexico City's Zocalo, he defended his government's achievements, emphasizing the establishment of a "true democracy" and laying the groundwork for a new phase in the country's development. He underscored his enduring popularity that he departs office with a 73 percent approval rating, according to López Obrador.

**CNBV Mandates Sustainability Reporting for Securities Issuers:** The National Banking and Securities Commission (CNBV) published a resolution in the National Commission for Regulatory Improvement (CONAMER), modifying the General Provisions applicable to issuers of securities and other participants in the securities market. The regulatory proposal aims to amend the current provisions to clarify that, in addition to the financial information they currently submit to the CNBV, stock exchanges, investors and issuers (excluding financial entities, federal entities and municipalities) must also include sustainability-related financial information in the notes to their financial statements and in their annual report. This must be in accordance with International Financial Reporting Standards (IFRS) S1 and S2, issued by the International Sustainability Standards Board, as well as applicable sustainability disclosure standards in the issuer's country of origin, as appropriate for all types of securities and those issued by foreign companies.

**New Health Guidelines for School Food Regulation and Healthy Living:** The Ministry of Health published an agreement through the national Commission for Regulatory Improvement, establishing General Guidelines for the preparation, distribution and sale of prepared, processed and bulk foods and beverages, as well as promoting healthy eating habits within all schools of the National Education System. These guidelines are designed to encourage healthy habits among students by outlining principles of action and defining the responsibilities of authorities at various levels. The agreement details the technical criteria for nutrition, hygiene and operations necessary for the effective implementation of this regulation in educational institutions.

**CFE Explores Green Hydrogen Partnership with Pemex:** Mexico's state-owned Federal Electricity Commission (CFE) is looking at the possibility of entering into a partnership with state oil company Petróleos Mexicanos (Pemex) to develop a green hydrogen project, according to a CFE official.

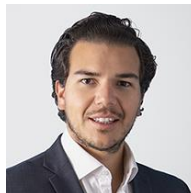
**Mexican Exports to Canada Increase:** Although the majority of Mexico's export revenue still comes from goods shipped to the United States, exports to Canada have grown at a faster pace in recent years, reaching a record high of more than \$9 billion in the first half of 2024.

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