

Update of the Reference Costs for Environmental Compensation for the Forest Land Use Change

Mexico City, January 5, 2026

On December 26, 2025, the [“Agreement by which the reference costs for environmental compensation due to change of land use in forest lands are issued, and the methodology for their estimation”](#) (the “Agreement”) was published in the Federal Official Gazette (*Diario Oficial de la Federación*) (the “DOF”).

I. New reference costs

Through the Agreement, the reference costs and the methodology for their estimation published in the DOF on March 8, 2023, are repealed, and new costs applicable for environmental compensation for forest land use change are established, as follows:

Item	Reference costs, in dollars per hectare, for different ecosystems			
	Temperate	Tropical	Arid	Wetlands and land-sea transition zones (mangroves, coastal dunes, and island systems)
Activities and works related to restoration or reforestation and their maintenance.	11,021.97	9,615.09	9,915.75	15,321.97

II. Methodology for updating costs

The Agreement provides that the update of the reference costs for environmental compensation for the forest land use change will be carried out in accordance with the methodology established by the National Forestry Commission (*Comisión Nacional Forestal*), so that these costs reflect the updated average prices of inputs, labor, machinery, tools, and other items required for forest restoration.

According to the new methodology, the restoration cost will be calculated per hectare, considering a total period of 7 years, during which the general restoration and maintenance activities will be carried out in chronological order.

III. Entry into force

The Agreement states that these new costs will come into effect 10 business days after its publication in the DOF. However, it should be noted that the Ministry of Environment and Natural Resources (*Secretaría de Medio Ambiente y Recursos Naturales*, “SEMARNAT”) and the National Agency for Industrial Safety and Environmental Protection of the Hydrocarbons Sector (*Agencia Nacional de Seguridad Industrial y de Protección al Medio Ambiente del Sector Hidrocarburos*, “ASEA”) are currently on recess, so the Agreement will come into effect on January 19, 2026.

IV. Significant changes compared to the 2023 provisions

The following are the most significant changes resulting from the update of the reference costs, compared to those established in 2023:

- a. The restoration and maintenance period is extended from 3 to 7 years (2 years of restoration + 5 years of maintenance).
- b. Reference costs show an increase ranging from 2.3 to 4.4 times the value determined in 2023.
- c. The costs are updated based on the prices of inputs, labor, tools, and machinery, rather than using the inflation index published by the National Institute of Statistics and Geography (*Instituto Nacional de Estadística y Geografía*).
- d. Increase in the cost of technical consultancy, area fencing, and machinery and tools.
- e. For wetlands, the costs of channel excavation and maintenance, fencing with iron posts, and signage are considered.
- f. Although it is stated that the costs are determined based on national average prices, the Agreement does not include a breakdown of the sources used to obtain such prices.

V. Significant impacts

- a. Uncertainty regarding which reference cost will apply to requests for Forest Land Use Change Authorization (*Autorización de Cambio de Uso de Suelo en Terrenos Forestales*) that were submitted to the competent authority for evaluation and resolution before the entry into force of the Agreement.

- b. In some cases, reforestation obligations reach up to 3 times the authorized area, which represents an environmental and financial burden with a direct impact on the viability of projects.
- c. The Agreement implies a significant economic increase in regulatory compliance costs, with direct effects on investment, operation, and project execution.
- d. In addition to the deposit to the Mexican Forestry Fund (*Fondo Forestal Mexicano*), in practice, additional reforestation is required as part of the environmental impact assessment process.
- e. The Agreement was approved without undergoing a Regulatory Impact Analysis, on the grounds that it does not create new obligations or sanctions for private parties or make existing ones more stringent; it does not modify or create procedures that entail higher administrative burdens or compliance costs for private parties; it does not reduce or restrict the rights of private parties; and it does not establish or modify definitions, classifications, methodologies, criteria, or any other terms that affect rights, obligations, benefits, or procedures.

Nevertheless, this interpretation may be subject to dispute or challenge at the appropriate procedural stage, which would apply when the Agreement is enforced by the competent authorities for private parties requesting the Forest Land Use Change Authorization required for the development of their projects. The above should be evaluated on a case-by-case basis.

Given the disproportionate nature of the increase in compensation costs, individuals should consider, from the first act of application, the possibility of challenging the Agreement to safeguard the viability of their projects.

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