

**SCT**



SECRETARÍA DE  
COMUNICACIONES  
Y TRANSPORTES

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# PUBLIC-PRIVATE PARTNERSHIPS FOR HIGHWAYS IN MEXICO

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*FEDERAL PERSPECTIVES*

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*May, 2007*

## INVESTMENT NEEDS IN THE HIGHWAY SECTOR

- è Each year, Mexico needs about 5 billion US dollars for investments in road construction and maintenance
- è Public funds allow the federal government to annually invest less than half the required amounts
- è To close this gap, Mexico has put together three public-private partnership models that seek to attract private capitals to highway investments
- è The three models are:
  - \* Highway concessions
  - \* Private service contracts (PPP)
  - \* Asset utilization

## PUBLIC-PRIVATE PARTNERSHIPS FOR HIGHWAY DEVELOPMENT

- è Through its public-private partnership models, SCT seeks:
  - \* To allow an earlier development of Mexico's toll and free roads
  - \* To increase the amount of highway investments with private participation
  - \* To add value to services offered to users
  - \* To create jobs in highway construction
  - \* To increase the efficiency and productivity of public service provision
  - \* To create new opportunities for the private sector
  - \* To take advantage of existing highways as a source of resources for new toll roads

# MODELS CHARACTERISTICS

ITEM	NEW HIGHWAY CONCESSION MODEL	PPP MODEL	ASSET UTILIZATION
è Revenue source	Ⓟ Highway user	Ⓟ Periodic payment SCT annual budget	Ⓟ Highway income flow 30 years
è Government support	Ⓟ Initial contribution and revenue guarantee (CAS)	Ⓟ None	Ⓟ None
è Traffic risk	Ⓟ Totally transferred to concessionaire	Ⓟ A small part is transferred to the concessionaire	Ⓟ Totally transferred to concessionaire
è Project design	Ⓟ Delivered by SCT	Ⓟ SCT provides conceptual design and list of requirements	Ⓟ Conceptual design of additional projects delivered by SCT
è Equity requirements	Ⓟ A minimum is established	Ⓟ No minimum set	Ⓟ No minimum set
è Decision Criteria	Ⓟ Lowest or largest amount of Public funds	Ⓟ Lowest NPV of annual Payments	Ⓟ Largest amount offered
è Duration	Ⓟ 30 years	Ⓟ 15 -30 years	Ⓟ 30 years
è Legal Document	Ⓟ Concession Title	Ⓟ Concession Title & service contract	Ⓟ Concession Title

# HIGHWAY CONCESSION PROGRAM PROJECTS AWARDED AND BIDS IN PROGRESS



**MEXICALI BYPASS**  
(IN OPERATION)



**SAN LUIS RÍO COLORADO II  
INTERNATIONAL BRIDGE**  
(BID IN PROGRESS)



**MATEHUALA  
BYPASS**  
(IN OPERATION)



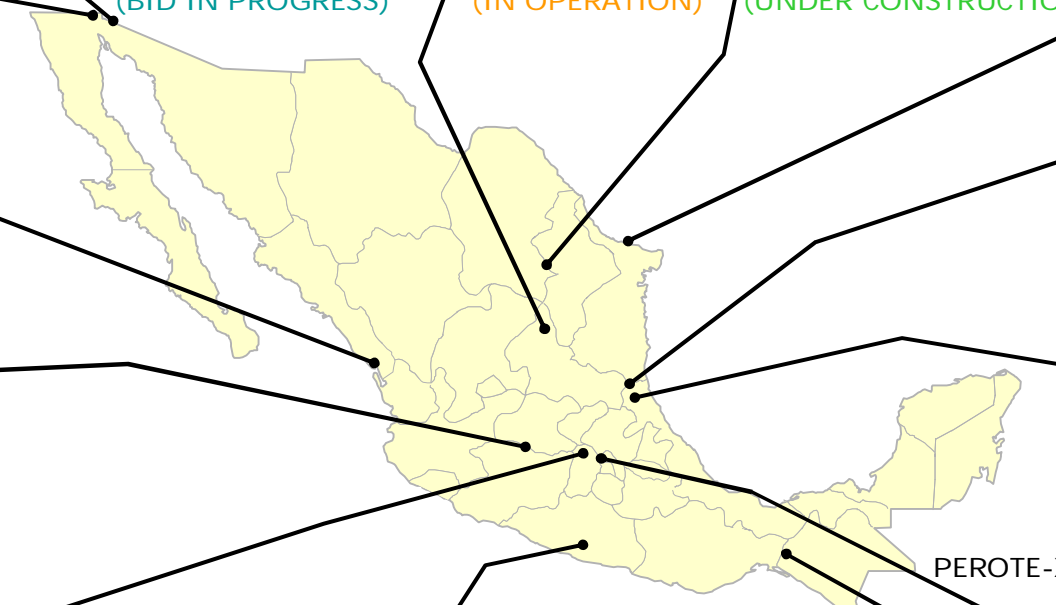
**MONTERREY-SALTILLO  
AND SALTILLO BYPASS**  
(UNDER CONSTRUCTION)



