

Private Equity Opportunities in the Mexican Energy Sector

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Through a confluence of factors, investment in Mexico has never looked better – and private equity has taken notice. Despite a deep global recession that has crippled many economies around the world, Mexico's economy has proven relatively stable in recent years, and its private equity market has benefitted accordingly. As a result, according to a Bain & Company report, annual fund-raising in Mexico increased nearly six-fold from 2008 to 2013. Mexico's new fund raising annual compound growth rate of 56% from 2009 through 2012 compares remarkably well to that of Asia (at only a 4% growth rate) and the rest of the world (at only a 2% growth rate excluding Europe and North America). Further, the number of general partners active in the market more than doubled in 2012 – in no small part due to an active foreign private equity investment climate. This growth was fueled by a set of reforms enacted in Mexico from 2006 creating improved tax transparency for investment funds and legal validation of a variety of corporate governance and shareholder controls already recognized in other countries and desirable to active outside investors.

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