11-12-2014

President Enrique Peña Nieto Cancels Concession for Mexico City-Querétaro High-Speed Rail Line

Carlos Navarro

Follow this and additional works at: https://digitalrepository.unm.edu/sourcemex

Recommended Citation

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in SourceMex by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.
In a surprise move, President Enrique Peña Nieto canceled a concession awarded to a Mexican consortium to construct a high-speed rail line between Mexico City and the industrial hub of Querétaro. The concession had been granted to a partnership led by China Railway Construction Corp. (CRCC) that included Mexican companies GIA and Prodemex (SourceMex, Oct. 15, 2014). The president’s decision could expose Mexico to a lawsuit from CRCC, which is owned partially by the Chinese government.

"President Enrique Peña Nieto decided to invalidate the concession that had been awarded for the high-speed rail line between Mexico City and Queretaro," Communications and Transportation Secretary Gerardo Ruiz Esparza said in a brief statement announcing the decision.

The president’s move in effect overrode the concession approved by Ruiz Esparza, even though the specifications of the project were deemed to be in compliance with the bidding process. The Secretaría de Comunicaciones y Transportes (SCT) had reviewed the CRCC-GIA-Prodemex bid in detail using a mechanism established by the Spanish government known as Ingeniería y Economía del Transporte (INECO).

Critics, including Sen. Javier Corral Jurado, a member of the conservative opposition Partido Acción Nacional (PAN), had questioned the administration’s haste in approving the project. Corral pointed to Article 134 of the Mexican Constitution, which requires an efficient use of public resources.

Delay intended to expand the number of bids

Peña Nieto suggested that the award was cancelled because of the perception that the bidding process had not been fair, since the bid from the Chinese-Mexican consortium was the only one submitted. Two other groups, led by French-based Alstom and Canada’s Bombardier, had also expressed interest in the project but in the end did not submit a bid because the Peña Nieto administration declined their requests to extend the bidding period beyond the Oct. 15 deadline. The bidders that withdrew said they needed time to prepare competent proposals.

"This is a decision without precedent," Mónica Barrera, a member of a citizen group that reviews government contracts, said in interview on Noticias MVS. "I have never heard of a chief executive overriding a decision made by one of his ministries on a public project."

"I applaud this move because it will ensure transparency," added Barrera.

The Chinese news agency Xinhua said CRCC was "extremely surprised" by the decision and has decided to put together a legal team to consider a lawsuit against the Mexican government. The Chinese company suggested that the decision to cancel the concession was based on "doubts and concerns that arose in public opinion" in Mexico.
"The decision did not have anything to do with the [competence] of the Chinese company, and we hope that the Mexican government resolves this issue in a timely manner," said a spokesperson for the Chinese government.

The unexpected move came just days before Peña Nieto was scheduled to travel to Beijing for the annual meeting of the 21-nation Asia-Pacific Economic Cooperation (APEC). Mexico, Peru, and Chile are the three Latin American members of the trade bloc.

During a meeting with the Mexican president, Prime Minister Li Keqiang reiterated CRCC’s intention to participate in the process when the bidding is reopened. The Chinese leader said he asked Peña Nieto to ensure that Chinese companies are treated fairly in the new round of bids.

Administration sources said the Mexican president’s decision is not expected to affect economic and trade relations with China, with the two countries renewing their commitment to expand cooperation in the area of energy during Peña Nieto’s visit to China. Li also accepted an invitation from Peña Nieto for the two leaders to meet in Mexico in 2015. The meeting will take place before or after a summit for small businesses from Latin America, the Caribbean, and China, scheduled to be held in Guadalajara.

-- End --