**REYNOSA-ANZALDÚAS  
INTERNATIONAL BRIDGE**  
(BID IN PROGRESS)



**TEPIC-VILLA UNIÓN**  
(UNDER CONSTRUCTION)



**AMOZOC-PEROTE**  
(UNDER CONSTRUCTION)



**MORELIA-SALAMANCA**  
(UNDER CONSTRUCTION)



**PEROTE-XALAPA AND XALAPA BYPASS**  
(BID IN PROGRESS)



**IRAPUATO BYPASS**  
(BID IN PROGRESS)



**TECPAN BYPASS**  
(UNDER CONSTRUCTION)



**ARRIAGA-OCOZOCOAUTLA**  
(BID IN PROGRESS)



**NORTHERN BYPASS OF MEXICO CITY**  
(UNDER CONSTRUCTION)

# HIGHWAY CONCESSION PROGRAM

## AWARDED CONCESSIONS AND BIDS IN PROGRESS

PROJECT	LENGTH (km)	AMOUNT (musd)
<b>AWARDED CONCESSIONS</b>		
è Matehuala Bypass	14.2	39.6
è Mexicali Bypass	41.0	73.3
è Amozoc-Perote	103.0	171.6
è Tepic-Villa Unión	152.0	281.1
è Morelia-Salamanca	83.0	161.9
è Northern Bypass of Mexico City	223.0	543.5
è Tecpan Bypass	4.0	16.3
è Monterrey-Salttilo and Saltillo Bypass	92.0	256.1
<b>BIDS IN PROGRESS</b>		
è Perote-Xalapa and Xalapa Bypass	60.0	247.3
è Arriaga-Ocozocoautla	93.0	199.0
è San Luis Río Colorado International Bridge	0.4	7.4
è Reynosa-Anzaldúas International Bridge	10.0	60.1
è Irapuato Bypass	29.5	57.4
<b>TOTAL</b>	<b>905.1</b>	<b>2,114.6</b>

