November 15, 2021

Ambassador Katherine Tai
Office of the U.S. Trade Representative
600 17th Street NW
Washington, D.C. 20508

Secretary Anthony J. Blinken
U.S. Department of State
2201 C Street NW
Washington, D.C. 20520

Secretary Gina M. Raimondo
U.S. Department of Commerce
1401 Constitution Avenue NW
Washington, D.C. 20230

Secretary Jennifer M. Granholm
U.S. Department of Energy
1000 Independence Avenue SW
Washington, D.C. 20585

Dear Ambassador Tai, and Secretaries Blinken, Raimondo, and Granholm,

The United States Hispanic Chamber of Commerce (USHCC) was a strong advocate in ensuring the passage of the USMCA. In our 2020-2021 USHCC Policy Platform, we state that we will continue to support regulatory and legislative measures that facilitate international trade on a binational level between the United States and Mexico.

We write to express our concern about reports of escalating efforts by the Government of Mexico to exclude private companies from its energy sector in contravention of its international commitments, including the United States-Mexico-Canada Agreement (USMCA).

The USHCC actively promotes the economic growth, development, and interests of more than five million Hispanic-owned businesses that, combined, contribute over $800 billion to the American economy every year. We also serve as a platform for our nationwide network of over 260 local Hispanic chambers of commerce.

President Andres Manuel López Obrador himself has acknowledged the explicit goal of providing Mexico's national energy companies, Petróleos Mexicanos (PEMEX) and the Comisión Federal de Electricidad (CFE) with preferential treatment, in direct contradiction of the USMCA. His Administration has pushed forward regulatory and legislative efforts that have been ruled to be anti-competitive and harmful to the environment by Mexican courts. These measures are detrimental to U.S. investment, American workers, and the North American commitment to sustainability, all of which are economic components that are protected by the USMCA.

In recent weeks, discriminatory and arbitrary enforcement actions have escalated. According to media reports, the Mexican Government has suspended the permits of several U.S.-owned fuel storage terminals, while using the National Guard to force the closure of 23 fuel-related facilities, such as storage sites, and partial closures of 17 others. These actions are just the latest in a broad and sweeping effort aimed at paralizing competition from the private sector.

In June, Mexico's tax authority changed the General Rules for External Trade, banning companies from obtaining or renewing the three-year permits that are required for fuel terminals to serve as points of entry and exit for hydrocarbons. The same agency suspended 82 companies in July from trading fuels over alleged fiscal violations. Meanwhile, between December 20, 2020 to July 15, 2021, Mexico's Department of Energy has canceled 1,866 permits for the import and export of gasoline, diesel, LP gas, jet fuel, fuel oil, and crude. As of September 20, 2021, just 97 of 1,954 permits issued to private companies were active in Mexico.

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This trend has raised serious concerns within our members as our binational trade with Mexico represents a tremendous share of America's energy exports. In 2019, the oil and natural gas industry directly or indirectly supported more than 11 million jobs in the U.S. and had a national economic impact of nearly $1.7 trillion. In 2020, Mexico was the largest export market for U.S. petroleum products, accounting for 12 percent of all exports, and a growing market for natural gas.

Federal entities in Mexico recognize that these policies come with significant costs. Mexico's Consejo Coordinador Empresarial (CCE), a leading business association, has expressed "*deep concern*" over "*obstacles to the importation of gasolines to artificially protect PEMEX*." Mexico's anti-trust agency, the Comisión Federal de Competencia Económica (COFECE), has warned that restricting private sector participation would lead to "*an artificial and unjustified restriction of the supply of goods and services, harming Mexican consumers.*"

These measures will also hinder Mexico's ability to fullfill its clean energy generation goals, will cause them to violate the International Maritime Organization's IMO2020, and other international environmental commitments.

The USHCC and our members urge you to promptly address these issues as they continue to trend negatively, so that U.S. private companies can continue to fairly participate in the Mexican energy sector, as they were originally intended as part of the USMCA.

Thank you for your service and partnership in supporting America's Hispanic and minority-owned businesses as well as the more than 63.5 million Latinos/as living in America. If you have any questions please do not hesitate to reach out to C. LeRoy Cavazos-Reyna, Vice President of Government and International Affairs via phone at 956-844-9628 or email at LCavazos@ushcc.com. We look forward to a positive outcome on this important international business matter.

Respectfully,

Ramiro Cavazos

Ramiro A. Cavazos
President & CEO
U.S. Hispanic Chamber of Commerce

CC: Ambassador Ken Salazar, United States Ambassador to Mexico
Ambassador Esteban Moctezuma, Mexican Ambassador to the United States
Chancellor Marcelo Luis Ebrard Casaubón, Mexican Ministry of Foreign Affairs
Under Secretary for Economic Growth, Energy, and the Environment, Jose W. Fernandez, U.S. Department of State
The Honorable Cedric Richmond, Senior Advisor, Office of Public Engagement, The White House