

A new era of Mexican politics: the first female president and her promises on the new term's policies, economic plan, and legal reforms.

By Miguel Ruelas



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Claudia Sheinbaum, Mexico's first female president, is set to continue the policies of her predecessor, Andrés Manuel López Obrador (AMLO), with a focus on social spending, economic development, and public security. Her future administration aims to address key challenges such as cartel violence, economic inequality, and climate change while fostering growth through public-private partnerships and nearshoring opportunities.

"Sheinbaum's economic plan emphasizes continuity with AMLO's policies while introducing new initiatives to spur growth and reduce inequality."

Economic Policies:

Sheinbaum's economic plan emphasizes continuity with AMLO's policies while introducing new initiatives to spur growth and reduce inequality. Key aspects include:

1. Public Investment:

- Construction of one million homes to generate two million jobs.
- Development of industrial hubs connected with educational and welfare programs.
- Significant infrastructure investments to enhance logistics and support nearshoring¹.

2. Social Spending:

- Increase in social program budgets annually above inflation.
- Universal scholarships for children and social security for agricultural and delivery workers.
- Emphasis on supporting Indigenous children and women artisans².

3. Minimum Wage and Tax Policies:

- Annual increase in the minimum wage by 11%.
- Implementation of technology-supported measures to combat tax evasion without overly burdening the population³.

4. Environmental and Renewable Energy Initiatives:

- Promotion of renewable energy and partnerships with the private sector to attract funding.
- Commitment to combating climate change through sustainable development projects⁴.

Legal Reforms and Governance:

Sheinbaum's future administration has been very vocal about continuing the policies from the current administration concerning a judicial system complete overhaul; something that the current administration aimed to do, but failed given their lack of majority in the Senate. However, the new administration will enter with majority in the Senate, having a strong case to undertake significant legal reforms.

Key Aspects of the Proposed Judicial Reforms:

1. Public Consultation:

- Sheinbaum has promised a "very broad discussion" on the judicial reform proposals before they are presented to

1.- Claudia Sheinbaum and the risks in Mexico's promising moment | U.S. Chamber of Commerce (uschamber.com)

2.- Claudia Sheinbaum's Key Economic Initiatives (mexicobusiness.news)

3.- Claudia Sheinbaum's Key Economic Initiatives (mexicobusiness.news)

4.- Expert Take: How Will the Sheinbaum Presidency Impact Mexico? | Wilson Center

the new Congress. This consultation will involve bar associations, university law faculties, Supreme Court justices, judges, and judicial workers to ensure a comprehensive debate⁵.

2. Electing Supreme Court Justices:

- One of the central proposals is to allow citizens to elect Supreme Court justices from candidates nominated by the sitting president, Congress, and sitting justices. This is aimed at making the judiciary more accountable to the public⁶.

3. Reduction in the Number of Justices:

- The reform proposes reducing the number of Supreme Court justices from 11 to 9 and shortening their terms from 15 years to 12 years. Additionally, it aims to cap their maximum salary at the level earned by the president⁷.

4. Public Support:

- Recent polls indicate that a significant majority of Mexicans support the judicial reform. Over 80% of respondents believe the reform is necessary, and around 70% support the idea of electing Supreme Court justices and other judges⁸.

5. Creation of an Independent Judicial Watchdog:

- Another proposal involves creating an independent body to oversee the judicial system, investigate alleged misconduct, and sanction judges. This is intended to address widespread perceptions of corruption within the judiciary⁹.

Public and Market Reactions:

Public opinion surveys conducted by various polling companies show that some Mexicans support the proposed judicial reforms, reflecting widespread dissatisfaction with the current state of the judiciary; while substantial outcry and opposition has also been vocalized by academic institutions and other sectors of the population opposing the initiative¹⁰. This along with other initiatives has been seen as a threat that the new administration is simply mimicking and shadowing AMLO's current administration policies. This may denote that the current administration has too much hold and say on the next terms projects.

Despite public support, the proposed reforms have raised concerns among investors. Following Sheinbaum's announcements, the Mexican peso experienced volatility, reflecting market apprehension about potential changes to the judicial system and their implications for checks and balances on executive power¹¹.

