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How Mexico's new Government could affect your Public Affairs Strategy?

July, 2018

Public Affairs in Mexico

México: Economic, Political and Social Context



Political System: Federal Republic. Presidential Regime. Democracy.

Political Administration: 32 states.

3 Branches:



Executive: President (Chief of State and Head of Government) – **Enrique Peña Nieto** (PRI - Institutional Revolutionary Party). Term: 2012 – 2018.



Legislative: Bicameral System.

- **House of Representatives** – 500 Congressmen.

- **Senate** – 128 Senators.









Judicial: Supreme Court, local and federal systems.

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National Context

National context

	 Security	 Corruption	 Inequality	 Investments
 Progress	New Penal Justice System Interior security Law	Creation of National Anticorruption System	3.8 millions of new jobs Rise of the minimum wage to \$88.36	TPP-11 TLCUEM Structural Reforms
 Challenges	Increase of violence rates Equivalent to 33 thousand pesos per inhabitant	Rise in perception of corruption Equivalent to 2% of the GDP	1 % of the richest have 28% of the national wealth 53.4 million in a state of poverty (41.8% of total population)	NAFTA Renegotiation <i>slow progress.</i> Structural Reforms revision Migration and Security

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Mexico's election 2018

Importance of the 2018 election

Biggest electoral process in history, with 3,326 elected positions

- ✓ President
- ✓ 128 Senators
- ✓ 500 Congressmen
- ✓ 27 Local Congresses
- ✓ 1,596 Mayors in 24 states
- ✓ 9 Governors



85,953,712 Total voters



14.7 million new voters

(Ages 18 to 24)

62% of young adults voted for the first time in 2012



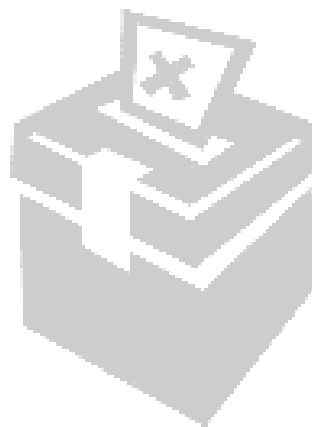
Millennials = 34.4 million voters

Out of a total of 85, 953, 712 on the nominal list



Reelections

In 28 states for the first time in Mexico



POST-ELECTORAL POLITICAL OVERVIEW

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Presidential Election 2018



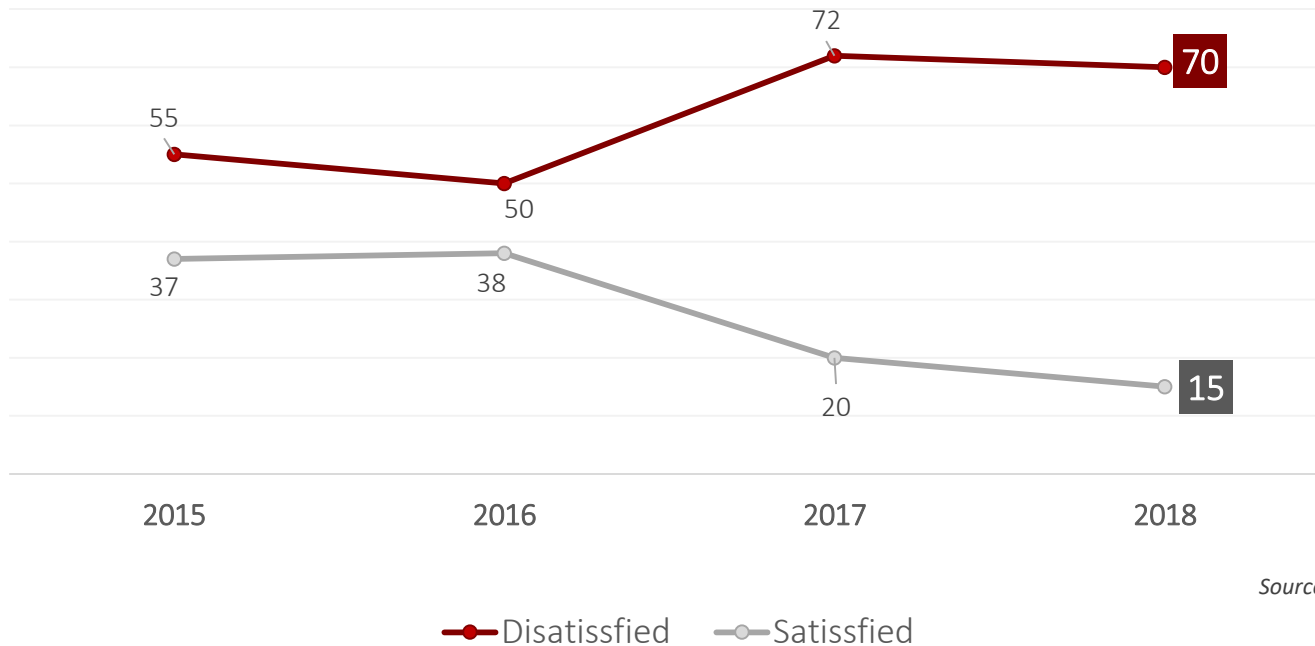
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Presidential Election 2018

