

Mexican Strategic Landscape

Monthly report

FEBRUARY 2021



THE INSTITUTE

FOR STRATEGY AND DEVELOPMENT RESEARCH





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:





- 1. President López visits the military base at Felipe Ángeles Airport.** To commemorate the 106th Anniversary of the Mexican Air Force, the president briefly visited the construction site of the country's newest airport. The project is expected to be completed by March 2022 and began when the federal administration halted another, more ambitious project undertaken by the previous president. During the month, the Federal Auditor's Office rectified the numbers it released of the cancellation's supposed costs. There are still many questions about the viability of President López's vision for the project.
- 2. Further ramifications on the way the U.S. and Mexico deal with drug trafficking.** Emma Coronel, the wife of the Sinaloa Cartel leader, Joaquín Guzmán Loera aka "El Chapo," was arrested during the month. A U.S. judge issued the order for her alleged participation in drug trafficking. During one of his morning conferences, the Mexican President mentioned that the arrest could be related to the case of former Public Security Secretary Genaro García Luna. Mr. García has also been linked to the Sinaloa Cartel. Security is one of the most critical issues on the agenda between Mexico and the United States.
- 3. New reform on the electric sector.** The change seeks to strengthen the Federal Electricity Commission (CFE), a state-owned enterprise, against competition with private companies. The initiative has met the rejection of national and international industrial sectors. The reform could mean an increase in household electricity bills, litigation due to non-compliance with USMCA commitments, discouraging private investment, and a loss of energy production with renewables. The initiative came after brutal winter storms hit parts of the U.S. and northern Mexico, which led to massive blackouts in the region. CFE was questioned about its lack of capacity to deal with the situation. The president framed the problem as one of dependency on gas imported from Texas.

➤➤ THINGS TO OBSERVE IN MARCH 2021

- Territorial disputes and electoral violence in the Tierra Caliente region of Michoacán
- The start of political campaigns across the country
- Protests or mobilizations on International Women's Day
- The arrival of new vaccines and the need to establish a clear vaccination strategy.

REGION 1: NORTHWESTERN

FOR STRATEGY AND DEVELOPMENT RESEARCH



SECURITY

Relatives of disappeared persons present Exhumation Law in Baja California. Activists submitted the initiative to the State Attorney's Office. Its objective is related to the care and use of DNA evidence from clandestine graves in Baja California. In January 2021, around 29 bodies were found in unmarked sites across the state.



DEVELOPMENT

Cruise ships without a date for returning to Mazatlán. Cruises bound for the Caribbean are expected to start operations in May; however, those destined for the Pacific still have no date set. Some anticipate their arrival until the third quarter of 2021. The reactivation of tourist cruises will depend on vaccination campaigns' success in both Mexico and the United States.



NATURAL RESOURCES

Baja California was not affected by the national electricity blackout.

Low temperatures affected Texas and several northern states of Mexico. They caused electrical blackouts in 28 states after disruptions to the natural gas supply from Texas. Baja California overcame the problem because due to its gas storage facilities. The experience shows the need for infrastructure investment to avoid energy vulnerability.



POWER AND AUTHORITY

Mexico-U.S. border will remain closed until March 21.

The Mexican Ministry of Foreign Affairs confirmed the information. The measure restricts non-essential land traffic and seeks to contain the spread of COVID-19 cases on both sides of the border. The restrictions have caused substantial economic losses on both countries. Before the pandemic, around 950 thousand people traversed the border each day for business or personal reasons.

INSIGHT

Fishers were supposedly involved in drug trafficking.

The fishing sector's crisis in Sinaloa has caused an increase in fishers' arrests involved in drug trafficking. In September 2020, SEMAR detained three men with three tons of cocaine valued at USD 142 million. The authorities arrested two others in January of this year with a shipment valued at USD 90 million. A low fishing season, lack of government support, and the money offered by drug traffickers are some of the reasons that lead some to become involved in drug trafficking. The situation has drawn the DEA's attention. They have requested the extradition of the detainees and continue to investigate the routes used by smugglers.

