
22. STATE-OWNED COMPANIES AND DESIGNATED MONOPOLIES

Mexico's Main Objectives

- Promoting competition and transparency between State-Owned Companies (SOCs) and private companies in international trade and investments.
- Establishing the guidelines under which SOCs act under competitive conditions by eliminating subsidies that may distort regional trade.
- Providing legal certainty to Mexican private companies so that SOCs act under the same market conditions, whilst protecting the sectors of public interest such as the energy and development sectors.

Benefits for Mexico

- Mexico managed to exempt activities in sensitive sectors from the provisions of the Chapter, such as the activities of the *Banca de Desarrollo* (development bank).
- In the case of CFE, PEMEX, and CENAGAS, under the new energy chapter, Mexico maintains the provisions that have been agreed in previous international treaties, such as the CPTPP.
- The chapter improves market conditions for various Mexican productive sectors, such as textiles and clothing, footwear, and manufacturing by eliminating practices that generate unfair competition, discrimination, and distortion in international markets due to subsidies.

Chapter's Main Provisions

- USMCA will regulate subsidies (non-commercial assistance) surrounding SOCs, including the direct transfer of funds, donations, debt forgiveness, loans, loan guarantees, or other types of financial and capital contributions incompatible with typical investment practices, among others **(Article 22.6)**.
- Each Party shall provide to the other Parties or publish on an official website a list of its state-owned enterprises no later than six months after the date of entry into force of this Agreement, and thereafter shall update the list annually **(Article 22.10)**.
- Promotes fair international commercial practices of good corporate governance, applicable to State companies and Designated Monopolies **(Article 22.11)**.