



SPECIAL REPORT

Mexico: First steps of the cabinet of Enrique Peña Nieto

Mexico, January 2013

d+i LLORENTE & CUENCA

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LLORENTE & CUENCA

1. INTRODUCTION

On 1 December 2012 Enrique Peña Nieto was sworn in as Constitutional President of the United Mexican States.

Furthermore, in 2012, the elections of 128 Senators and 500 Federal Deputies were held; at the local level were elected 6 Governors of the states of Chiapas, Guanajuato, Jalisco, Morelos, Tabasco and Yucatan; Head of Government of the Federal District; 579 local deputies in 15 states; 876 city councils; 20 municipal boards; and 16 Heads of Delegation of Mexico City. In total, 2127 positions at national level.

In this report, we intend to describe in general the key points in the government's formation headed by the Institutional Revolutionary Party (PRI in Spanish), the party which ruled in Mexico for 71 years, lost power to the National Action Party (PAN in Spanish) during two presidential terms and is back now.

Peña Nieto has affirmed on different occasions that the PRI is no longer the same one which governed Mexico; in view of this statement, it is necessary to point out that Mexico is neither the same, that society and business people are aware of and up-to-date with what is happening, since formal and informal media and the social networks help to have a better understanding of the actions of our rulers and of national and international events.

In general, we can state that the Cabinet of Enrique Peña Nieto has the following characteristics:

- Predominance of politicians of the State of Mexico.
- Participation of former Governors of some states.
- Luis Videgaray Caso, the main player of Enrique Peña Nieto, is positioned as the leader of the economic cabinet and foreign policy.
- Within the political cabinet, under the leadership of Miguel Ángel Osorio Chong, the total control of security, main critical issue of the last term, was gathered.

2. POLITICS, ECONOMY AND SOCIETY: CABINET'S CENTRAL FORMATION

For practical purposes, the cabinet has been divided into political, economic and social and as a result the existing division of efforts can be further observed. It should be mentioned that most of the positions have a link with the six-year term of the President Carlos Salinas de Gortari (1988-1994).

In the positions in which an agreement or pact was reached with other groups that supported the campaign, others than those of the State of Mexico, the second most important position was assigned to a close collaborator of Peña Nieto.

We will detail below the appointments to the main positions of the cabinet, elaborating on the actors who will have a greater leadership from their positions thus becoming key pieces for the exercise of power.

“The economic cabinet is led by Luis Videgaray Caso and the political and security one by Miguel Angel Osorio Chong, leading operators cabinet”

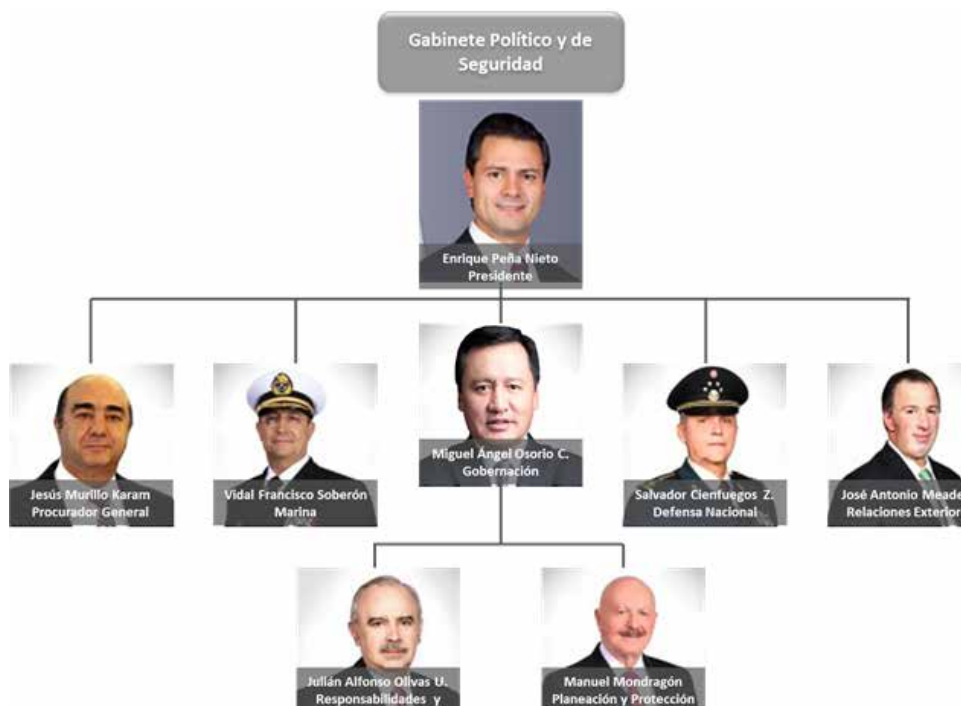
Political and security cabinet

- **Secretariat of the Interior: Miguel Ángel Osorio Chong.**

This politician from the State of Hidalgo was positioned as one of the main political players of Enrique Peña Nieto, after having concluded his post as Governor of his state, was appointed as PRI delegate in the State of Mexico. Osorio was later positioned as Secretary of Political Operation and Delegations of the PRI National Executive Committee with Humberto Moreira and as Secretary of Organization under the Presidency of Pedro Joaquín Coldwell, from where he continued his support for the presidential candidature of Enrique Peña Nieto.