What caused the electoral result?

Disapproval of democracy

How satisfied are you with Mexican democracy?

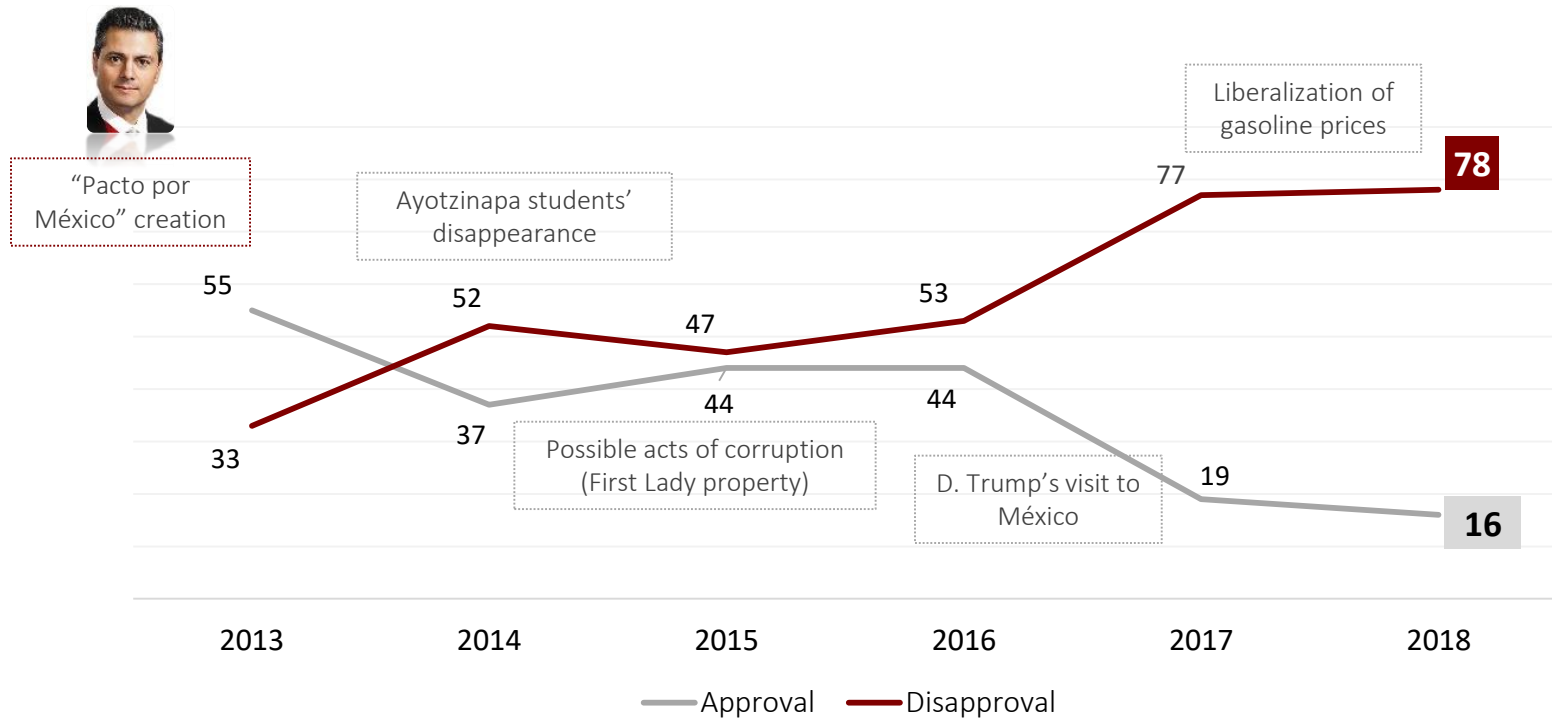


Source: GEA-ISA

