

ANNEX III

Activities Reserved to the State

Schedule of Mexico

▲Section A - Activities Reserved to the Mexican State

Mexico reserves the right to perform exclusively, and to refuse to permit the establishment of investments in, the following activities:

1. Petroleum, Other Hydrocarbons and Basic Petrochemicals

(a) Description of activities

(i) exploration and exploitation of crude oil and natural gas; refining or processing of crude oil and natural gas; and production of artificial gas, basic petrochemicals and their feedstocks and pipelines; and

(ii) foreign trade; transportation, storage and distribution up to and including first hand sales of the following goods: crude oil; natural and artificial gas; goods covered by Chapter Six (Energy and Basic Petrochemicals) obtained from the refining or processing of crude oil and natural gas; and basic petrochemicals.

(b) Measures:

- *Constitución Política de los Estados Unidos Mexicanos*, Artículos 25, 27 y 28
- *Ley Reglamentaria del Artículo 27 Constitucional en el Ramo del Petróleo*
- *Ley Orgánica de Petróleos Mexicanos y Organismos Subsidiarios*

2. Electricity

(a) Description of activities: the supply of electricity as a public service in Mexico, including, the generation, transmission, transformation, distribution and sale of electricity.

(b) Measures:

- *Constitución Política de los Estados Unidos Mexicanos*, Artículos 25, 27, 28
- *Ley del Servicio Público de Energía Eléctrica*

3. Nuclear Power and Treatment of Radioactive Minerals

(a) Description of activities: exploration, exploitation and processing of radioactive minerals, the nuclear fuel cycle, the generation of nuclear energy, the transportation and storage of nuclear waste, the use and reprocessing of nuclear fuel and the regulation of their applications for other purposes and the production of heavy water.

(b) Measures:

- *Constitución Política de los Estados Unidos Mexicanos*, Artículos 25, 27, 28
- *Ley Reglamentaria del Artículo 27 Constitucional en Materia Nuclear*

4. Satellite Communications

(a) Description of activities: the establishment, operation and ownership of satellite systems and earth stations with international links.

(b) Measures:

- *Constitución Política de los Estados Unidos Mexicanos*, Artículos 25, 28
- *Ley de Vías Generales de Comunicación*

5. Telegraph Services

Measures:

- *Constitución Política de los Estados Unidos Mexicanos*, Artículos 25, 28
- *Ley de Vías Generales de Comunicación*

6. Radiotelegraph Services

Measures:

- *Constitución Política de los Estados Unidos Mexicanos*, Artículos 25, 28
- *Ley de Vías Generales de Comunicación*

7. Postal Services

(a) Description of activities: operation, administration and organization of first class mail.

(b) Measures:

- *Constitución Política de los Estados Unidos Mexicanos*, Artículos 25, 28
- *Ley del Servicio Postal Mexicano*

8. Railroads

(a) Description of activities: operation, administration and control of traffic within the Mexican railway system; supervision and management of railway rightofway; operation, construction and maintenance of basic railway infrastructure.

(b) Measures:

- *Constitución Política de los Estados Unidos Mexicanos*, Artículos 25, 28
- *Ley Orgánica de Ferrocarriles Nacionales de México*

9. Issuance of Bills (currency) and Minting of Coinage

Measures:

- *Constitución Política de los Estados Unidos Mexicanos*, Artículos 25, 28
- *Ley Orgánica del Banco de México*
- *Ley de la Casa de Moneda de México*
- *Ley Monetaria de los Estados Unidos Mexicanos*

10. Control, Inspection and Surveillance of Maritime and Inland Ports

Measures:

- *Ley de Navegación y Comercio Marítimos*
- *Ley de Vías Generales de Comunicación*

11. Control, Inspection and Surveillance of Airports and Heliports

Measures :

- *Ley de Vías Generales de Comunicación*

The measures referred to are provided for transparency purposes and include any subordinate measure adopted or maintained under the authority of and consistent with such measures.

▲Section B - Deregulation of Activities Reserved to the State

1. The activities set out in Section A are reserved to the Mexican State, and private equity investment is prohibited under Mexican Law. Where Mexico allows private investment to participate in such activities through service contracts, concessions, lending arrangements or any other type of contractual arrangement, such participation shall not be construed to affect the State's reservation of those activities.

2. If Mexican law is amended to allow private equity investment in an activity set out in Section A, Mexico may impose restrictions on foreign investment participation notwithstanding Article 1102, and describe them in Annex I. Mexico may also impose derogations from Article 1102 on foreign equity investment participation when selling an asset or ownership interest in an enterprise engaged in activities set out in Section A, and describe them in Annex I.

▲Section C - Activities Formerly Reserved to the Mexican State

Where an activity was reserved to the Mexican State on January 1, 1992 and is not reserved to the Mexican State on the date of entry into force of this Agreement, Mexico may restrict the initial sale of a stateowned asset or an ownership interest in a state enterprise that performs that activity to enterprises with majority ownership by Mexican nationals, as defined by the Mexican Constitution. For a period not to exceed three years from the initial sale, Mexico may restrict the transfer of such asset or ownership interest to other enterprises with majority ownership by Mexican nationals, as defined by the Mexican Constitution. On expiration of the three-year period, the obligations of national treatment set out in Article 1102 apply. This provision is subject to Article 1108.