Within the transition team, he was assigned as the leader of the area of Political Dialogue and Agreement, therefore he reached several agreements with the internal political forces of the PRI and the opposition parties.

From this term on, the Secretariat of the Interior has the total control of the Public Security institutions, including the Federal Police, the prison system and the crime prevention. Under this department, the National Commissioner of Public Security and the technical secretary of the National Security Council are created. All this seeks to reconsider the security strategy.



“President Enrique Peña Nieto called for the creation of a single police command called the National Gendarmerie”

In view of Enrique Peña Nieto’s mention that the security strategy will become a State Policy, Osorio Chong elaborated on the sense that prominent members of civil society will be included as well as the implementation of federalism with regard to human rights, monitoring of the assignment of police forces as well as their qualification and the action protocols and the strengthening of Plataforma México through greater participation of governors. This strategy will have a regional approach (5 regions) without being restrictive and specific actions will be carried out in the towns with the highest levels of conflict.

The strategy will also be based on the creation of the National Gendarmerie, which will be responsible for gathering all federal and state forces, as a single police command, under the control of the Secretariat of the Interior.

In order to strengthen the Secretary’s activities along these lines, **Manuel Mondragón y Kalb was appointed Assistant Secretary of Institutional Planning and Protection**, who was the former Secretary of Public Security in Mexico City from 2008 to 2012. Mondragón is an expert also in reaching agreements and, despite his professional development as a doctor, he managed to understand the operation of police commands and work in

politics unlike his predecessor, who lacked the political capacity.

Mondragón is a Rear Admiral Naval Doctor of the Mexican Navy. In his career, following positions stand out: National Coordinator of Social Participation of the Office of the General Attorney, Assistant Attorney for victims’ assistance and social participation at the Justice Attorney Office of Mexico City, Assistant Secretary of Civic Participation and Crime Prevention of the Secretariat of Public Security of the Federal District, Secretary of Health of the Federal District and Secretary of Public Security of the Federal District.

Julián Alfonso Olivas Ugalde was appointed Assistant Secretary of Administrative Responsibilities and Public Procurement, position which replaced the one at the Secretariat of the Civil Service.

Olivas Ugalde has been Vice-President for Legal Affairs at the National Commission of Insurance and Finance, General Manager of Insurance and Securities at the Secretariat of Finance and Public Credit; from 2000 to 2009 he was Director-General of Performance Audit of the functions of Governmental Management and Finances, and Head of Legal Affairs at the Federal Superior Audit Office; in 2009 he was appointed Head of the Internal Control Body at the National Banking

and Securities Commission, Executive Secretary of Services at the Supreme Court of Justice of the Nation from 2009 to 2011 and until 2012 Director-General of Human Resources at the Secretariat of Finance and Public Credit.

- **Office of the Attorney General: Jesús Murillo Karam**

Governor of Hidalgo from 1993 to 1998, among other positions, he has been Assistant Secretary of Public Security at the Secretariat of the Interior; Secretary-General of the PRI National Executive Committee in 2007; Delegate-General of the PRI in the Federal District in 2011.

He was a Senator of the Republic, serving as President of the Commission on Governance, member of the commissions on the Federal District, Jurisdictional and Justice. In 2012, as a Federal Deputy and President of the Lower House, he handed in the presidential sash to Peña Nieto in total control and order of the Congress of the Union despite the external protests; he was later appointed Coordinator of Legal Affairs of the transition team of the President Enrique Peña Nieto.

Given the toughness of this politician, his appointment is interpreted as a reinforcement to the security strategy headed by the Secretariat of the Interior.

- **Secretariat of Foreign Relations: José Antonio Meade**

The responsible for the foreign policy of the cabinet of Peña Nieto has served as Director-General of Financial Planning at the National Commission of the Retirement Savings System, Assistant Secretary of Bank Savings Protection at the Bank Savings Protection Institute, Director-General of the Banco Nacional de Crédito Rural, Director-General of Banking and Savings at the Secretariat of Finance and Public Credit, Director-General of Financiera Rural, Head of the Coordination Office of the Secretary of Finance and Public Credit, Assistant Secretary for Revenue at the Secretariat of Finance and Public Credit, Secretary of Energy and Secretary of Finance and Public Credit during the two presidential terms of the National Action Party.