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Presidential Election 2018

Institutional Disapproval

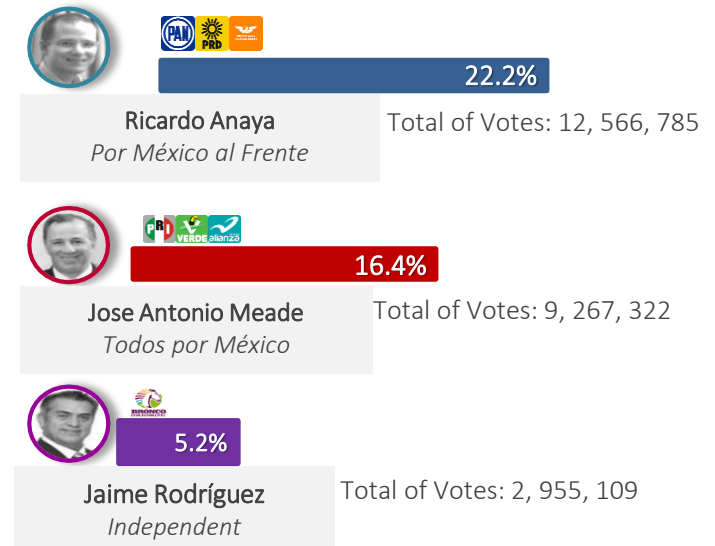
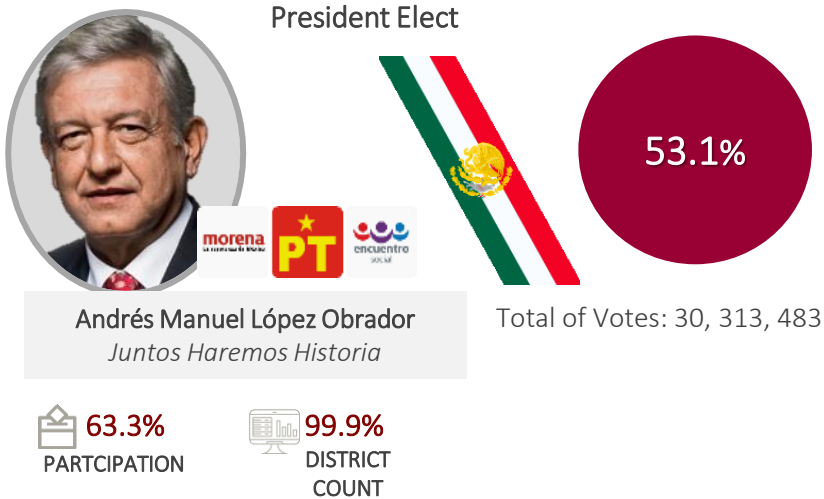


