

1.2.1 Activities reserved to the Mexican state

In compliance with the Mexican Constitution and as a reflection of historical concerns regarding private investment, the FIL reserves certain strategic areas to the Mexican State. Neither Mexican nor foreign investors may engage in these areas of economic activity. These areas include:

- petroleum and other hydrocarbons;
- basic petrochemicals;
- electricity;
- generation of nuclear energy;
- radioactive minerals;
- satellite communications;¹
- telegraphs;
- radio telegraphy;
- mail service;
- issuance of money;
- control, supervision and security of ports, airports and heliports; and
- certain others expressly indicated in the relevant legislation.

1.2.2 Activities reserved to Mexican investors

The activities reserved by the FIL to Mexican nationals and to Mexican companies without foreign equity participation include:

- domestic and international² land transportation of passengers, tourism and cargo, excluding messenger and courier services;
- retail trade of gasoline and L.P. gas;

¹ Under a constitutional amendment effective as of March 3, 1995, satellite communications are no longer reserved to the Mexican State. It is expected that the participation of private investment in this area will soon be specifically regulated. Hence, the FIL should be amended soon to reflect the above. This Constitutional amendment also liberalized restrictions in the railroad sector.

² Under Transitory Article Sixth of the FIL, as of December 18, 1995, foreigners may own up to 49 percent of the capital of Mexican entities engaged in international land transportation of passengers, tourism and cargo within Mexico and in administrative services for bus stations and related services; they may own up to 51 percent of such enterprises as of January 1, 2001; and 100 percent as of January 1, 2004. This liberalization schedule follows the NAFTA's phase-out schedule for land transportation. Foreign investment in domestic land transportation will continue to be prohibited.