He was a fellow student of Luis Videgaray Caso, current Secretary of Finance, at the degrees of Law and Economy, and with whom he held the discussion when Videgaray led the Budget Commission of the Chamber of Deputies.

- **Secretariat of the National Defense: Major General Salvador Cienfuegos Zepeda.**

He has been a unit Commander at all levels of command, carrying out missions in the

areas of Foreign Defense and Internal Security, of support for the Public Security function, of assistance to the civilian population in cases of disasters, of security to strategic facilities and surveillance of the southern border.

He held several positions such as Oficial Mayor of the Secretariat of the National Defense, Director of the Heroic Military College and of the Centro de Estudios del Ejército y Fuerza Aérea Mexicanos and Military and Air Attaché at the Mexican Embassies in Korea and Japan.

- **Secretariat of the Navy: Admiral Vidal Soberón.**

He has been Deputy Commander of the third fleet of ocean-going vessels, Deputy Commander of the Naval Sector of Coatzacoalcos, Fleet Commander of the Pacific

Naval Force, Commander of the Naval Sector of Matamoros, Tamaulipas, Assistant to the Chief of Naval Operations, Director of the School of Destroyers, Technical Director of the Directorate General of Naval Communications, Private Secretary and Chief of Assistants of the Secretary of the Navy, Naval Attaché to Panama, Nicaragua and Costa Rica and President of the Commission on Special Studies of the General Staff of the Navy.

Part of the strength of the team of the Secretary of the Interior lies in the distribution of the Federal Budget under the control of **Nuvia Magdalena Mayorga Delgado, President of the Budget and Public Account Commission of the Chamber of Deputies**, who was Secretary of Finance during the period in which Miguel Ángel Osorio Chong was Governor of his State.



Economic cabinet

- **Secretariat of Finance and Public Credit: Luis Videgaray Caso**

During the presidential term of Carlos Salinas de Gortari, Videgaray Caso began his professional career at the Secretariat of Finance and Public Credit reaching the position of Private Secretary of the then Secretary of Finance, Pedro Aspe Armella; he worked also at Aspe's consulting firm as a

“Videgaray managed to reconcile the political interests of Peña Nieto, with the budget of all PRI lawmakers from the Budget Committee of the Chamber of Deputies”

financial advisor with State and local administrations of different parties, what led him, in 2003, to advise the coordinator of the deputies of the State of Mexico at the Congress of the State of Mexico, Enrique Peña Nieto, who appointed him Secretary of Finance, Planning and Administration in the State during his term.

As the President of the Budget Commission of the Chamber of Deputies from 2009 to 2011, he managed to reconcile Peña's political interests with the budgetary interests of all PRI lawmakers from different States of the Republic. Later he became the General Coordinator of the Campaign for the Presidency and General Coordinator of Governmental Transition and finally he became Secretary of Finance and Public Credit.

The development of the financial strategy of Peña Nieto has been designed since 2005 by Videgaray, who achieved a well-known intervention among the opposition, leading him to reach agreements while at the same time focusing on a political strategy that would enable Peña Nieto to obtain greater visibility.

Videgaray appointed Miguel Messmacher Linartas as Assistant Secretary for Revenue, who also was Head of the Unit of Economic Planning at the Secretariat of

Finance and Public Credit from 2006 until November of this year, where he prepared the General Criteria of Economic Policy. He is an economist graduated from ITAM and has a PhD from the University of Harvard. Last August he was appointed for the second consecutive year a member of the Council on Tax Issues of the World Economic Forum.

Fernando Galindo Favela was appointed Assistant Secretary for Expenditure. He was Head of Information, Planning, Programming and Evaluation of the Secretariat of Finance of the State of Mexico in 2009. During the transition, he was responsible for the revision of the Economic Package 2013. He is an economist graduated from the ITAM.

Fernando Aportela Rodríguez, Assistant Secretary of Finance and Public Credit. He was the director of public finances at the consulting brand Protego Asesores, led by the former Secretary of Finance, Pedro Aspe Armella.

Aristóteles Núñez Sánchez, Head of the Tax Administration Service. He was Assistant Secretary for Revenue at the Secretariat of Finance of the State Government of Mexico.

Javier Laynez Potisek, Federal Attorney General. He was ratified in his position for his good performance. He is a lawyer graduated from the Universidad Re-giomontana

with a PhD in Public Law from the University of Paris XI Sceaux.

- **Secretariat of Economy: Ildefonso Guajardo Villareal**

He was born in Monterrey, Nuevo León, and is an economist with a Master's Degree from the Arizona State University and a PhD in Public Finances from the University of Pennsylvania.

Among the relevant positions he has occupied, stands out the one as Director of the Office of the Secretariat of Economy for FTA affairs in Washington in 1994, two times Federal Deputy, position from which he reaffirmed his closeness to the main business groups of the country, and especially of Nuevo León, as President of the Commission on Economy of the Chamber of Deputies.