Source: GEA-ISA

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Presidential Election 2018

2018 Presidential Election Results



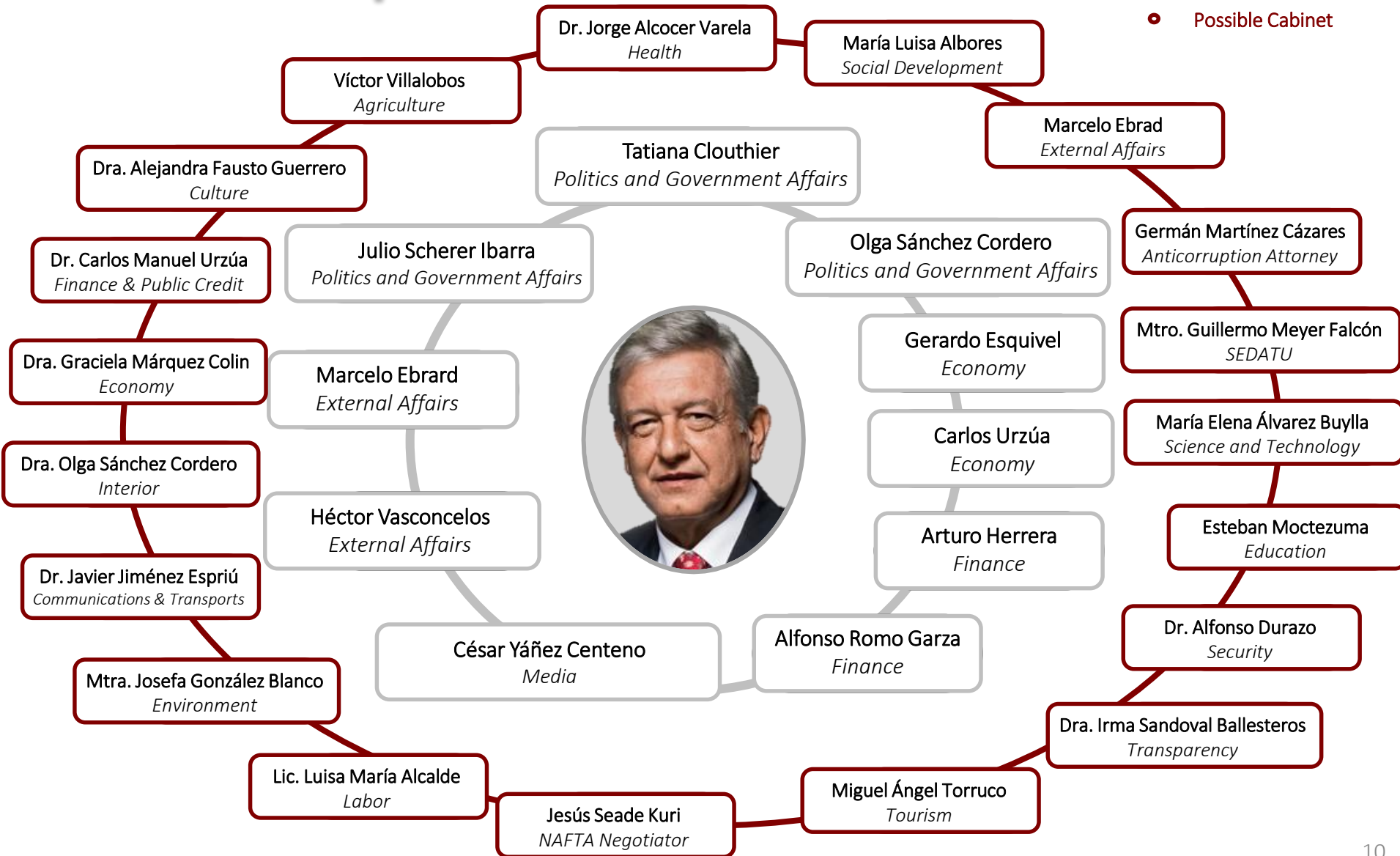
Source: INE

- ✓ **Broad citizen participation:** about 63.4% of the Nominal List voted (more than 58 millions of voters).
- ✓ **99.9% of polling stations were installed,** only 10 of 156, 807 were not installed.
- ✗ **Minor incidents:** theft and destruction of electoral tickets in different States.
- ⊖ **Most expensive elections in history:** \$28,108 thousand million MXN, each **vote costed \$315 MXN** approximately.

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Presidential Election 2018 - AMLO's Inner Circle

- Transition Team
- Possible Cabinet



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Presidential Election 2018 - AMLO's agenda

- ⇒ **Fight against corruption**, top priority.
- ⇒ Turn the **State** into a **promoter of the political, economic and social development**.
- ⇒ **Reduce the size of the federal administration**, without sacrificing the quality of government.
- ⇒ **Tax Policy 2019-2024**; not increase nor creation of new taxes.
- ⇒ **Revision of structural reforms**.
- ⇒ **Create the Ministry of Public Security** and remove the attributions from the Ministry of the Interior.
- ⇒ Establish a **single police command** with 32 state corporations.