Claudia Sheinbaum's approach to judicial reform is characterized by a commitment to broad public consultation and transparency. By involving various stakeholders and prioritizing public opinion, she aims to reshape Mexico's judiciary to be more accountable and less corrupt, aligning it more closely with the needs and expectations of the Mexican people. However, the proposed reforms also present challenges, particularly regarding their reception by markets and the potential impact on the balance of power within the government.

Her public discourse has also been centered on promising an enhancement of social and economic policies that emphasize social programs for the marginalized communities, but, differently to the current's president political discourse, with an emphasis to "calm" investors and the business communities.

5.- Sheinbaum says there will be 'broad consultation' on judicial reform (mexiconewsdaily.com)

6.- Judicial reform polls show the majority of Mexicans support it (mexiconewsdaily.com)

7.- Judicial reform polls show the majority of Mexicans support it (mexiconewsdaily.com)

8.- Idem.

9.- Judicial reform polls show the majority of Mexicans support it (mexiconewsdaily.com)

10.- Idem.

11.- Idem.

1. **The main social and economic program and promises she has outlined are** ^{12 13}:
2. **Universal Scholarships:** Implement universal scholarships for all children to ensure educational access.
3. **Social Security Expansion:** Extend social security to agricultural and delivery workers.
4. **Housing Initiatives:** Build one million affordable homes to provide housing for low-income families.
5. **Support for Indigenous Communities:** Increase funding and support for Indigenous children and women artisans.
6. **Minimum Wage Increases:** Raise the minimum wage annually by 11% to match inflation and cost of living increases.
7. **Public Investment:** Increase public investment in infrastructure projects to generate employment and stimulate economic growth.
8. **Industrial Hubs:** Create industrial hubs linked with education and welfare programs to foster regional development.
9. **Nearshoring Opportunities:** Capitalize on nearshoring trends to attract foreign direct investment, particularly from the US.
10. **Tax Collection Efficiency:** Improve the efficiency of tax collection without imposing a heavy burden on the population.

Challenges and Opportunities

Sheinbaum faces significant challenges, including cartel violence, economic stagnation, and environmental issues. However, the nearshoring trend due to U.S.-China tensions presents a unique opportunity for Mexico to attract foreign direct investment and integrate further into North American supply chains¹⁴.

Sheinbaum's presidency is poised to blend continuity with innovation, leveraging public-private partnerships and technological advancements to address Mexico's pressing issues while fostering a more equitable and prosperous society.

This promising political discourse will require tremendous capital influx, and where is this coming from?

In November 2023, the International Monetary Fund (IMF) approved a two-year Flexible Credit Line (FCL) arrangement for Mexico amounting to approximately US\$35 billion. This arrangement, designed for crisis prevention, highlights Mexico's strong economic fundamentals and institutional policy frameworks. The Mexican authorities have indicated that they intend to treat the arrangement as precautionary, reassessing the outlook for external risks during a mid-term review in 2024¹⁵.

The loan aims to provide financial stability and support Mexico's economic policies, which include maintaining fiscal discipline and supporting growth through structural reforms. Despite the loan, Mexico faces challenges related to its public debt, which is projected to increase significantly. Addressing these challenges requires balancing social program expansion with fiscal sustainability¹⁶.

Claudia Sheinbaum's presidency is aiming to drive significant social and economic changes in Mexico, focusing on inclusivity, sustainability, and fiscal responsibility. The IMF loan will play a crucial role in supporting these initiatives while managing the complexities of public debt and external risks.

12.- Claudia Sheinbaum's Election in Mexico Shows How the Left Can Win | The Nation

13.- Claudia Sheinbaum's Victory Is a Triumph for Mexico (jacobin.com)

14.- Five Issues to Watch After Sheinbaum's Electoral Triumph in Mexico - Carnegie Endowment for International Peace

15.- IMF Executive Board Completes Review of Mexico's Performance under the Flexible Credit Line Arrangement

16.- Mexico's 2024 Public Debt Surge: Defying Prudence. A Cause for Concern? | Wilson Center

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Miguel is an associate in the transactional group of the firm and currently on secondment to the Aviation Working Group where he is senior assistant secretary to the organization. He participates in the legal structuring and counseling of transactional, financing and leasing of aircraft and mobile assets in Mexico and Latin America. Miguel has assisted international entities in the understanding and application of the Cape Town Convention. Miguel participates in the development of various academic projects for the Cape Town Convention and other publications on this matter. He has been nominated as Rising Star in the category 'Best in Aviation' in 2019 by Euromoney.

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