During Enrique Peña Nieto's campaign, he was appointed Coordinator of Links with Entrepreneurs and later Vice-Coordinator of Economic Policy in the transition team of the president-elect.

- **Secretariat of Energy: Pedro Joaquín Coldwell**

Between 1974 and 1975 he was a Deputy and President of the Constituent Congress of the State of Quintana Roo; Federal Deputy from 1979 to 1980 and member of the Great Commission.

He was Secretary-General of the State Government of Quintana Roo, President of the State Election Commission of the State of Quintana Roo, Governor of his State from 1981 to 1987, Secretary of Tourism from 1990 to 1993 during the presidential term of Carlos Salinas de Gortari; during the presidential term of Ernesto Zedillo he was Director-General of the National Fund for Tourism Development, Commissioner for Peace in Chiapas, and Ambassador of Mexico to Cuba from 1998 to 2000.

Senator of the Republic from 2006 to 2012, President of the commissions on Constitutional Matters, Reform of the State, of the Bicameral Commission commemorating the 150th anniversary of the Constitution of 1857 and member of the commissions on Tourism and Justice.

Within the PRI, he has been a member of the Consultative Council of the Institute of Political, Economic and Social Studies, Secretary of Organization, Secretary of Social Management, Regional Coordinator for different federal elections; Secretary-General of the National Executive Committee, Representative to the Federal Electoral Institute, Delegate in several States, President of the National Commission on Internal Processes of the PRI National Executive Committee

from 2008 to 2011 and President of the PRI National Executive Committee.

National President of the PRI from November 2011 to December 2012.

- **Director-General of Petróleos Mexicanos: Emilio Lozoya Austin (extended Cabinet)**

An economist graduated from the ITAM and a lawyer graduated from the UNAM with a Master's Degree in Economic Development and Public Administration from the University of Harvard, he was appointed Coordinator of International Links for the presidential campaign of the PRI's candidate and later Vice-Coordinator of International Affairs of the transition team.

He began his career as an analyst of International Reserves and Currencies at the Bank of Mexico and later on he focused his career on the private sphere.

He has been a Board member of the construction company OHL México, Director in Chief for Latin America of the World Economic Forum (2005-2009), founder of the company of social interest housing Terra Design (2002-2005), founder of the investment fund JF Holding based in Luxembourg and collaborator at the Inter-American Investment Corporation.

In 2011, the magazine "Poder" included him as one of the 40 most influential Hispanics in the United States under 40 years and the Fundación Internacional de Jóvenes Líderes en América Latina (International Foundation of Young Leaders in Latin America) named him "international leader" due to his role in promoting the region. In 2012, he was recognized as Young Global Leader by the World Economic Forum.

His father, Emilio Lozoya Thalmann, was a fellow student at the degree of Economics of Carlos Salinas de Gortari, who appointed him Director-General of the Institute for Social Security and Services for State Workers (ISSSTE) and Secretary of Energy, Mines and State Owned Industry during his presidential term (1988-1994). Likewise, he is the grandson of the former Governor of the State of Chihuahua Jesús Lozoya Solís.

- **Director of the Federal Electricity Commission: Francisco Rojas Gutiérrez (extended Cabinet)**

Federal Deputy and Coordinator of the Parliamentary Faction of the PRI and President of the Political Coordination Board from 2009 to 2012. Federal Deputy from 2003 to 2006, President of the Budget and Public Account Commission.

He was founder and secretary of the Contraloría General de la Federación (Federal General Audit Office) and President of the Board of Directors of the Instituto Mexicano del Petróleo.

He has been the President of the Board of the Universidad Nacional Autónoma de México and the National President of the Fundación Colosio A.C. of the PRI.

During the presidential term of Carlos Salinas de Gortari, he served as Director-General of Petróleos Mexicanos.

- **Secretariat of Communications and Transport: Gerardo Ruiz Esparza**

Among other positions, he has been Secretary and Assistant Secretary-General of the State Government of Mexico between 1981 and 1987, General Coordinator of Instituto del Fondo Nacional de la Vivienda para los Trabajadores (INFOVIT: Institute of the Workers' Housing National Fund) in the Federal District, Legal Director of the Mexican Social Security Institute and from 1999 to 2005 Director of Administration of the Federal Electricity Commission. He worked as Secretary of Communications of the State Government of Mexico with Enrique Peña Nieto as Governor and later as General Coordinator of Commitments during the campaign.

He was the President of the Management Board of Administradora Mexiquense del Aeropuerto Internacional de Toluca and of the councils of Junta de Caminos (Roads Board), Sistema de Autopistas y Aeropuertos (System of Highways and Airports) and Transporte Masivo (Massive Transport) in the State of Mexico.