Federal Congress

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Congress Election 2018

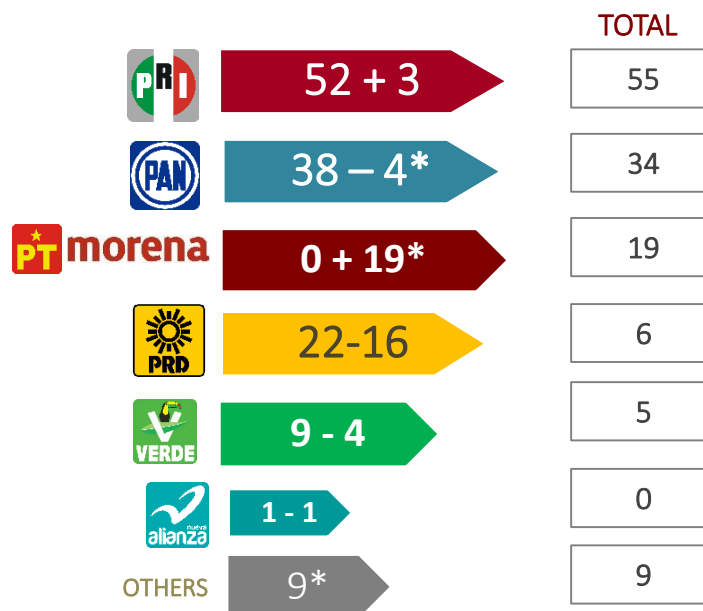
Current Integration (2015-2018)



House of Representatives



Senate



* The graphics represent the current Senate seats, highlighting the actors which changed parliamentary group

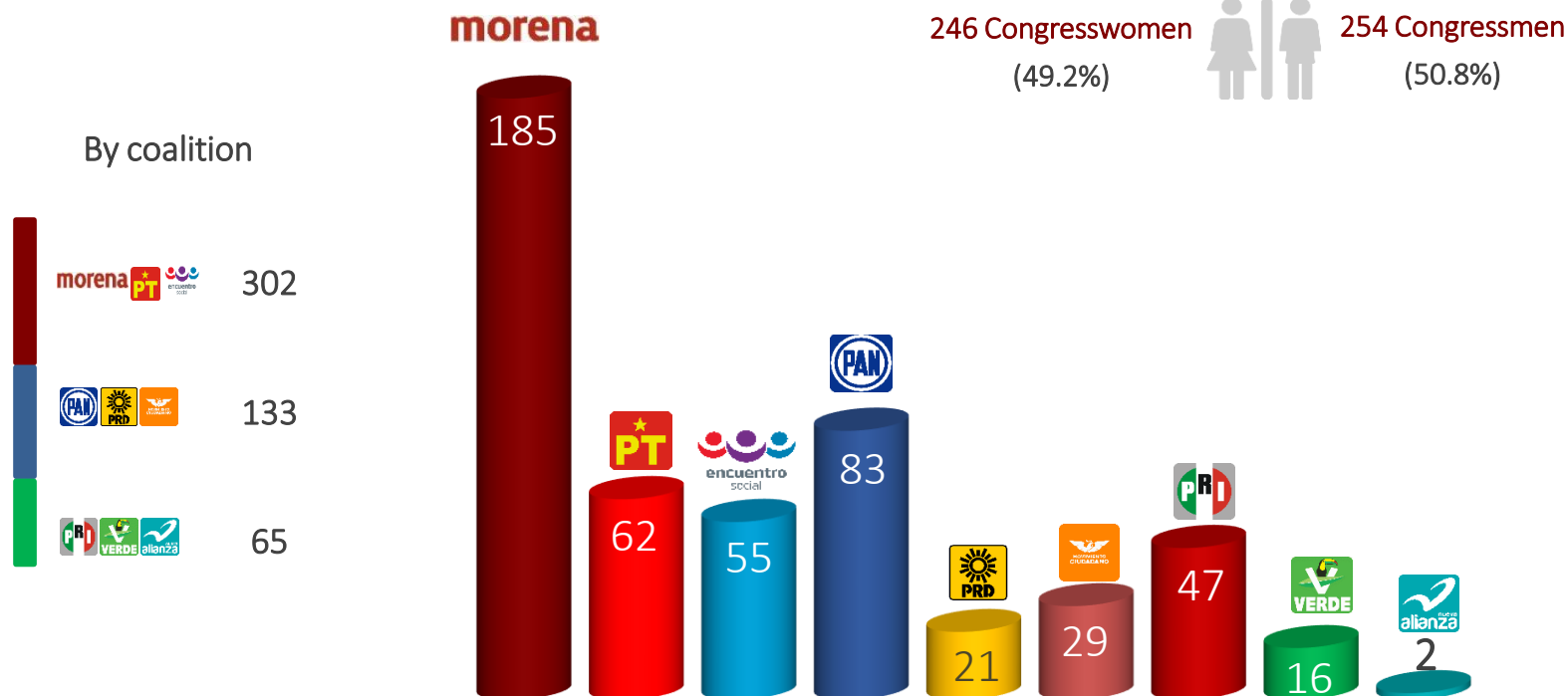
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Congress Election 2018



