

Mexican Strategic Landscape

Monthly report

JUNE 2020



THE INSTITUTE

FOR STRATEGY AND DEVELOPMENT RESEARCH





SECURITY

Mexico City's Secretary of Public Security suffers an armed attack.

The crime was financed by the *Cártel Jalisco Nueva Generación* (CJNG) with support from local criminal groups. The attack left three dead: two bodyguards and a civilian woman. This situation represents a challenge for public security institutions that have been unable to contain the growth of the power of organized crime groups. Attacks of this kind are unheard of in Mexico's capital. Violence is expected to grow in the coming months in the city.

DEVELOPMENT

Rise in gasoline prices. Service stations around the country sold fuel at a rate per liter between 1.47MXN and 2.67MXN (0.064 USD and 0.12 USD) higher than the national average before the pandemic. This comes after global shocks to oil prices and President López's campaign promise to lower and stabilize gasoline costs to the public. There have also been increases in the price of services such as electricity and other essential products that have caused discomfort in various sectors in the country. Low fuel prices are a common feature of Mexican political life.

NATURAL RESOURCES

Farmers in the state of Guerrero State demand more public resources. Recent protests took place in the town of Ometepe. Farmers wanted to know why they were left out from the list of beneficiaries of fertilizer subsidies. Their demands go back to 2019, and in some places, the distribution has begun. The current federal administration created SEGALMEX, an organism for subsidizing agricultural production and price guarantees. Citizens in rural areas complain about SEGALMEX due to possible corruption scandals, lags in delivering subsidies, and low-quality seeds and fertilizers.

POWER AND AUTHORITY

Informal vendors block roads.

Merchants blocked the Mexico-Puebla and Mexico-Texcoco highways in the State of Mexico. Protestors demanded permission from the government to operate again. The state is marked red (maximum risk) in the National Health Ministry's four-color "traffic light" model. Because of this, local authorities prohibit non-essential businesses from opening. The protests caused chaos on the road for several hours. The informal sector in the area is extensive; the authorities might not be fully capable of dealing with vendors that ignore health measures, which could lead to a high number of COVID19 cases in the area.

INSIGHT

The region faces instability stemming from pressure by local businesses, the public health sector, and escalating violence. This is the most populated area in Mexico, and threats to security and political mishaps have significant consequences at the national level. The CJNG also suffered significant economic strikes when the Mexican Financial Intelligence Unit froze bank accounts linked to the group. The US Government is also pressuring the Mexican authorities to capture "El Mencho," CJNG's leader. The group has reacted with great violence and has decided to challenge the Mexican State by intimidating and attacking security and law enforcement officials.



SECURITY

Massacre in San Mateo del Mar, Oaxaca. A local dispute left at least fifteen dead and twenty injured in the towns of San Mateo del Mar and Huzantlán del Río. The citizens belonged to the Huave, a group of indigenous people who call themselves Ikoots. President López attributed the event to political disputes. However, activists claim that a group of armed men that answered to the mayor were responsible for the killings. A skirmish broke out at a sanitary checkpoint during a tense period of decisions in the local indigenous assembly. The Ikoots have opposed mega-infrastructure projects in the Tehuantepec Isthmus, such as eolic farms because they insist that the government and energy companies wish to alter their way of life, community-decision-making, and their lands.

DEVELOPMENT

Energy investment project halted in Tuxpan, Veracruz. Iberdrola, the Spanish energy company, announced the cancellation of a 1.2 billion USD project for building a 1,204 MW combined-cycle power plant and which would produce two thousand jobs in the area. The corporation could not reach an agreement with CFE, the state-owned energy producer, for its supply of natural gas. Additionally, President López has been publicly calling out Spanish companies about their supposed acts of corruption during the liberalization of the energy sector during previous administrations. The federal government is taking a nationalistic approach to the industry. CFE will call for tenders for the project.