- **Secretariat of Tourism: Claudia Ruiz Massieu**

Coordinator of Human Rights and Transparency in the transition team, Federal Deputy from 2003 to 2006 and from 2009 to 2012. Coordinator of Institutional Planning, Development and Innovation of the PGR (Office of the Attorney General) from 2006 to 2008, among other positions.

Between 2009 and 2012 she was Secretary Coordinator of the Movimiento de Vinculación Ciudadana of the Confederación Nacional de Organizaciones Populares (National Confederation of Popular Organizations) of the PRI and from 2006 to 2012 she was the Vice-President of the Fundación Colosio in the Federal District.

Daughter of José Francisco Ruiz Massieu, assassinated in 1994, who was Governor of the State of Guerrero, Director-General of INFOVIT and Secretary-General of the PRI and brother-in-law of the then President Carlos Salinas de Gortari.

- **Mexican Social Security Institute: José Antonio González Anaya (extended Cabinet).**

From 2002 on, he has had different positions at the Secretariat of Finance and Public Credit such as: Head of the Unit of Insurance, Securities and Pensions, Head of the Unit of Coordination with Federal Entities, Coordinator of the Secretary's advisors and Assistant Secretary for Revenue.

- **Institute for Social Security and Services for State Workers: Sebastián Lerdo de Tejada Covarrubias (extended Cabinet).**

Full representative of the PRI to the Federal Electoral Institute, Federal Deputy from 1994 to 1997 and from 2009 to 2012, he has been Coordinator of Advisors at the Procuraduría

Federal del Consumidor (Office of the Federal Attorney for the Consumer), private consultant in several sectors and Legal Director of the Mexican Institute of the Capital Market.

Appointed as Coordinator for the National Development Plan in the transition team.

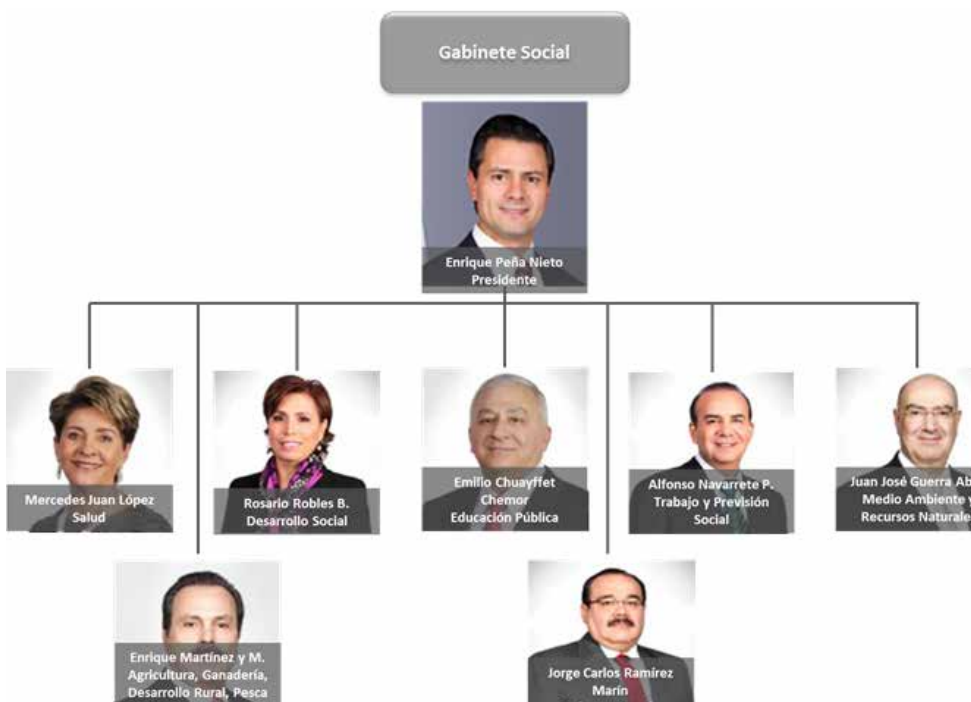
Social cabinet

- **Secretariat of Health: Mercedes Juan López.**

She was Technical Secretary of the Health Cabinet of the Presidency of the Republic (1983-1988), Assistant Secretary of Health Regulation and Promotion of the Secretariat of Health during the presidential term of Carlos Salinas de Gortari (1988 a 1994), Secretary of the National Health Council of the Secretariat of Health from 1994 to 1997. Federal Deputy of the PRI from 1997 to 2000. Commissioner of COFEPRIS and recently CEO of the Fundación Mexicana para la Salud (Mexican Foundation for Health) of the company Nestlé.

- **Secretariat of Education: Emilio Chuayffet Chemor.**

Politician from the State of Mexico, he was the Director-General of the Federal Electoral Institute from 1991 to 1993, Governor of the State of Mexico from September 1993 to July 1995, position which he left to take office as Secretary of the Interior from June 1995



to January 1998. Federal Deputy from 2003 to 2006 and from 2009 to 2012, period in which he was the President of the Chamber of Deputies.