House of Representatives

Integration
(2018-2021)



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Congress Election 2018



Senate Integration (2018-2021)

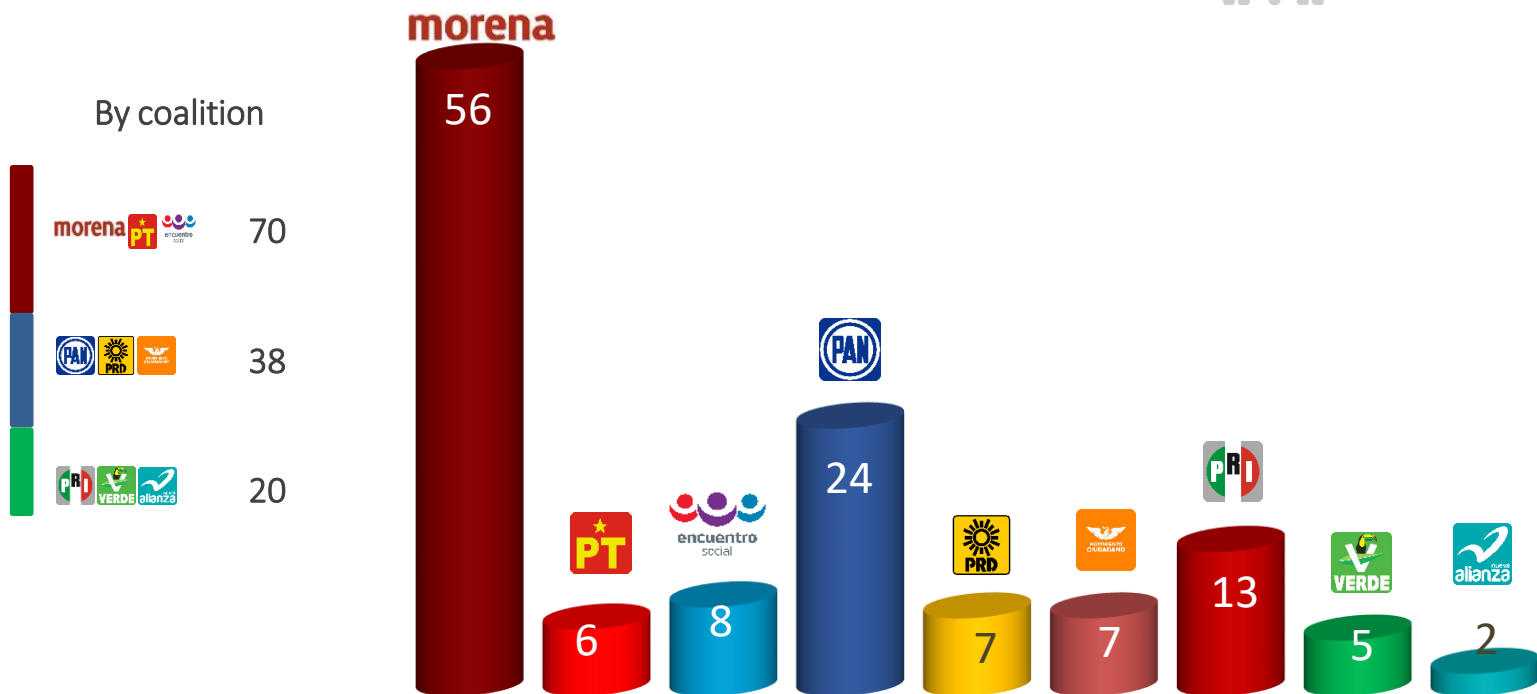
65 Senators
(50.8%)



63 Senators
(49.2%)



By coalition





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Congress Election 2018

Correlation of forces – House of Representatives

 Possible strategic alliances to obtain majority:


Qualified Majority: 334 votes

Constitutional Reforms


morena







410


morena







334




morena







342


Absolute Majority: 251 votes

Secondary Legislations


morena



296

The sum of PAN, PRD, MC, PRI, PVEM y PANAL alone and/or in alliance result in 191; doesn't represent majority.

This is insufficient to approve constitutional reforms and secondary legislation.

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Congress Election 2018

Correlation of forces – Senate



Possible strategic alliances to obtain majority :



Qualified Majority: 85 votes



Constitutional Reforms









99








85



Absolute Majority: 65 votes



Secondary Legislations





66

The sum of PAN, PRD, MC, PRI, PVEM y PANAL alone and/or in Alliance result in 59; doesn't represent majority-

This is insufficient to approve constitutional reforms and secondary legislation.