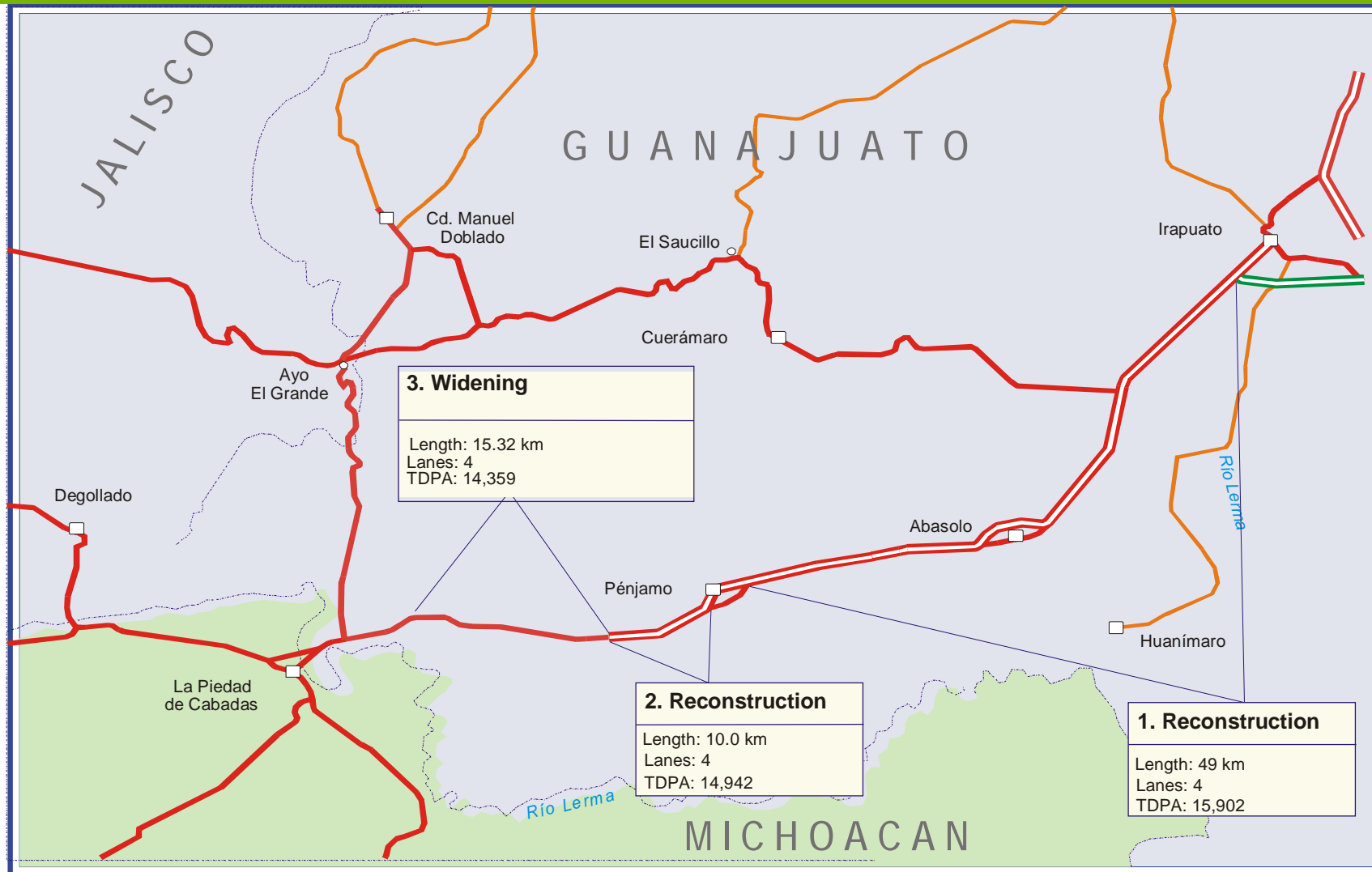
## HIGHWAY CONCESSION PROGRAM BIDS IN PREPARATION

PROJECT	LENGTH (km)	AMOUNT (musd)
è La Piedad Bypass and Access to Mexico-Guadalajara Highway	18.0	68.0
è Compostela-Las Varas-Puerto Vallarta	89.0	329.4
è Chihuahua Bypass	41.1	64.2
<b>TOTAL</b>	<b>148.0</b>	<b>461.6</b>