REGION 2: NORTHEASTERN

FOR STRATEGY AND DEVELOPMENT RESEARCH



SECURITY

Tamaulipas police detained for the massacre of Central American migrants. A judge issued an arrest warrant for 12 police officers for their alleged participation in the murder of 19 migrants in January in the municipality of Camargo. The authorities of Guatemala and Tamaulipas have agreed to repatriate the bodies of 16 Guatemalan citizens. The Mexican President referred to the border of Tamaulipas and the United States as the most dangerous and violent for migrants due to its history of massacres in recent years.

DEVELOPMENT

Nuevo León and Tamaulipas lead in business creation.

In 2020, Nuevo León led the creation of formal companies in the country and increased its number of self-employed people. According to the Business Environment Indicator published by Deloitte, Tamaulipas was positioned as the second-best entity to conduct business in the country. Despite the tremendous economic impact caused by the Coronavirus last year, both states stand out because of their approach to regulations, public services, and entrepreneurial nature.

NATURAL RESOURCES

Budget cuts hurt the fight against air pollution in Nuevo León.

The budget of the Department for Sustainable Development in Nuevo León for 2021 dropped by 70 percent. The cuts happen during an increase in environmental alerts that the Monterrey Metropolitan Area has issued in recent years. New environmental laws and initiatives are still pending in the state. For example, the local Congress must address the creation of an independent agency to monitor air quality. Despite the severe effects of pollution on citizens' health, the environmental agenda is still not part of the current local agenda.

POWER AND AUTHORITY

Budgets are inexistent for migrant shelters in Tamaulipas.

Shelters for migrants located on the Tamaulipas border suffer from Coronavirus restrictions and the lack of resources. Their capacity has been reduced by half, leaving thousands of migrants destined for the U.S. vulnerable to extortion and attacks by organized crime groups. Possible changes to immigration policy enacted by President Biden's administration could improve the situation, as migrants requesting asylum will no longer have to wait in Mexico.

INSIGHT

Northeastern industries suffer from millions in losses. The large-scale blackout that affected the country caused millions in losses to the industries already weakened by the economic crisis. The manufacturing industry in Nuevo León reported losses of MXN 7.2 billion (USD 345 million) and MXN 1.5 billion (USD 72 million) in Coahuila. In Tamaulipas, 250 maquiladoras that employ around 210 thousand workers halted activities. The blackout reveals Mexico's limited capacity to store natural gas, the lack of investment in transmission networks between different regions of the country, and the Federal Government's lack of contingency plans.

REGION 3: WESTERN-BAJÍO

FOR STRATEGY AND DEVELOPMENT RESEARCH



SECURITY

Citizens in Guanajuato have the worst perception of public security in Mexico. A nationwide phone survey in 105 cities regarding the current security situation revealed four locations in the state ranked last overall. Celaya (105th place), 74 percent of people expressed a lousy perception of security, followed by León (73 percent), Irapuato (68 percent), and Salamanca (65 percent). Citizens have stopped feeling safe over the previous year as more violent actions by organized crime occur in Guanajuato. The state is at the edge of territorial disputes by organized crime groups.



DEVELOPMENT

Jalisco was the top recipient of remittances in the country during 2020. The governor announced that families in the state received nearly USD 4.2 billion from members living in the U.S. Previously, Michoacán occupied first place in the amount of money received from abroad. INEGI published the official data used for the announcement.



NATURAL RESOURCES

Newmont-Peñasquito mine in Zacatecas will pay MXN 600 million (USD 29 million) in environmental taxes. The American gold-producer will be the first to comply with the state's new tax. According to Zacatecas' government, it will invest the projected revenue in environmental remediation and public health programs, including attention to COVID-19. There are 17 mining operations in the state.



