

Mexican Strategic Landscape

Monthly report

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THE INSTITUTE

FOR STRATEGY AND DEVELOPMENT RESEARCH





- NORTHWESTERN
- NORTHEASTERN
- WESTERN-BAJÍO
- CENTRAL
- SOUTHERN
- YUCATÁN PENINSULA

The Mexican Strategic Landscape Report is a monthly publication of the Institute for Strategy and Development Research, a think tank dedicated to the analysis and the dissemination of information in key topics which address Mexico's problems and structural challenges. This document provides insights from the six different regions that make up the country. It helps readers and decision makers comprehend the particularities and complexities of each one concerning four main subjects:

-  Security
-  Development
-  Natural Resources
-  Power and Authorities



- 1. December 1 marks the beginning of President López's third year in office.** The president is entering the middle part of his term. His supporters and detractors understand that some, but not all, of his popularity, rubs off on his party. His rhetoric and actions have concentrated on building a simplified contrast with previous administrations: past corruption vs. present virtue; neoliberals and globalists of old vs. growing nationalism. The bilateral relationship with the United States might change come January. With Democrats supporting a platform for protecting the environment, attention to migrants, and strong labor protections, the view in Mexico might be of wariness. The current administration has favored a return to the exploitation of oil and carbon, collaborated with President Trump's position on migration, and is against the interference of any kind in how business is done in Mexico. Management of the pandemic and the economic crisis could haunt him for the rest of his term.
- 2. Local politics set the pace once again.** Local politicians once rallied around the president, using his slogans, and offering some variation of his campaign promises to gain support among citizens dissatisfied with other political platforms. Public health institutions would work once leaders combated corruption at the top, democracy would work when citizens vote via raised hands in important matters, and public officials should lower their salary to finance massive projects like refineries and the Mayan Train. Now, the reality is setting in, and Mexicans demand local solutions to local problems. Elections are less than a year away, and much is on the line for the President's party.
- 3. Feminism gains prominence on the national agenda.** Before the pandemic, women protested against violence and discrimination in all walks of life in many Mexican cities. Women in the country are victims of threats that repeatedly leads to their death. The pandemic did not bring an end to this. Demonstrations have resumed in many places, like Quintana Roo, dealing with many facets of the struggles faced by half the population in Mexico. According to the Office of the United Nations High Commissioner for Human Rights, there are ten femicides daily in Mexico.

Things to observe in December 2020:

- **Plans by the federal government for the eventual distribution of the COVID19 vaccine.**
- **High-profile meetings between the Mexican government and President Biden's transition team.**
- **End of year numbers about the tourism industry in the country.**



Region 1: NORTHWESTERN

SECURITY

More unmarked graves were found in the desert. The group known as "Buscadoras por la Paz" (Searchers for Peace) from Hermosillo found 14 unidentified bodies near the city. In a highly criticized act, the mayor of Guaymas, Sonora, donated some shovels to the group known as "Guerreras Buscadoras" (Warrior Searchers), wrapped like presents. Families of missing persons face financial constraints, low cooperation from judicial institutions, and a lack of sympathy from authorities.

DEVELOPMENT

Sinaloa gets ready for the aerospace industry. Mazatlán, generally associated with images of good weather and beautiful beaches, will be the site of an industrial park known as MZT Aerospace Park. It will be located 9 km (6 mi.) from the city and is part of an initial investment of USD 60 million. The city plans to construct hotels, a shopping mall, and a hub for public transport. Sinaloa is part of an economic corridor that extends through Sonora and Baja California, an integral part of US-Mexico commerce.

NATURAL RESOURCES

Yaqui communities in Sonora will receive an aqueduct. The federal government announced the construction of water infrastructure for the Yaqui peoples in the towns of Cajeme and Guaymas. President López said it is part of a plan for social justice for communities that historically have lacked access to the liquid. Its capacity will be 3.8 cubic meters and will be 150 km (93 mi.) long. The government also announced creating an irrigation district and studies for periodic water quality analysis in the region. For decades, the Yaquis have demanded access to clean water, mainly due to the heavy use of pesticides in the surrounding area and a lack of water treatment plants.

POWER AND AUTHORITY

The governor of Baja California attacks the autonomy of municipalities.

