



Mexico one step nearer to PPP law

The House of Representatives has passed a key piece of public-private partnership legislation that could bolster the Latin American country's infrastructure market. The new law is based on the UK's Project Finance Initiative model.

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On Tuesday, Mexico's House of Representatives passed an infrastructure bill that policymakers have been pinning over for years, paving the way for Mexico to have a formal public-private partnership (PPP) framework in place.

The bill, which was first introduced to the Senate by President Felipe Calderon in 2009 and passed in 2010 with minor revisions is now back in the Senate's court for ratification.

"Unless anything unusual happens, President Calderon will have the bill for signature in 2011. It could take place in this year or, at the latest, in the first month of 2012," Luis Manuel Sada-Beltran, an associate at law firm Sanchez-DeVanny Eseverri, in Mexico City, told sister publication *Infrastructure Investor*.

The legislation draws from the history and experience knit into the fabric of the UK's PPP model – known as the Project Finance Initiative – from the early stages of financing to risk management.

When President Calderon took office in 2006, he placed infrastructure investment at the heart of his plan to transform Mexico into one of the world's top economies in the next two decades or so.

To that end, President Calderon was willing to commit some \$270 billion in public funds to infrastructure and combine those funds with another \$6 billion to be raised in the capital markets as part of his 2007-2012 National Infrastructure Plan. When it comes to PPPs, though, Mexico has lagged behind other neighbouring countries, Sada-Beltran pointed out.

"Peru, Brazil and Chile – [the latter of] which has more years developing PPPs than any other country in Latin America – were taking advantage of Mexico when we were believed to be a leader, but fell behind."

He added: "In 10 years, particularly with this legislation, I think we will emerge as one of the best countries for public infrastructure in Latin America. We will probably surpass Brazil and Chile – I think the country will take advantage of this legislation. One of the best things that Mexico has right now is its political and economic stability."