POWER AND AUTHORITY

Jalisco's state government is still unable to buy COVID-19 vaccinations by itself. The situation is similar to other local governments in Mexico. High demand by national governments, limited capacity by pharmaceuticals, and regulatory approval make it impossible for sub-national administrations to acquire treatments. Vaccination in the country has started, although at a moderate pace.

INSIGHT

A negative outlook on economic recovery and public health could lead to a shift in the region's political leanings. Mexico's heartland is also a conservative stronghold in the country. MORENA, President López's ruling party, has its sights set on this region for the upcoming elections. Some of the president's proposals have met strong resistance in the Bajío area. Still, negative perceptions of public security and a drop in industrial activity will influence voters' political decisions.

REGION 4: CENTRAL



SECURITY

Historic drug seizure happens in Mexico City. In February, members of Mexico City's Department of Citizen Security seized 800 kg (1,764 lbs) of cocaine in a neighborhood in the municipality of Tlalpan. The shipment was valued at USD 11 million. Authorities arrested two people and seized other weapons and vehicles. In recent years, violence has grown in the Mexican capital due to disputes between organized crime groups to control the territory.



DEVELOPMENT

Businesspeople request tourism to be considered an essential activity.

The Ministry of Tourism communicated the request to the Ministries of Economy and Health. The measure seeks to protect tourism during the pandemic and reactivate the economy. After the announcement, a business chamber in Puebla asked the authorities to approve related initiatives. In 2020, Puebla suffered the loss of 78 percent of its tourism activity, leading to hotels and other businesses to permanently close. If the measure is approved, the sector believes tourism could start to recover during the Easter and Summer periods.



NATURAL RESOURCES

Water deficit in the Valley of Mexico. The Cutzamala Water System that supplies Mexico City and Estado de Mexico is in crisis. The lack of rain during 2021 has caused a water deficit in the three main dams that make up the system. The levels are the lowest that the system has registered in the last 25 years. Authorities have had to ration the water supply, with the measure in place until May of this year. 2021 is expected to be a dry year, and the problem could worsen during the summer if conditions persist.



POWER AND AUTHORITY

Indigenous elections in Morelos. Coatetelco, Hueyapan, and Xoxocotla, three indigenous municipalities of Morelos, prepare for the 2021 electoral process. During the process, they will elect their municipal authorities under a system of traditional laws and customs. The municipalities will have until December 31 to elect their leaders. Additionally, political parties in the state must also comply with nominating indigenous people for Mayors and Congress's elections in the state. The measure seeks to guarantee the political rights of indigenous communities and increase their representation in decision-making.

INSIGHT

The candidacy of Félix Salgado Macedonio is questioned in Guerrero.

MORENA's National Commission of Honesty and Justice decided to renew their party's gubernatorial candidate's selection process. Their current candidate, a historical ally of President López, has faced allegations of rape by several women. The President has even minimized the situation by accusing the opposition of starting a "political lynching" process. The case caused outrage in various sectors of Mexico, particularly women, who have tried to position the feminist agenda and highlight the systematic violence they suffer and prevailing impunity. Political parties should be more careful when selecting candidates for the next elections, particularly those with a history of violence against women.

REGION 5: SOUTHERN

FOR STRATEGY AND DEVELOPMENT RESEARCH



SECURITY

Violence starts against political actors. Armed people killed Juan Ortiz Parra, a pre-candidate to the mayoral post in the town of Úrsulo Galván in Veracruz. The crime took place outside his home in a rural community. Mr. Parra belonged to the MORENA political party. The death of Mr. Parra is the first of a pre-candidate in Veracruz's current political calendar, although not the first related to political actors. Recently, armed people also murdered Gladys Merlin, the mayor of Cosoleacaque, and her daughter.

DEVELOPMENT

A community in the Soconusco region in Chiapas begins the export of organic coffee. The effort comes from producers organized around Tapachula, belonging to the Mayan Network of Organic Producers. They started by selling 19 tons of organic coffee to the U.S. market, where a high demand exists for this kind of product. The producers belong to the local indigenous and farmer population.