The State Congress approved a law allowing the governor to designate substitute mayors when elected officials leave their post for thirty days or more. The governor himself called for the proposed amendment to Baja California's Municipal Law. The 115th Article in the Mexican Constitution grants autonomy to municipalities, and this local act would violate such reasoning. When a mayor takes a leave of absence, they may designate who could take their place under current procedures. This is critical for upcoming elections when those vying for reelection might have to be temporarily separated from their office. Various business groups and opposition parties see the measure as authoritarian.

INSIGHT

Unexpected changes to local laws and institutions might come at a cost for investment and development.

The region has integrated extensively into the global economy. The border between Tijuana and San Diego is one of the most important binational areas of the world. Controversial laws and procedures have been a characteristic of Baja California's state government. Recall how Governor Bonilla tried, unsuccessfully, to extend his mandate. When this failed, a second initiative was made to limit his successor's term, which would allow Mr. Bonilla to participate in the 2024 electoral process.



SECURITY

The Secretary of Public Security in Doctor Coss municipality, Nuevo León, died in an ambush. A policeman and a suspect also lost their lives. The official had previously received death threats. Over one hundred elements of the State Police, known as "Fuerza Civil" (Civil Force), were deployed to the area to carry out security tasks. Local authorities' insufficient power to combat crime is a problem in other rural places in Nuevo León and Mexico.

DEVELOPMENT

New investments in Durango. After the loss of thousands of jobs caused by the health emergency, the Governor of Durango announced new investments in the state. Kyungshin, a cable manufacturer, and Jaropamex, a producer of fabrics for automotive parts, are behind the new assets. Approximately 4,500 direct jobs are expected to be created when operations start in the first quarter of 2021.

NATURAL RESOURCES

The Mexican Supreme Court of Justice upholds decisions related to the energy sector. The government of Tamaulipas presented a constitutional controversy to defend alternative energy investments in the state. Measures dictated by the national Ministry of Energy to displace clean and renewable energies from the market may not come into effect until the Supreme Court resolves their constitutionality. Mexico's energy policy will be a critical issue on the bilateral agenda when President-elect Joe Biden is sworn in.

POWER AND AUTHORITY

A new union in the medical sector seeks members in Coahuila. The National Free Union of Social Security Workers (SNLTSS) started a membership campaign aimed at public health workers. The Ministry of Labor has officially recognized the union. The leader of the new group, Armando Rosales, has denounced the association that affiliates the workers of the Mexican Social Security Institute (IMSS) for the privileges enjoyed by its leaders. In contrast, employees in the public sector face shortages and challenging conditions during the pandemic.

INSIGHT

Shifts in economic and political power are taking place in the region. An example is how the private and public sectors have approached the sale of steel company AHMSA. A group of investors headed by Julio Villarreal from Villacero and Banco Afirme, along with members of the business community in Monterrey, Mexico City, Mérida, Morelia, Culiacán, and Houston, will acquire part of the company's shares. The federal government claimed that AHMSA had sold an overpriced chemical plant to PEMEX. Compensatory payments should be made to the public treasury, according to President López, and the company finally acceded to the request. The new investors from industrial clusters outside Coahuila could lead to a novel balance of power among states and allegiances to other political projects.



Region 3: WESTERN-BAJÍO

SECURITY

In Michoacán, local communities respond to advancing criminal groups. Citizens damaged the road between Coalcomán and Tepalcatepec (327 km or 203 mi. from Morelia, the state capital) on purpose. Their objective was to block access to vehicles belonging to *Cártel Jalisco Nueva Generación* (CJNG). These places are at the frontline of territorial disputes between a local group known as the Viagras, CJNG, and organizations that claim to be for community self-defense. Fighting is carried out town-by-town and has taken place for decades.

DEVELOPMENT

FDI in Jalisco for 2020 is already more than for all of 2019. Despite Mexico's current economic situation, the state has registered USD 1.84 billion (MXN 37.19 billion) of international investment, or 18 percent more than last year. Major investors come from the United States, Germany, and Canada. Only Mexico City and Nuevo León place higher in the list of destinations for FDI in the country.

NATURAL RESOURCES

Gold mining in Zacatecas remains strong despite the pandemic. A mine known as Peñasquito, near the state's border with Coahuila, has quadrupled its pre-crisis output. The site belongs to Newmont, an American company that acquired its mining rights from Canada's Goldcorp last year. Peñasquito makes up a fifth of Newmont's worldwide production portfolio. Demand for gold has risen worldwide during 2020.