- **Secretariat of Social Development: Rosario Robles Berlanga.**

Former President of the Party of the Democratic Revolution, she was the first woman who occupied the Head of Government of the Federal District from September 29, 1999 to December 4, 2000 and successor of Cuauhtémoc Cárdenas Solórzano and predecessor of Andrés Manuel López Obrador, main leaders of the current left.

At the second position, Ernesto Nemer Álvarez, from the State of Mexico and close to Peña Nieto, was appointed for the Under-Secretariat for Social and Human Development and also served as Secretary of Social Development of the State of Mexico, Coordinator of the PRI faction at the Congress of the State of Mexico and Secretary-General of the Government in the State.

- **Secretariat of the Environment and Natural Resources: Juan José Guerra Abud.**

Environmental Coordinator in the transition team of the President-elect of the United Mexican States, also works as Advisor of the Centro Mario

Molina for Strategic Studies on Energy and the Environment.

Secretary of Economic Development of the State of Mexico during the terms of Emilio Chuayffet and César Camacho. In this period, Peña Nieto was the closest collaborator of Guerra Abud.

From 2001 to 2009 he was the CEO of ANPACT and from 2009 to 2012 he was a Federal Deputy and Coordinator of the faction of the Ecological Green Party of Mexico.

- **Secretariat of Agriculture: Enrique Martínez y Martínez.**

Governor of the State of Coahuila from December 1999 to November 2005, he developed his main career in his State, as Secretary-General of the Government, Director of Revenue and Expenditure of the State Treasury, Mayor of Saltillo and Federal Deputy on two occasions, among other positions. In 2005 he was a contender in the candidature for the Presidency of the Republic for the PRI. He was Delegate of the PRI National Executive Committee in 2007.

- **Secretariat of Labor and Social Security: Alfonso Navarrete Prida.**

A lawyer with a master's degree in Criminal Law, he began his political career as Jorge Carpizo McGregor's

private secretary in his positions as President of the National Commission on Human Rights from 1991 to 1992, as Attorney General of the Republic from 1993 to 1994 and as Secretary of the Interior in 1994; between 1995 and 1996 he was the Legal Director-General and General Comptroller of the Secretariat of Health.



Aurelio Nuño Meyer.

From 1998 to 2000 he was Assistant Attorney of processes and Assistant Attorney of Criminal Procedures at the Office of the Attorney General of the Republic. In the state of Mexico, he was Assistant Secretary of Public Security, from 2001 to 2006 Attorney General of Justice of the State, ratified by Peña Nieto, in 2008 he was Secretary of Metropolitan Development and from 2009 to 2012 he was Federal Deputy, position in which he succeeded Luis Videgaray as President of the Budget and Public Account Commission of the Lower Chamber.



César Camacho Quiroz.

- **Secretariat of Agricultural, Territorial and Urban Development: Jorge Carlos Ramírez Marín.**

Lawyer with graduate studies in Parliamentary Law, he has been the National President of Instituto de Capacitación y Desarrollo Político A.C. and from 1996 to 1999 he served as President of the State Executive Committee in Yucatán. In the same period,

he worked as Oficial Mayor of the State Government.

He has been on two occasions Local Deputy and on two more, Federal Deputy, from 2000 to 2003 was the Vice-coordinator of the PRI parliamentary group and from 2009 to 2012, besides being Vice-coordinator of the PRI, he was President of the Chamber of Deputies from 2010 to 2011.

Two positions to be harmonized

- **Head of the Office of the Presidency: Aurelio Nuño Meyer.**

He was coordinator of Luis Videgaray's Advisors at the Chamber of Deputies and advisor of Peña Nieto during his term as the President of the State of Mexico.

- **President of the PRI National Executive Committee: César Camacho Quiroz.**

Born in the State of Mexico, he is a lawyer graduated from the Universidad Autónoma del Estado de México with a master's degree and a PhD from the Universidad Nacional Autónoma de México. He was Assistant Secretary of Political Development of the Secretariat of the Interior, Governor of the State of Mexico from July 1995 to December 1999, Senator from 2000 to 2006 and Federal Deputy from 2006 to 2009.

“The country requires a deep, long-range comprehensive pact to consolidate Mexico as a political democracy and socially effective”

3. THE PACT FOR MEXICO

On Sunday, 2 December, a day after taking office as President of the Republic, the most important political agreement of the last years was announced, the “Pact for Mexico”, by which the structural reforms that had been pending in the absence of agreements in the last years will be promoted.