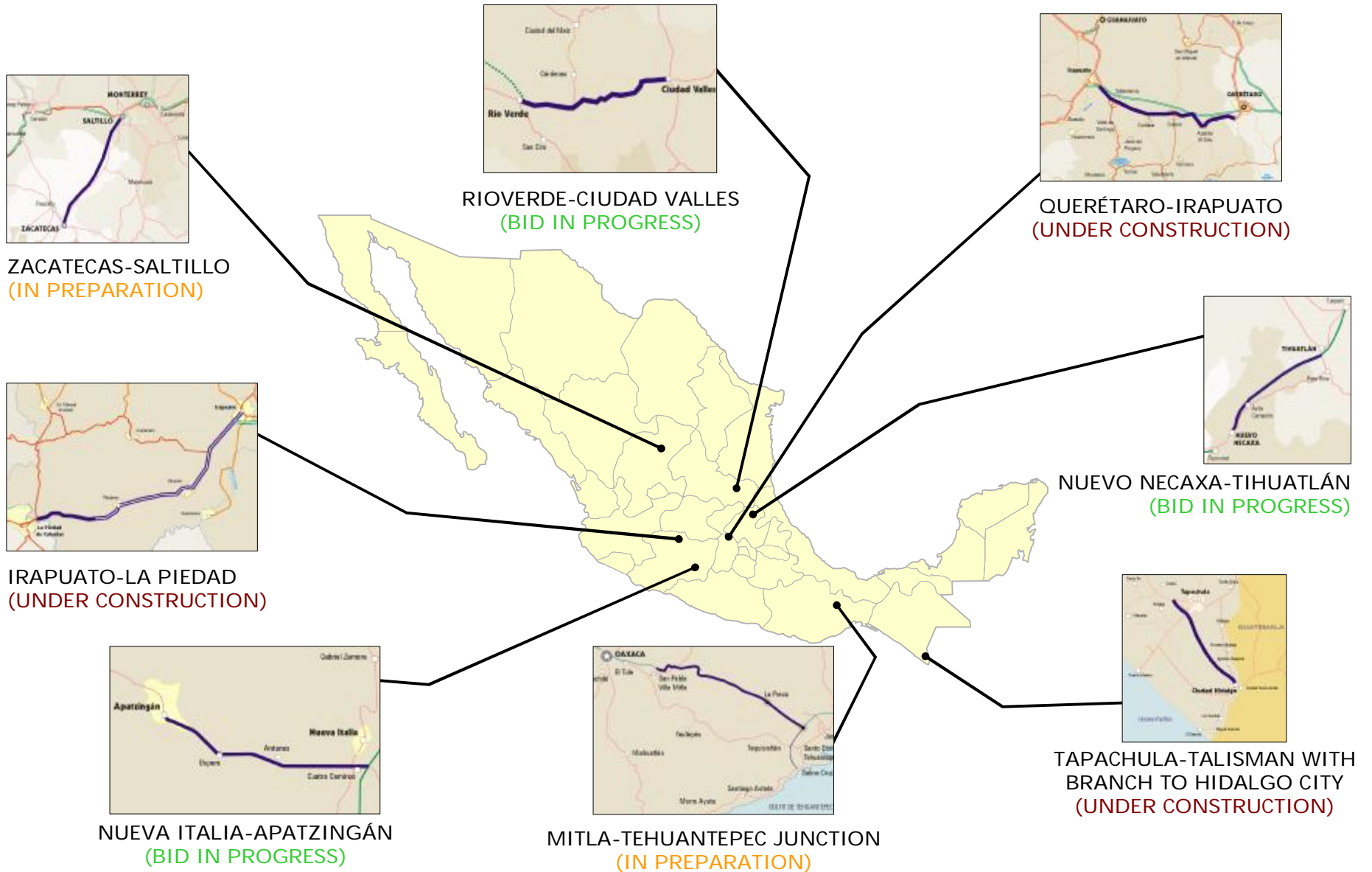
## HIGHWAY CONCESSION PROGRAM OTHER PROJECTS UNDER STUDY

PROJECT	LENGTH (km)	AMOUNT (musd)
è Guadalajara Bypass	111.0	313.9
è Laguna Verde-Gutiérrez Zamora	91.0	175.4
è Morelia Bypass	53.0	92.3
è Santa Clara-Indios Verdes	12.0	138.5
è La Venta-Colegio Militar	22.0	369.3
è Tuxpam-Tampico and Tampico Bypass	238.0	369.3
è Acapulco Bypass	22.0	73.9
è Cuernavaca Bypass	34.0	267.8
è Hermosillo Bypass	37.0	78.5
è Ciudad Obregón Bypass	45.0	60.0
è Encarnación de Díaz-San Juan de los Lagos	26.0	27.7
è Tlaxcala Bypass and Xoxtla-Tlaxcala	26.5	83.1
<b>TOTAL</b>	<b>717.5</b>	<b>2,049.8</b>

# Example of PPS IRAPUATO – LA PIEDAD



# PUBLIC-PRIVATE PARTNERSHIP PROJECTS (PPS) (AWARDED, IN BIDDING PROCESS OR UNDER PREPARATION)



## PUBLIC-PRIVATE PARTNERSHIP PROJECTS (PPS) AWARDED AND BIDS IN PROGRESS

PROJECT	LENGTH (km)	PRIVATE INVESTMENT	
		IMPROVEMENT (musd)	MAINTENANCE (musd)
<b>AWARDED CONTRACTS</b>			
è Irapuato-La Piedad	75	58.3	105.4
è Querétaro-Irapuato	93	139.6	117.8
è Tapachula-Talismán with branch to Hidalgo City	45	71.4	140.7
<b>BIDS IN PROGRESS</b>			
è Nuevo Necaxa-Tihuatlán	85	582.9	558.4
è Nueva Italia-Apatzingán	32	47.7	117.0
è Rioverde-Ciudad Valles	112	315.9	171.3
<b>UPCOMING BIDS</b>			
è Mitla-Tehuantepec Junction	163	369.7	118.8
è Zacatecas-Saltillo	213	110.9	392.8
<b>TOTAL</b>	<b>818</b>	<b>1,696.4</b>	<b>1,722.2</b>