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Congress Election, pending agenda



Pending Agenda

- Appointment of the Attorney General and the Anticorruption Prosecutor.
- Approval of the 2019 Economic Package.
- Secondary Reforms in Daily Justice.
- NAFTA Ratification.
- Proposition to establish and regulate coalition governments.
- Single Command.

At the beginning of each ordinary term of Congress, the President of the Republic could present up to two initiatives for preferential processing. The deadline to resolve these bills are 30 days.



State Elections

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State Election

Elected candidates

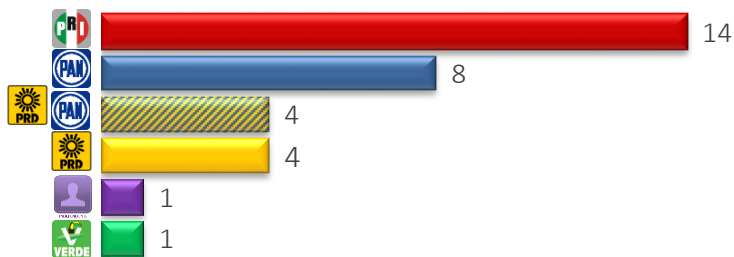


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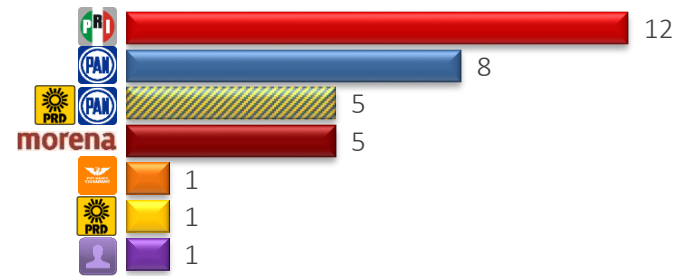
State Election

New political map
State Governments

Current Political Map



2018 Political Map

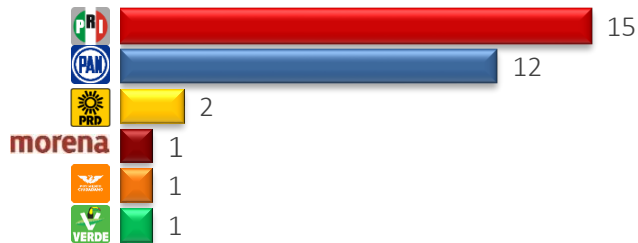


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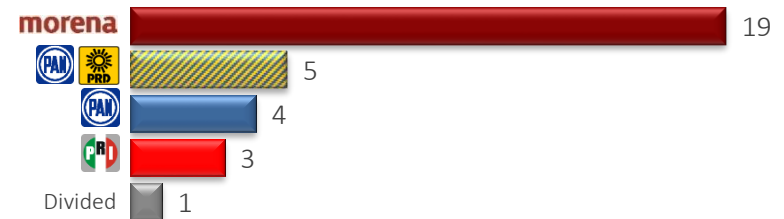
State Election

How are the new Local Congresses structured?

Majority in Local Congresses
Current Legislation



Majority in Local Congresses 2018
Only relative majority



What's next for the Public Affairs?

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Next challenges

New political order

- ⇒ Majority government, for the first time in 24 years.
 - ⇒ *Decision-making power concentrates on a single political party.*
- ⇒ Responsible political opposition.

New government features

- ⇒ Predominance of social policy.
- ⇒ Possible confrontation between economic and social sectors.
- ⇒ No significant effects are perceived in the markets nor in the currency.

Counterweight

- ⇒ Participation of civil society and the private sector necessary as natural counterweights to the exercise of power.
- ⇒ Other institutional counterweights:

Banxico	Governors
Supreme Court	Local Congresses
Autonomous organs	International Organizations