One of the main conditions that made up this pact was to put the emphasis on those reforms that would have a direct and significant impact on social development, the reduction of inequality and the elimination of extreme poverty through the building of an effective democracy, based not only on laws in accordance with the democratic regime, but also on political practices and institutions giving shape and content and which also involve the citizens’ participation to ensure its functioning. Moreover, it was agreed to fight against the de facto powers of the country.

On that date the main political forces of the country (PRI, PAN, PRD) met with the President in order to sign the pact, which has three guiding principles:

- Strengthening of the Mexican State.
- Economic and political democratization as well as expansion and effective implementation of social rights.
- Citizens’ participation as key actors in the design, implementation and evaluation of public policies.

Additionally, five agreements were established, which in particular refer to the structural reforms that are needed in order to have further political, economic and social growth, such as:

- Society of Rights and Freedoms
- Economic Growth, Employment and Competitiveness
- Security and Justice
- Transparency, Accountability and Combating Corruption
- Democratic Governance

The monitoring of this political agreement will be followed by the members of the Governing Council, which are representatives appointed by Enrique Peña Nieto, three of the PAN, three of the PRI and three of the PRD.

Additionally, there is the Technical Coordination, which will be in charge of the monitoring of the agreements by the Governing Council and of the agreements by the working tables.

This coordination was established through a representative of the President, one of the PAN, one of the PRI and another one of the PRD. Finally, it is noted that “monitoring and evaluation

**“Resources’ self-
management
will increase the
competitiveness of
schools: EPN”**

mechanisms will be included to which prominent figures of the Organized Civil Society will be invited”.

- **Education reform: first result of the Pact for Mexico.**

One of the main problems in education in Mexico has been the full control of public policies in this matter by Elba Esther Gordillo, lifelong leader of the National Educational Workers Union (SNTE in Spanish).

In the face of this situation, a reform to the third article of the Constitution with the following elements was proposed:

- » The teacher is the most relevant figure in the educational process, not the union.
- » The leadership of principals and supervisors is strengthened in order to enhance the school’s effectiveness.
- » Schools are given autonomy in the management of resources and the participation of the school community in decision-making processes is promoted.
- » One of the most controversial points refers to the implementation of a fair assessment recognizing the teachers’ strengths and areas of opportunity.
- » The constitutional guarantee establishing not only equity but also quality education is reinforced.

- » From this reform, a platform with the necessary data is implemented as regards information and transparency of the education system.
- » Full-time school days are implemented in order to improve the students’ education and nutrition.
- » Regarding nutrition, this reform establishes the ban on all foods that do not benefit health.

The main discomfort of several actors was that this constitutional reform did not consider a modification of the relationship with the SNTE. Their defense argument was based on the self-determination of trade unions.

4. EXPENDITURE BUDGET

With the purpose of achieving a Budget for 2013 in accordance with the actions taken and committed by Enrique Peña Nieto, it was agreed to implement certain priority actions, programs and projects with the current resources of 3,956,361,600,000 pesos provided in the Federal Income Law for the 2013 fiscal year.

This figure was approved pending the tax reform that will allow for a greater development, as planned in the Pact for Mexico.

Meanwhile, it has been established the need to make clear a program of austerity and rationality in expenditure to enable the reduction

“The budget for fiscal year 2013 is three billions 956 thousand 361.6 millions pesos”

of current expenditure and the increase in productive investment.

It was agreed to give priority to the following areas:

1. **Social Security:** Life insurance for Household Heads and Pension for Adults older than 65 years (new programs).
2. **Gender Equality:** Strengthening the programs for Reproductive Health Care and Gender Equality in Health, as well as the programs to reduce maternal mortality and teenage pregnancy and to prevent, address and eliminate the violence against women and girls.
3. **Indigenous people:** Strengthening the Infrastructure for the Assistance of Indigenous Communities.
4. **Disabled people:** Strengthening the fund for the Accessibility to Public Transport for Disabled People (reinforcing the current program). Strengthening the programs aimed at the assistance of disabled people.
5. **Education:** It is worth noting that this reform was already presented in relation to the Pact for Mexico and will be approved by the Congress of the Union in the coming days. Decent schools. Full-time schools. Laptops for children in fifth and sixth grade (new and pilot program in three federal entities). Reinforcing the fellowship programs,

in particular in Secondary and Higher Education. Pilot program “Beca-Salario”. Schools, teachers and students’ census carried out by the INEGI (National Institute of Statistics and Geography).

6. **Science and Technology:** Increasing the resources allocated to the National Council for Science and Technology.
7. **Economic Growth:** Creating the Entrepreneurs Fund and reinforcing the regional programs.
8. **Crime prevention:** Consolidating and bringing together all the budgetary programs for the crime prevention so that it becomes a national priority.

The approved Income Law provides for:

The collection of 1,605,162,500,000 pesos for Income Tax, the Impuesto Empresarial a Tasa Única (Single Rate Corporate Tax) and the Value Added Tax.