## PUBLIC-PRIVATE PARTNERSHIP PROJECTS (PPS) BIDS IN PREPARATION

PROJECT	LENGTH (km)	PRIVATE INVESTMENT	
		IMPROVEMENT (musd)	MAINTENANCE (musd)
è Apizaco-Calpulalpan	51	110.8	80.3
è Macuspana-State limit Campeche/Quintana Roo	434	131.1	144.3
è Arriaga-La Ventosa	137	83.1	108.1
è Salina Cruz-Huatulco	146	203.1	269.9
è Acayucan-La Ventosa	170	184.7	263.7
<b>TOTAL</b>	<b>938</b>	<b>712.8</b>	<b>866.4</b>

## Example of UTILIZATION OF HIGHWAYS ASSETS

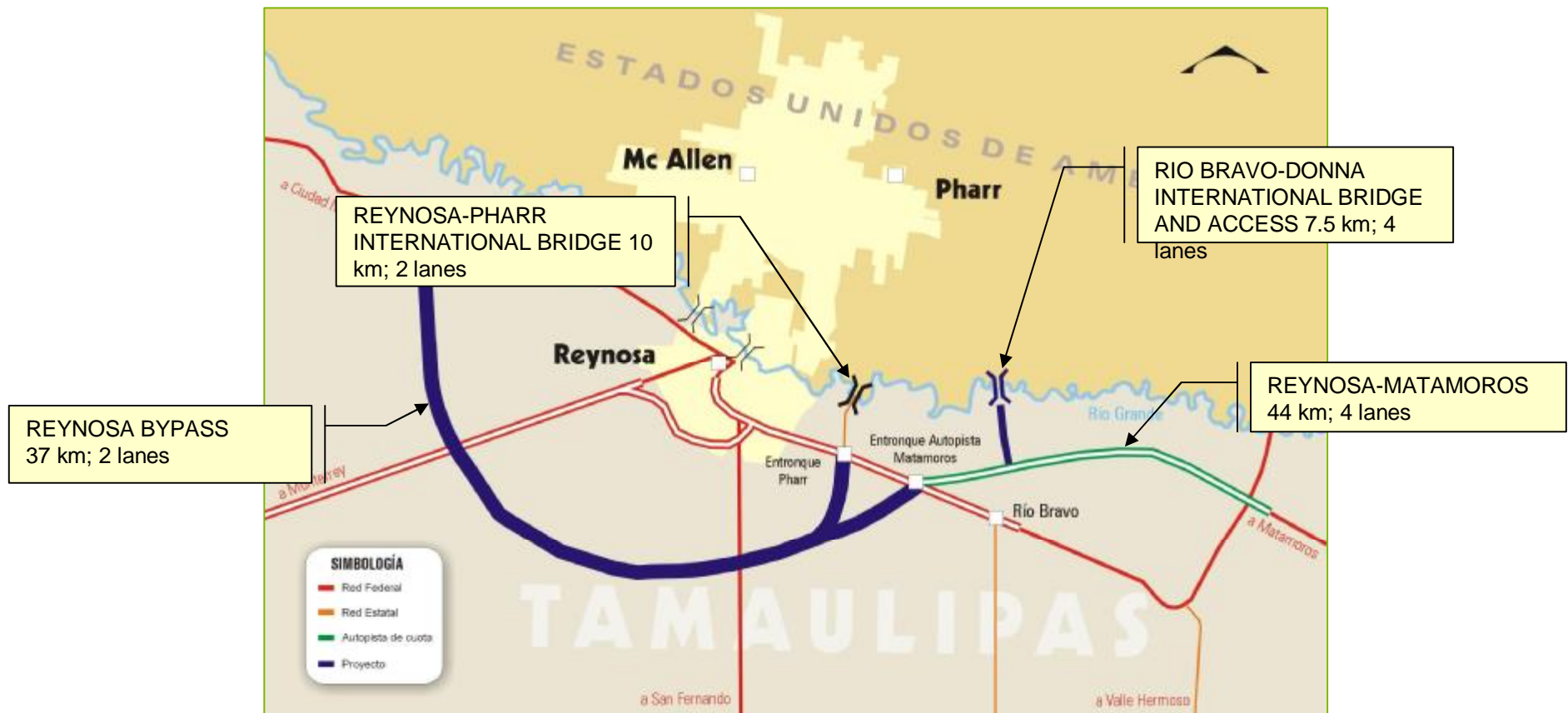
- è The first bid is all already in progress; it includes a 30 year concession of the Maravatío-Zapotlanejo, Zapotlanejo-Lagos de Moreno, Guadalajara-Zapotlanejo and Leon-Lagos-Aguascalientes toll roads