NATURAL RESOURCES

Recurring oil spills in Tabasco. Several communities in the state, such as Paraíso and Comalcalco, have registered high levels of pollution spewed by wells belonging to PEMEX. Some spills have happened near where the federal government builds the Dos Bocas refinery. The activities of local fishing cooperatives have been affected, putting livelihoods at risk. The health of the ecosystem has declined for decades, and PEMEX has not paid compensations for damages. Inhabitants of the area partially blocked the road between the communities of Ceiba and Bellote, to demand action by authorities.

POWER AND AUTHORITY

The state government of Oaxaca inspects damages after a 7.4 earthquake. Governor Murat deployed technical teams in coordination with city and federal governments after affectations in 125 municipalities. A Disaster Declaration is in effect for 72 towns. Ten people lost their lives. The village of Crucecita was the epicenter, but the states of Chiapas, Guerrero, Mexico City, Puebla, and Veracruz also registered seismic activity. Oaxaca has been affected by strong earthquakes during the last few years. Though human lives have been spared, the lasting damage to public and private infrastructure is a challenge to local governments in many impoverished areas.

INSIGHT

The Southern part of Mexico is in dire need of investments for economic development. Lack of local planning, low trust in public institutions, and even inadequate responses to natural disasters make success difficult for long-term projects. President López believes large-scale constructions and subsidies may be enough to address these problems. However, regional disputes, ineffectual use of resources, and historical demands might not be solved quickly. This region is where critical measurements will happen to find out if his social development strategies paid off.



Region 6: YUCATÁN PENINSULA

SECURITY

The Mexican Navy implements an operation to mitigate the presence of criminal groups on the coast of Campeche. Efforts that started in May have allowed the Navy to inspect more than 500 boats, 650 vehicles, 70 large vessels, and nearly 3,000 people. Since Operation "Probe Reinforcement" began, with the deployment of over 600 elements, zero cases of theft or pending complaints of other crimes have been reported, and 13 people have been arrested. For years, piracy attacks on vessels grew while a local market for stolen fuel expanded.

DEVELOPMENT

Reactivation of tourism in Cancún and the Mayan Riviera remains slow. Extensive health measures, and restricted operations (at 30%) for hotels, restaurants, and complimentary infrastructure, are not enough to attract tourists. Quintana Roo has totaled 3,000 COVID19 cases, and more than 500 deaths, mostly in Cancún. The area obtained a "Safe Travel" seal by the World Travel and Tourism Council, and it expects July to be the month when recovery might accelerate.

NATURAL RESOURCES

The tropical storm season begins. "Amanda" and "Cristobal" brought heavy rains to the region. Yucatán was heavily hit. Governor Mauricio Vila claims that the state would need nearly 4.3 billion MXN (187 million USD) to recover, after extensive damages to infrastructure and crops. This amount is almost the whole yearly budget of the FONDEN (Federal Disaster Fund).

POWER AND AUTHORITY

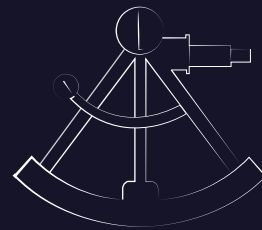
Construction of the Mayan Train begins amidst controversies. President López visited the region to announce the inauguration of public works for one of his favorite projects. Local activists denounce that no serious environmental impact studies were made and that the authority ignored the demands of indigenous groups. Construction stopped because of the pandemic, and lack of environmental impact reports. The federal government, through its Ministry for Natural Resources, waived the need for the studies. President López decided that FONATUR, a strategic arm for the development of touristic infrastructure, should be in charge of developing the project.

INSIGHT

The federal administration is ignoring the effects of large-scale projects in the region. If citizens perceive failures by local and state governments to address their needs, support could grow for MORENA, despite the voices of activists and indigenous groups. The economic effects of the pandemic and natural disasters will slow down recovery for the region. The benefits of President López's projects could take years to arrive, while the population worries about the current crises.


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