809,588,500,000 pesos will come from the collection of duties (as a compensation for the services provided by the State in relation to the use or exploitation of public property and the duties on hydrocarbons).

45 million pesos from the taxes not included in previous instalments from previous fiscal years.

1,102,425,500,000 pesos will be received as income from organisms or companies, from which 212,219,700,000 pesos account for social security contributions.

Income derived from funding will be 355,289,600,000 pesos, including the deficit of bodies and companies of direct control, which will be 89,558,600,000 pesos.

5. CONCLUSIONS

Once Enrique Peña Nieto's cabinet, with which he started his term, was made up, a clear division of responsibilities in the political and economic areas can be observed.

The cabinet's economic activity is focused on Luis Videgaray, in charge of the Secretariat of Finance and Public Credit; however, there will be a permanent collaboration and cooperation with Osorio Chang's group, who holds the control over the provision of resources from the Chamber of Deputies after positioning at the presidency of the Budget and Public Account Commission a legislator close to the Secretary of the Interior.

The economic situation is projected along the same line of moderate growth that had had, since part of Luis Videgaray's team is the same that was positioned at the Secretariat of Finance in addition to his closest collaborators at other positions.

In this regard, Videgaray has the advantage of having had one of his closest friends as his predecessor

in an opposition government, and therefore the policies they implemented together will be strengthened.

However, the economic growth not only depends on the team in charge of it, but on the depth and scope with which the pending tax reform will be carried out, which will be one of the structural reforms that will discourage informality, through more flexible taxation mechanisms, guiding the current expenditure towards public investment in order to generate the involvement of the private sector, reviewing and giving the pension system a new structure and giving resources total transparency.

The tax reform is expected to be presented by the Secretariat of Finance at the beginning of the second regular session, this is, between February and April, in order to be applied in the following Federal Income Law and Expenditure Budget, which will be presented in September. Furthermore, alternatives for the energetic sector have been considered and as long as the economy and oil resources cannot be separated, income cannot be ensured and therefore this could also be a factor for the division of priorities on tax and energy issues.

The main topic of relevance for Mexican society is public security; in this regard, authorities have been centralized around the political power of the Secretariat of the Interior, with the aim of focusing the security forces in a single authority and command,

obtaining the total control of any operation at all levels.

Important actions are expected in pending issues such as the structural reforms, since the actions carried out by the current government in less than 100 days, are focused on a first negotiation phase, a second one of agreements and the third one to implement the actions.

Among the priorities in the social field, Peña Nieto defined the attention to the food problem as his priority, since he started the National Crusade Against Hunger, in which the needs of 7.4 million Mexicans who live in 400 municipalities will be met, by means of a focused orientation, the due co-responsibility of all local governments as well as a social strategy to strengthen the productive capacity of the areas

with the highest marginalization and poverty rates.

One of the critical issues for the government is the negotiation with the Congress, since, although it is true that the PRI has a simple majority, the parliamentary coordinators have been opponents to Peña himself in the process of election of the candidate to the presidency. So far, the main players of the cabinet have been able to perfectly agree with the Congress and it is expected to continue like that.

Finally, it is to be noted that the group close to Peña Nieto is the one which occupies most positions in the cabinet, made up by yesteryear politicians, sons of former presidents and by former governors, among others; most of them are people who have governed at local or national level in the last terms, mainly since the days of the former president Carlos Salinas de Gortari.

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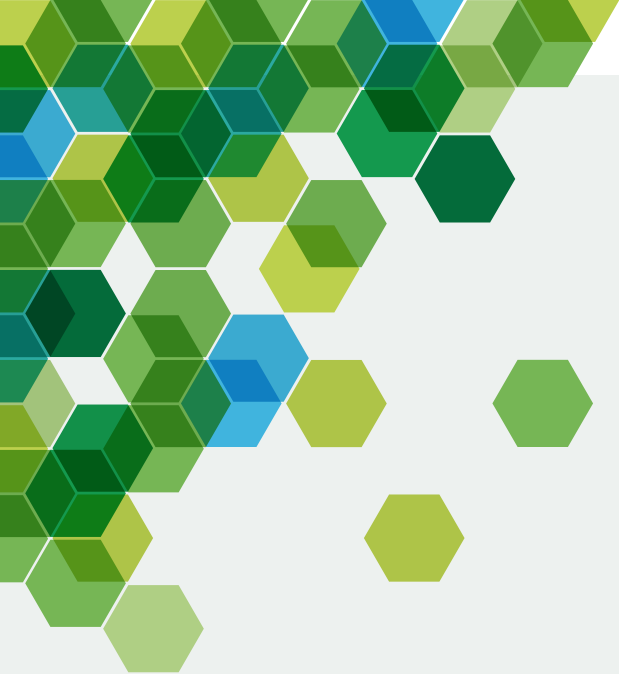
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