- è The resources obtained as a result of the bidding process will be allocated to build the Durango-Mazatlán highway

## EXAMPLE OF ADVANTAGE OF HIGHWAYS ASSETS SCOPE

- è Another upcoming bid is of the package formed by the Reynosa-Matamoros highway and the Reynosa-Pharr International Bridge (existing) and the Reynosa bypass and the Rio Bravo Donna International Bridge (to build)



# UTILIZATION OF HIGHWAYS ASSETS OTHER PROJECTS

PROJECT	TYPE OF WORK (construction)	LENGTH (km)	INVESTMENT (mop)	EXISTING HIGHWAY
<b>UPCOMING BIDS</b>		<b>74.0</b>	<b>173.6</b>	
1 Reynosa bypass and Rio Bravo Donna International Bridge and Access	2 lanes	37.0 10.0	73.9 12.0	Ⓟ Reynosa-Matamoros and Reynosa-Pharr International Bridge
2 Xoxtla-Tlaxcala and Tlaxcala bypass	4 lanes	15.0 12.0	46.2 41.6	Ⓟ San Martín Texmelucan-Tlaxcala
<b>UNDER PREPARATION</b>		<b>799.2</b>	<b>2,156.0</b>	
1 Mazatlán bypass and Culiacán bypass	2 lanes	31.0 22.0	73.9 73.9	Ⓟ Mazatlán-Culiacán
2 Guadalajara bypass and Tepic bypass	2 lanes	111.0 25.0	313.9 55.4	Ⓟ Guadalajara-Tepic
3 Atizapán-Atlacomulco	4 lanes	80.0	323.2	Ⓟ Chamapa-Lechería
4 Champotón bypass	2 lanes	13.2	27.7	Ⓟ Champotón Campeche
5 Morelia bypass	2 lanes	53.0	92.3	Ⓟ Pátzcuaro-Uruapan
6 Tuxpam-Tampico and Tampico bypass	2 lanes	238.0	415.5	Ⓟ Gutiérrez Zamora-Tihuatlán
7 Cuernavaca bypass, Acapulco bypass and Chilpancingo bypass	2 lanes	34.0 22.0 20.0	258.5 73.9 138.5	Ⓟ Cuernavaca-Acapulco
8 Palmillas-Apaseo	2 lanes	80.0	184.7	Ⓟ Querétaro bypass
9 Villahermosa bypass	2 lanes	28.0	50.8	Ⓟ Cárdenas-Agua Dulce
10 Allende-Juárez	2 lanes	42.0	73.9	Ⓟ Cadereyta-Reynosa

## CONSTRUCTION & MODERNIZATION INVESTMENT SUMMARY

PROJECT	CONCESSIONS		PPS		ASSEST		PERIOD
	LENGTH (km)	AMOUNT (musd)	LENGTH (km)	AMOUNT (musd)	LENGTH (km)	AMOUNT (musd)	
AWARDED	712.2	<b>1,543.4</b>	213.0	<b>269.3</b>	--	--	Before 2007
BIDS IN PROGRESS	192.9	<b>571.2</b>	229.0	<b>946.5</b>	144.0	<b>923.4</b>	2007
PREPARATION	148.1	<b>461.6</b>	376.0	<b>480.6</b>	74.0	<b>173.6</b>	2007-2008
OTHERS	717.5	<b>2,049.7</b>	938.0	<b>712.8</b>	799.2	<b>2,156.0</b>	2008-2011
<b>TOTAL</b>	1,770.7	<b>4,625.9</b>	1,756.0	<b>2,409.2</b>	1,017.2	<b>3,253.0</b>	

## CONCLUSION

- è Public-private partnerships are key to increase highway infrastructure investment levels in Mexico
- è Today, existing conditions are favorable for road development through public-private models in Mexico because of:
  - \* A stable macroeconomic environment
  - \* Models and projects that are attractive to the market
  - \* Key national and international players are interested
  - \* Existing highway assets can support new project development
- è As a consequence, in Mexico there is a window of opportunity that can be seized to increase competitiveness, promote employment and contribute to regional development

## FOR MORE INFORMATION

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