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FEATURED Q&A

Will Mexico Get Rid of its Government Oversight Agencies?



Mexican President Andrés Manuel López Obrador said last month that he wants to eliminate nearly all government oversight agencies. // File Photo: Mexican Government.

Q Mexican President Andrés Manuel López Obrador on Dec. 11 announced his plan to eliminate nearly all government oversight and regulatory agencies before his term ends next year. Among the institutions targeted are those regulating industry and responsible for ensuring transparency. The proposed reforms will require a two-thirds majority to pass the Congress, as many are enshrined in the constitution. What are López Obrador's motives for pursuing these reforms? How would abolishing these institutions affect rule of law and democracy in Mexico in the long term? Who stands to gain from this deregulation, and how will the affected markets change?

A Pamela Starr, senior advisor at Monarch Global Strategies and professor at the University of Southern California: "AMLO's Dec. 11 restated interest in eliminating Mexico's remaining autonomous agencies was not only disconcerting, it also was surprising due to the list of targeted institutions and the proposal's timing. Convinced that agencies formed and staffed during the 'neo-liberal period' protect the interests of the elite and their monopolies instead of advancing the interests of most Mexicans, AMLO has long aimed to eliminate these entities. The target list unsurprisingly includes the transparency institute (INAI), long a target of AMLO's indignation. It was surprising, however, that AMLO's comments specifically mentioned Mexico's competition commission (COFECE), telecommunications institute (IFT), and energy regulatory commission (CFE). His hit list now explicitly includes institutions key to promoting competition in the Mexican economy alongside those essential for protecting democratic

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Guatemala's Pérez Molina Released From Prison

Former Guatemalan President Otto Pérez Molina was released from prison and placed on house arrest after spending more than eight years behind bars.

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Pemex Planning to Launch Olmeca Refinery This Month

Mexican state oil company Pemex announced Thursday that it plans to launch production at its Olmeca oil refinery by the end of this month.

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POLITICAL

Ecuador to Build Two New Prisons Amid Soaring Violence: Noboa

Ecuadorian President Daniel Noboa announced Thursday that the country will construct two new maximum-security prisons. Ecuador has seen soaring homicides and other violence in recent years.

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Noboa // File Photo:
@DanielNoboa0k via X.

POLITICAL NEWS

Ecuador to Build Two New Prisons Amid Soaring Violence

Ecuadorian President Daniel Noboa announced Thursday that the country will construct two new maximum-security prisons, Agence France-Presse reported. The announcement came as Ecuador has experienced soaring levels of homicides and other violence fueled by drug trafficking in recent years. Construction on the new prisons, to be located in the provinces of Pastaza and Santa Elena, will begin Jan. 11, said Noboa. "The prisons will allow for the division, proper isolation of people," Noboa said Thursday during a radio interview, AFP reported. He added that the prisons would be the same as one built by the government of Salvadoran President Nayib Bukele, whose crackdown on gangs has landed tens of thousands of people in jail but has also fueled criticism over human rights issues. "For all the Bukele lovers, it is an identical prison," Noboa said Thursday. Noboa said he wants to separate the most dangerous prisoners from each other in order to halt Ecuador's prison violence, which has left some 460 people dead since 2021, AFP reported. Drug gangs battling for control of territory has led the country's murder rate to quadruple between 2018 and 2022, AFP reported. Last year was the country's most violent on record, with about 7,500 homicides. Ecuador currently has just over 30,000 inmates, according to a prison census in 2022. Noboa has said that he plans to deport approximately 1,500 prisoners who are foreign-born, mainly from Colombia, Peru and Venezuela. Noboa announced the plans for the new prisons a day after he said that he would seek to schedule a referendum to ask voters whether they support tougher security measures. Noboa announced the plans for the referendum in a nationally televised address on Wednesday, Reuters reported. Voters would be asked about lengthening sentences for serious crimes, including homicide and weapons trafficking. Noboa also wants to expand the use of the military to fight

criminal groups. "Frustration with the previous administration's inefficiency fuels a willingness to explore new approaches for peace restoration," Daniela Chacón Arias, executive director at Fundación TANDEM and a former Quito vice mayor and city council member, told the Advisor in a [Q&A](#) published Nov. 17. "Yet Noboa's security initiatives' success relies on addressing root causes, assembling an experienced team and navigating governance complexities within a limited timeframe," she added.