POWER AND AUTHORITY

Protesters still block railroad tracks in Michoacán after nearly 60 days. Morelia, Pátzcuaro, and Uruapan are the main chokeholds. About 5,000 intermodal containers have been affected during the standstill. Additionally, demonstrators and their encampments have damaged the tracks by lighting fires. Teacher unions are behind these actions; they demand bonuses for current members and hiring guarantees for recent affiliates. The state government has declared that it will not yield under pressure and claims a political motivation behind the protests. Meanwhile, the automotive, steel, and import-export industries are the most affected.

INSIGHT

Large investments are vulnerable to local political and public security dynamics. Recent developments in Michoacán echo symptoms of structural problems that go way back in time. The contrast between Jalisco and other states in the region and the country is considerable. That is not to say that this state is exempt from other problems. For example, mass graves used by criminal organizations are still being found in el Salto. Search groups have discovered more than 130 bodies in unmarked burial sites in Jalisco alone during 2020.



SECURITY

Lynchings are a growing concern in Puebla. In 2019, the state registered 391 cases of public lynchings. In most cases, victims were rescued alive. However, this deep-rooted practice in many parts of the country shows how little confidence and credibility citizens have in the authorities. With disinformation, many innocent people have died at the hands of angry mobs. A couple from Guanajuato was killed after false rumors spread about their responsibility in a minor's disappearance during the month. The National Human Rights Commission identified the State of Mexico and Puebla as the places with the highest number of incidents.

DEVELOPMENT

Seven thousand businesses open in Mexico City from April to October 2020. The Ministry of Economic Development reported that the municipalities of Coyoacán, Benito Juárez, and Miguel Hidalgo saw the most extensive increase in reactivation. Among the leading businesses are restaurants and coffee shops. Citizens still feel the effects of the pandemic. As elsewhere, local authorities face the challenge of encouraging growth while managing the pandemic. Nearly 26 million people live in the Mexico City Metropolitan Area.

NATURAL RESOURCES

Farmers continue opposition to a hydroelectric plant in Morelos.

Water is, once again, a source of conflict. Local farmers announced a series of measures to stop the Huexca thermoelectric project in the Cuautla river. Residents claim the project will damage the local ecosystem and leave agricultural producers without access to water. Authorities announced operations would start in December, nonetheless.

POWER AND AUTHORITY

Tepecoacuilco, Guerrero, still in conflict. For several decades, the residents of San Agustín Oapan and San Miguel Tecuiciapan have disputed 3,130 hectares of land. Clashes between both towns have taken place for nearly four decades. The most recent occurred in early November when San Agustín Oapan entered San Miguel and set fire to some homes and a public school. The communities are located in a rural setting, where land ownership has been challenging to prove or document. The state government has intervened in the past, but past grievances are not easily forgotten. Such was the case in 2002 when San Miguel approved the construction of the Mexico City-Acapulco Highway. Both communities have not heeded sentences of Agrarian Courts and have threatened an escalation of violence.

INSIGHT

New arrests for the disappearance of Ayotzinapa students; women demand approval of the Olimpia Law throughout Mexico. Six years after the disappearance of the 43 students in Guerrero, Captain José Martínez Crespo was arrested and put in a military prison for his participation in the case, on charges of organized crime, homicide, and forced disappearance. Others have also been detained in relation to the crime, but the captain is the first military man arrested. In another matter, women led by Olimpia Corral Melo demonstrated in front of the Senate to ask for the approval of the "Olimpia Law" at the national level. This bill seeks to punish the dissemination of images with sexual content without the consent of the persons involved. Almost half of the states in the country have not passed the law in their local congresses.



SECURITY

The federal government announces an accord to end a territorial conflict in Chiapas. After disputes that lasted 45 years, the communities of Aldama and Chenalhó agreed to a peaceful solution backed by the state and national governments. The announcement came on November 29. The communities derived a historical conflict over 60 hectares of land on the limits between them. The resolution grants 32.5 hectares to Aldama and the rest to Chenalhó. During the month, armed attacks were still happening, which was worrisome due to the upcoming coffee harvest. The federal government has agreed to carry out public infrastructure investments, housing, and health programs to tend to the population's needs.

DEVELOPMENT

The Atlantic hurricane season ends; Tabasco and Veracruz are still dealing with its effects. Thirty-one storms, a record number, developed during this period. At least six rivers in Veracruz overflowed, and the rural parts of Southern Mexico were the most affected. Under pressure, the federal government had to decide how to manage local dams. A decision was made to open spillways to prevent hydroelectric infrastructure failure and further damage to large population centers to the detriment of nearby agricultural communities. Some economic recovery for the region is expected for the year 2023.

