

November 2024



Top Highlights

Economic Package 2025: Mexico's Secretary of Finance and Public Credit Rogelio Ramírez de la O presented the Economic Package for 2025 (PE 2025) to Congress. PE 2025 is a set of projects related to fiscal policy, revenue and expenditures. The projects do not include new taxes or increases to existing ones, but aim to foster economic growth, reduce income inequality and enhance Mexico's stance on investment. The budget for 2025 forecasts total net expenditures of \$9.3 trillion and will maintain fiscal consolidation, a positive primary balance and a stable public debt-to-gross domestic product (GDP) ratio, with the aim of preserving the country's credit rating and macroeconomic stability. Some of the most relevant reductions in federal dependencies include Secretary of Defense at minus 44 percent, Secretary of Environment and Natural Resources at minus 40 percent and Secretary of Health at minus 34 percent in real terms. Furthermore, the economic package must be approved by Congress no later than Dec. 31, 2024.

National Energy Plan: Secretary of Energy Luz Elena González presented the National Energy Plan for the electric sector, which includes three key areas: 1) Energy Sovereignty and Access: strengthen planning and coordination across ministries and local governments to help ensure that all Mexicans have access to affordable, sufficient energy; 2) Energy Justice and Community Programs: maintain stable electricity rates, expand coverage programs, implement clean stove initiatives and install solar panels in northern homes to support families in extreme climates, fostering regional development and local benefits; and 3) Sustainability and Investment: plan for 64,979 megawatts (MW) demand by 2030 with 32 percent clean energy, supported by \$23.4 billion in Federal Electricity Commission (CFE) investments for generation, transmission and distribution improvements to help ensure a robust, reliable electric system.

Additionally, Secretary González presented the National Hydrocarbons and Natural Gas Sector Strategy as part of the National Energy Plan. She emphasized that the strategy would strengthen planning and regulation in the hydrocarbons sector, ensuring strict compliance with national energy policies. In the same matter, she said the focus will be to bolster energy sovereignty and security through the responsible and sustainable exploitation of hydrocarbons in alignment with national needs.

National Economic Outlook: Moody's Rating downgraded Mexico's sovereign rating outlook to negative due to weakening institutional frameworks and policy formulation, which could undermine fiscal and economic outcomes. The agency noted that increased public spending rigidity and deteriorating debt affordability makes fiscal consolidation more difficult following this year's public deficit increase.

Chinese Imports Plan: Mexico will propose a Plan B to the United States to strengthen North American productivity by manufacturing components regionally that are currently imported from Asia, thereby reducing dependence on Chinese parts. The Ministry of Economy is already working with major importers, such as various American companies, to identify products that can be manufactured in Mexico.



Congress Report

Autonomous Bodies: On Nov. 21, 2024, Congress approved a measure to abolish most of the autonomous bodies that regulate economic sectors and ensure government transparency. The bill aims to restructure various government agencies by transferring them to different departments. Agencies that will be transferred include the Federal Economic Competition Commission (COFECE) to the Secretary of Economy and the National Institute for Transparency (INAI) to the Secretary of Good Governance and Anti-Corruption, as well as to the oversight bodies of Mexico's Judiciary and Congress. Other proposed transfers include the National Council for the Evaluation of Social Development Policy (CONEVAL) to the National Institute of Statistics and Geography (INEGI), the Energy Regulatory Commission (CRE) to the Secretary of Energy (SENER) and the CFE, and the National Hydrocarbons Commission (CNH) to SENER. The bill was approved in the House of Representatives. It is expected to be approved in the Senate prior to the closure of the present legislature, which ends on Dec. 31, 2024.

National Security Bill: The constitutional reform on national security grants the Secretariat of Security and Citizen Protection (SSPC) powers for investigation and coordination across the three levels of government in public security tasks, as well as responsibilities in national security and auditing of security funds allocated to state and municipal governments. The bill was approved by the Constitutional Points Committee of the House of Representatives. It was turned over to local congresses for its constitutional effects.

Secondary Laws to the Judicial Branch: Following the approval of the judicial branch reform, the federal executive presented various secondary laws for its proper implementation. The proposed bills include: 1) New Organic Law of the Judiciary, which will reorganize the Supreme Court and grant new powers to the Judicial Discipline Court, responsible for supervising all members of the judicial branch; 2) the Judicial Career Law, which aims to strengthen the National Judicial Training School, expanding its services to train public prosecutors members and police forces; and 3) the Administrative Responsibilities Law, which will clarify offenses and sanctions within the Judiciary, allowing the court to impose penalties and, if necessary, refer cases to the Public Prosecutor's Office.



Executive Branch

National Water Plan: The National Water Plan, unveiled on Nov. 21, 2024, by National Water Commission (CONAGUA) Director Efraín Morales, seeks to ensure the human right to water, promote sustainability and improve water management across sectors. Key priorities include river restoration, agricultural irrigation modernization, equitable water concession regulation and strategic infrastructure projects. The plan emphasizes collaboration among governments and sectors to address climate change challenges, supported by voluntary agreements to return water concessions and private investments totaling 16,400 million pesos.

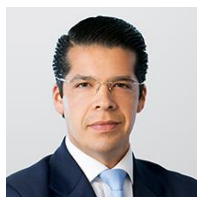
National Agreement for the Right to Water and Sustainability: On Nov. 25, 2024, President Claudia Sheinbaum and CONAGUA signed a national agreement that aims to promote voluntary water contributions and sustainable management of water resources. This initiative includes commitments from irrigation districts, which will return 2.8 billion cubic meters of water, and the industrial sector, which will contribute 126 million cubic meters, and invest more than 21 billion pesos to improve water efficiency and reuse. The agreement focuses on ensuring equitable access to water, enhancing productivity, investing in infrastructure and addressing climate change.



Tariffs Increase on Imported Goods and Products: In response to U.S. President-Elect Donald Trump's announcement of implementing tariffs of 25 percent on imported goods from Mexico and Canada, as well as tariffs on 10 percent of products from China, President Claudia Sheinbaum addressed the situation by emphasizing the need for international collaboration. She highlighted Mexico's comprehensive migration policy, efforts to combat fentanyl trafficking and the illegal arms trade, stressing that these issues require cooperation, not threats or tariffs. She warned that retaliatory measures could harm mutual interests, including major U.S. companies, and stressed that the economic and social prosperity of the United States relies on dialogue and understanding, rather than escalating tensions through tariffs.

Secretary of Finance and Public Credit (SHCP) Appointed: The Finance and Public Credit Committee of the House of Representatives approved the proposal, made by the head of the Federal Executive, to ratify the appointment of Rogelio Ramírez de la O as the Secretary of Finance and Public Credit.

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