Guatemala's Pérez Molina Released From Prison

Former Guatemalan President Otto Pérez Molina was released from prison after eight years behind bars and entered house arrest, his lawyer said Thursday, Reuters reported. A retired general, Pérez Molina was Guatemala's president from 2012 to 2015, when he resigned just four months before his term was to end amid protests over corruption scandals. In order to leave prison and begin house arrest, Pérez Molina had to pay a bond of \$38,000 and designate two properties, worth \$1.2 million, as collateral, Reuters reported. He was convicted on charges that he headed a fraud network at the country's customs agency that stole \$3.5 million in public money during his administration.

ECONOMIC NEWS

Argentina Seeking to Raise \$3.2 Billion in Debt Sale

Argentina's government is planning to raise hard currency worth \$3.2 billion through the issuance of 10-year bills in an effort to meet its debt payments, Reuters reported today, citing a decree published in the government's official gazette. At the same time, President Javier Mil-

NEWS BRIEFS

Migrants Abducted in Mexico Near U.S. Border Freed, Not Rescued

Mexican President Andrés Manuel López Obrador said Thursday that 31 migrants who had been abducted in Tamaulipas state, near the border with Texas, were freed by their captors, not rescued as authorities originally said, the Associated Press reported Thursday. The migrants were abducted last weekend when armed men stopped their bus and took nearly everyone on board. After four days in captivity, the migrants were found in a shopping center parking lot. "They decided to let them go," López Obrador said Thursday. No arrests have been made.

Brazilian City to Start Vaccination Campaign Against Dengue

The Brazilian city of Dourados announced Wednesday that it would begin the nation's first mass vaccination campaign against dengue, Reuters reported. City officials say they aim to use newly approved Japanese-manufactured vaccine QDENG A to inoculate roughly 150,000 residents against the mosquito-borne illness. Brazil registered over 1.5 million cases of dengue in 2023.

Brazil's Nubank gets Financing Company License in Colombia

Brazilian fintech Nubank announced Wednesday that its Colombian subsidiary is set to greatly expand the range of services it offers in Colombia, following the firm's acquisition of a financing company license in the country, Business Insider Mexico reported. Nubank already launched its credit card in Colombia but is seeking to expand its product portfolio. The bank launched a savings account service in Mexico in May of last year, which gained one million clients in a single month.

ei's government is expected to meet today with representatives of the International Monetary Fund as the two sides seek an agreement on a review of the country's \$44 billion program with the lender. The meeting is a key step toward Argentina unlocking a new tranche of \$3 billion in funding from the IMF. Milei's government, which took office last month, is fighting the country's worst economic crisis in decades.

BUSINESS NEWS

Pemex Planning to Launch Olmeca Refinery This Month

Mexican state-owned oil firm Pemex announced Thursday that it plans to launch production at its Olmeca refinery by Jan. 31, Dow Jones Newswires reported. The announcement was made during a press conference held by President Andrés Manuel López Obrador, in which Pemex CEO Octavio Romero Oropeza said the new refinery, located in southern Mexico, will raise the company's total crude processing from roughly 800,000 barrels a day—which was its output in 2023—up to 1.5 million barrels a day in 2024, and potentially 1.8 million by 2026, Dow Jones reported. The Olmeca refinery is a flagship infrastructure project for López Obrador, built on the Gulf Coast with the aim of reducing Mexican petroleum imports. Romero Oropeza said at the news conference that by the time López Obrador leaves office later this year, the new refinery will be producing 274,000 barrels per day of gasoline, diesel and jet fuel, Reuters reported. The project has suffered from previous setbacks, missing multiple targets on its way to launch and ultimately running billions of dollars over budget. The Olmeca refinery marks the seventh domestic Mexican refinery in operation by Pemex. The state oil company also took over the Deer Park refinery in 2022, located outside Houston, which Romero Oropeza said will alone produce 242,000 barrels per day of gasoline, diesel and jet fuel in 2024, Reuters reported.