NATURAL RESOURCES

The state government will approve the construction of natural gas pipelines in Veracruz. The state's Secretary for Economic and Port Development, Enrique Nachón García, made the announcement. For years, opposition came from citizens, former authorities, and even the MORENA political party. He claims that the lack of investment denied development opportunities for the region. Currently, a gas pipeline runs from Texas to Tuxpan, but it is still not connected to other places in the South. The project's renewed vision includes extending the line to Yucatán, expanding or building storage facilities in Tamaulipas, and creating power plants in strategic places.

POWER AND AUTHORITY

The mayor of Jamapa, Veracruz, was kidnapped; her body was later found. Authorities have detained two suspects concerning the crime. According to local reports, armed men broke into a property belonging to Florisel Ríos Delfín during the night of November 10. Hours later, kidnappers left her body in the community of Ixcoalco, in the nearby municipality of Medellín de Bravo. Mrs. Ríos won the mayoral election in 2018 for a coalition between the PAN and PRD parties.

INSIGHT

Economic recovery will need a new approach in the region. Investments are required to raise the level of competitiveness in the South. Violence is still a significant problem; current authorities or even potential candidates might not be exempt from this. After the floods in Veracruz and Tabasco, some communities resorted to looting. The state governor belongs to President López's party. Still, he feels pressure from local organizations might be angry with how the government has responded to the disaster recovery. In previous months, the federal administration terminated funds for natural disasters from the national budget.



SECURITY

At least ten people have died while in police custody in Yucatán during 2020. The State's Human Rights Commission started an investigation into the matter after the last case in a police post near Puerto Progreso. The year with the most incidents was 2018, with 22 people dead while detained; in 2019, the number of cases was four. Most of these deaths are attributed to suicide while in jail cells. There is a need for better protocols and professionalization of local police forces to prevent problems such as this in the future.

DEVELOPMENT

A shipyard in Progreso is in the works. Fincantieri, an Italian company, has announced an initial investment of USD 150 million in Yucatán. Its goal is to develop a shipyard to service the cruise industry. Eventually, the company hopes this site will also help with the maintenance and repair of other vessels and even offshore platforms. Further phases of the project would add up to more than USD 500 million. The Mexican Caribbean is one of the most visited destinations by cruise ships. This investment makes any stop more attractive for cruise lines.

NATURAL RESOURCES

Local communities mobilize against Mayan Train. Members of the Regional Indigenous and Popular Council of Xpujil (CRIPX) have directed their efforts against the Ministry of the Environment and National Resources (SEMARNAT). In Campeche, they collected nearly 270 thousand signatures through an online platform from citizens who think authorities should deny the initial environmental permits for the project's construction. Despite the president's rhetoric about direct democracy, the project has not been consulted with local indigenous communities. Citizens in the vicinity of the proposed rail line have expressed that the train would bring environmental damage and alterations to their traditions. The federal government is still sending invitations to tender other tracks in the project.

POWER AND AUTHORITY

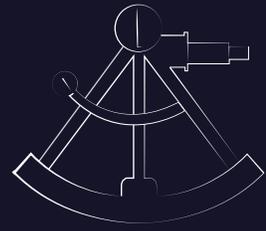
Violence erupts during a feminist demonstration in Cancún. Organizations and citizens gathered to protest and demand justice for the femicide perpetrated against Alexis, a 20-year-old woman, in Quintana Roo at the beginning of the month. When the demonstrators' march arrived at the state government's building, shots were fired by police forces. Several women were detained, others were injured, and two reporters lost their lives. Immediate calls were made to investigate who was responsible for ordering the use of force against protestors. The local police chief and Yucatán's Public Security Secretary were separated from their posts.

INSIGHT

The state of public security is deteriorating in the region. This area of the country has been traditionally known as a calm place for local citizens and visitors alike. However, concerns grow about violence against women, lack of training for police officers, and limited resources. The news about the repression during the feminist march in Cancún traveled fast around the world. At the end of the month, another feminist collective took the State Congress to demand the decriminalization of abortion in the state. Activists feared a reprisal, but further dialogues with members of the legislature were guaranteed, and nobody was detained.

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Contact

This document has been prepared by the staff of the Institute for Strategy and Development Research. For further material, inquiries, products, or possible research ideas, please contact us at:



InstituteSDR



isdr.mx



info@isdr.mx



+52 (81) 8363 0021

