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United States Senate

COMMITTEE ON FOREIGN RELATIONS

WASHINGTON, DC 20510-6225

January 18, 2022

The Honorable Antony Blinken
Secretary of State
U.S. Department of State
2201 C Street NW
Washington, DC 20520

The Honorable Jennifer Granholm
Secretary of Energy
U.S. Department of Energy
1000 Independence Avenue SW
Washington, D.C. 20520

Dear Secretaries Blinken and Granholm,

We write with concerns about Mexican President Andrés Manuel López Obrador's actions to subvert private-sector renewable energy development efforts in Mexico in favor of state-owned fossil fuel industries and urge the Biden administration to more forcefully speak out in support of renewable energy production that will benefit both of our countries.

In December, in line with President López Obrador's efforts to hinder growth in Mexico's renewable energy sector, Mexico submitted a woefully underachieving revised nationally determined contribution (NDC) to the Paris Agreement committing only to reduce emissions by 22 percent and black carbon emissions by 51 percent by 2030. Furthermore, Mexico's Chamber of Deputies is likely to vote in mid-April on a bill that would roll back the 2014 energy reform law that allowed private and foreign investment in Mexico's energy sector and restore the dominance of the state-owned Comisión Federal de Electricidad (CFE) over the energy sector. If enacted, the Mexican government would cancel renewable energy permits, contracts, and certificates; eliminate federal energy regulatory agencies that provide checks and balanced on state energy companies; a guarantee that CFE controls at least 54 percent of the market; a reshuffling of private and state-owned energy production quotas to favor fossil fuel production; and establish the state as sole implementer of Mexico's clean energy transition.

Perhaps more detrimental to the Biden administration's priorities, this legislation would prohibit concessions to mine strategic minerals like lithium and copper. This policy would contradict the USMCA's prohibition of new investment restrictions and exacerbate national security concerns related to critical mineral scarcity. It would also threaten at least \$44 billion in private investment in Mexico's energy sector, will negatively impact U.S. private sector investment in Mexico, and is antithetical to the historically strong U.S.-Mexico economic relationship. Cooperation with Mexico on clean energy development, including the cultivation of critical minerals, is essential

to advancing competition with China and to ensure cost-efficient energy generation for the people of Mexico.

We appreciate Ambassador Salazar's public expression of concern and engagement on this issue and urge the Biden administration to more forcefully express concerns about President López Obrador's detrimental fossil fuel agenda. Public reporting indicates that President López Obrador interprets the Biden administration's relative public silence on this issue as indifference or tacit approval for his government's decision to prioritize fossil fuel development over renewable energy.

President López Obrador's policy agenda prioritizes carbon intensive, polluting, and more expensive energy sources simply because the output is state-owned. We strongly encourage you both to make this issue a priority topic for discussion during this important year for climate action, and we especially urge Energy Secretary Granholm to raise this matter with Mexican government counterparts during her January visit to Mexico. Additionally, we ask that you please provide us with an update on what actions the Biden administration is taking to uphold USMCA and to counter President López Obrador's bullish and nationalistic posture toward the Mexican energy sector. Thank you in advance for your efforts to address these important matters.

Sincerely,



Robert Menendez
Chairman



Brian Schatz
United States Senator



Jeff Merkley
United States Senator



Tim Kaine
United States Senator