NATURAL RESOURCES

Agreement reached for installation of a solar power plant in Oaxaca. CFE, the state-owned energy producer, and the National Institute of Indigenous Peoples (INPI) announced the investment in Juchitán. The plant's capacity will be 540 KW, enough to meet the demands of surrounding communities. Neighbor towns have gone more than a decade without access to the electric grid. The cost of the project will be MXN 45 million (USD 2.2 million).

POWER AND AUTHORITY

The Mexican Navy installs a sonar-training system in Veracruz. The Research and Technological Development Unit (UNINDETEC) presented the project for the Naval Polygon in Antón Lizardo, Veracruz. Engineers designed it for subaquatic acoustics. The system will aid military personnel in training for operations at sea.

INSIGHT

COVID-19 vaccination meets social resistance in Chiapas. Inhabitants of San Juan Cancuc oppose the vaccine, according to the letter sent by its mayor to local health authorities in San Cristóbal de las Casas. The now public document shows that the local indigenous council, mostly made up of Tzeltal and Tzotzil Maya people, held an assembly in February. Its members decided to deny the vaccine's application among the 45 indigenous districts that belong to the municipality. The mayor informed that the council's decision arose even after health authorities had informed the population about the vaccine.

REGION 6: YUCATÁN PENINSULA

FOR STRATEGY AND DEVELOPMENT RESEARCH



SECURITY

An armed individual shot and killed the Director of Social Development in Puerto Morelos, Quintana Roo. Ignacio Sánchez Cordero, the victim, was a possible precandidate for the mayoral seat in the 2021 elections. The attack happened in a cafe during the morning of February 24, when Mr. Sánchez was in another person's company. The aggression was only directed at Mr. Sánchez by an unknown man who fled the scene. Authorities report that no leads about the case are currently available.



DEVELOPMENT

Quintana Roo is the second most affected state by agrarian disputes, behind Chiapas. The Agrarian General Attorney's Office, the national authority in charge of dealing with the cases, receives more than 50 thousand every year. Chiapas represents nearly 10 percent of the disputes, and Quintana Roo around 3 percent.

Conflicts appear mainly because of illegal sales or usurpation of community-owned lands by real estate developers in valuable locations.



NATURAL RESOURCES

Mangroves are healing in Campeche. The National Commission for the Understanding and Use of Biodiversity (CONABIO) reported that more than 1,400 hectares have recovered in the last four years in the state. The mangroves are a vital part of the ecosystem in the peninsula. Campeche has over 200 thousand hectares of mangrove, vulnerable to human-made devastation.



POWER AND AUTHORITY

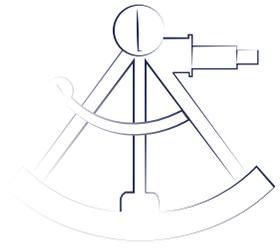
Yucatán scores first place on Democratic Development Index. The state has appeared topped the list for the fourth time. The index has been measured in Mexico since 2010 as part of an initiative by the Konrad Adenauer Foundation, political consultants at Polilat, the National Electoral Institute, the Center for Political and Social Studies (CEPOS), and a group of Christian social entrepreneurs called USEM Confederation. Baja California placed second, and Guerrero came last.

INSIGHT

The slowdown in economic activity brings environmental opportunities. The tourism industry is still reeling from the effects of the pandemic. Cruise lines have yet to confirm their return to the Mexican Caribbean, and resorts are operating at a limited capacity. Nature and historic sites are an essential component of the peninsula's tourism attraction portfolio. Deciding on acceptable land use and other environmental protection measures during the lessened activity could boost the region's recovery once the travel returns to pre-pandemic levels.

THE INSTITUTE

FOR STRATEGY AND DEVELOPMENT RESEARCH



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