Political parties

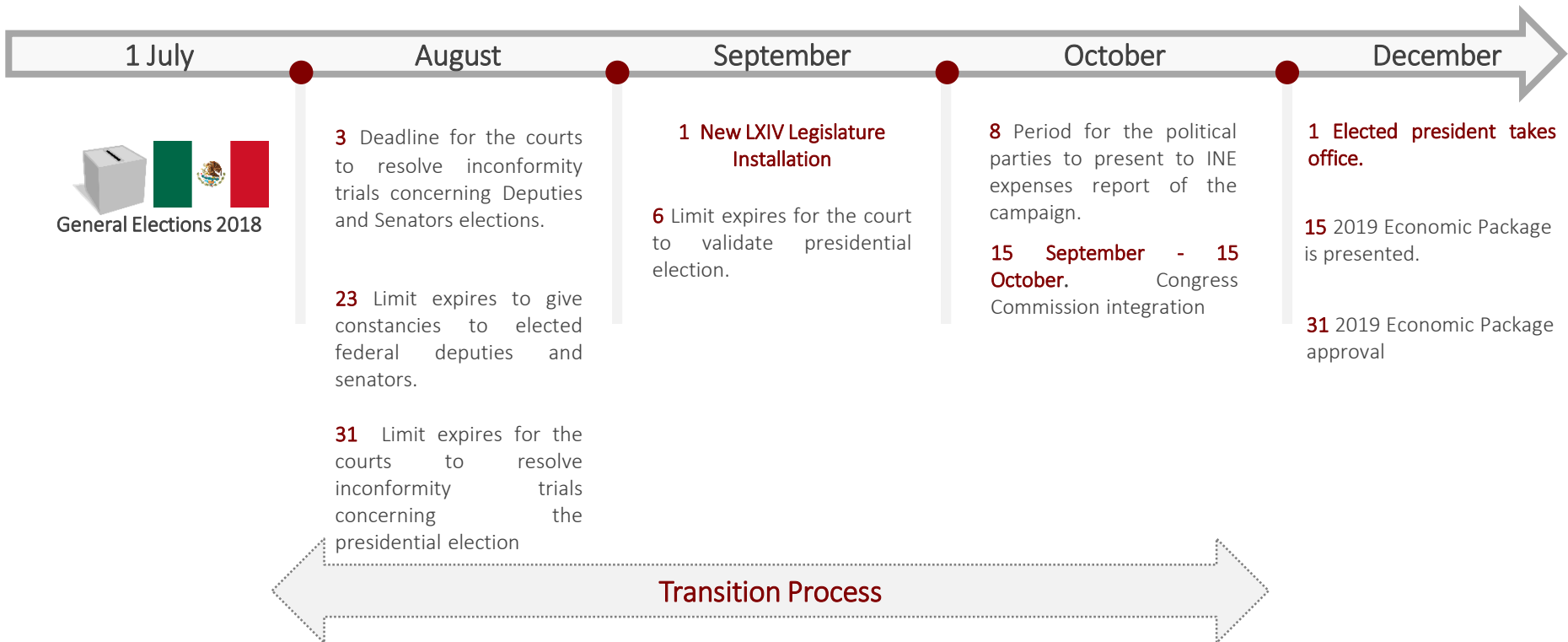
- ⇒ Reconfiguration of the political order.

morena



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Important dates



2019

February 1 President will present the **Strategy of National Public Security** to the Senate.

February 28 President will send the **National Development Plan (PND)** to the House of Representatives for its approval, deadline will be the last business day of February.

⇒ Once PND is approved, **Sectoral Programs** can be published the deadline being December 31st, 2019.

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What's next?



In a new political context, these are the next steps for public affairs in Mexico

New ways of communication and negotiation with the political power.



Bottoms Up Public Affairs strategy was a best-practice, now it is an urgent matter.

- Strengthen responsible long term relationships with Governors and Local Congresses
- Grass roots - Local strategies.
- Lobbying transformation: legislators' immediate reelection—applies only for a postulation from the same party.
- In-depth stakeholder mapping is needed.



Build a united position between the Associations and Chambers.

- An integral strategy is necessary for the private sector.
- Public scenarios and generation of agreements.
- Work with counterweights: organized civil society; private sectors; other allies.
- Non-market issues – Impact of lobbying for business.

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What's next?



Principles of transparency in Public Affairs are maintained.

- Seek an open dialogue through social responsibility topics to avoid inequality.
- Institutional communication and public dialogue.
- **Negotiation:** strategies and styles (win-win), empathy and interpersonal relations.
- **New opportunities for positioning:** transition team, new cabinet and new and old legislators.
- **Strong arguments and facts:** social, academia, economic footprint, jobs, among others.

Generate creative campaigns in order to, reintroduce the image of the Mexican industry and companies.

Public Affairs in Mexico

Case studies of effective public affairs campaigns