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practices. In terms of timing, AMLO's said he would present this legislation to Congress in early 2024 when he previously has suggested he would wait until September, after the June election he hopes will deliver the supermajority needed to make these constitutional changes. This timing implied AMLO had won over enough opposition senators to create the two-thirds Senate majority he currently lacks. Ensuing events reduced the probability of this outcome, however, while the provisions of the USMCA that protect regulatory bodies that promote competition offer an additional bulwark against their elimination. Nevertheless, AMLO's statement reminded us of his antipathy toward autonomous institutions, of the low but persistent probability that he will eliminate them, and the associated threat this poses to democracy, competition and the investment climate they help underwrite."

A **Andrés Rozental, member of the Advisor board, president of Rozental & Asociados and former deputy foreign minister**

of Mexico: "Mexico's president has been announcing plans to eliminate or emasculate almost all regulatory and government oversight agencies since he began his six-year term in 2018. Like most populist leaders, López Obrador hates criticism and independent bodies that ensure laws and rules are followed by the government. His main focus has been against the National Electoral Institute, which runs Mexico's elections; the National Institute for Transparency, Access to Information and Personal Data Protection, which guarantees access to government information and access to the decision-making process; and the judicial branch of government, which is meant to act as a check on the constitutionality of laws approved by the legislature. Congress—the third branch of government—is not subject to his attacks because it is mostly controlled by his Morena movement and small allied parties. The most polemic constitutional re-

forms AMLO has tried to pass have failed to garner the two-thirds supermajority needed for approval in both houses of Congress. Now he has again promised to send two of those reforms to Congress in February: military control of the National Guard and direct popular elections to choose judges at all levels of the judiciary, including the Supreme Court. This latter reform would, in practice, ensure executive branch control over the judiciary and the total politicization of the country's highest court. Formally handing control of the National Guard to the military would circumvent the constitution's provision that guarantees it remain under civilian control. Evidently, both reforms are designed by AMLO to undermine rule of law and democracy in Mexico. Hopefully, he will not be able to obtain the necessary qualified majority to pass these reforms under the present composition of the legislature."

A **Gavin Strong, head of global risk analysis for Latin America and the Caribbean at Control**

Risks: "The reforms are in part motivated by López Obrador's austerity program, which has included attempts to eliminate or undermine autonomous institutions he believes are 'costly' and 'serve no purpose.' The National Institute for Transparency, Access to Information and Personal Data Protection (INAI) has been the target of particularly vehement criticism, with López Obrador claiming that it hasn't helped in the 'fight against corruption.' López Obrador's actions have hardly helped its cause: his administration has reduced autonomous institutions' budget allocations while packing their boards with political appointees and/or vetoing the appointment of technocratic commissioners. The latter has denuded them of the quorums they require to issue official decisions. The abolishing and/or continued weakening of these institutions will undermine checks and balances on the president and the promotion of transparency in government. It is noteworthy that the

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proposed reforms have coincided with López Obrador's naming of Lenia Batres as a new Supreme Court judge. Batres is a López Obrador acolyte, not to mention the sister of Mexico City Governor Martí Batres of the president's Morena party. Such developments come amid wider concern over López Obrador's authoritarianism. Given the concurrent moves against the Energy Regulatory Commission, the Federal Telecommunications Institute and the Federal Commission for Economic Competitiveness, state-owned energy companies Pemex and the Federal Electricity Commission, as well as Mexico-based firms whose owners have fostered close relations with Morena, are most likely to gain from this state of affairs. This heralds both the continuation of statist policies in the energy sector and the empowerment of monopolies and oligopolies in strategic industries."

A **Ruben Olmos, president and CEO of Global Nexus:** "President López Obrador seems to be angry these days, based on the multiple announcements and fights he is picking among many actors in the country. Many are wondering why, given that his hand-picked candidate and most likely successor, Claudia Sheinbaum, is currently leading all of the polls and his emblematic pet projects are moving ahead despite multiple

inefficiencies. The noise about disappearing oversight and regulatory agencies is not new and complements the crusade he began five years ago when he started to interfere in the business of the federal electoral institute and the judicial branch and gave the armed

“ [López Obrador] faces an uphill battle with the opposition amid an intense campaign season in which many members are seeking re-election.”

— Ruben Olmos

forces full authority in many activities of the economy. The president has two options if he is serious about this. He could send a constitutional reform to successfully eliminate or centralize all of these bodies, or he could submit a reform to secondary legislation. In both cases, he faces an uphill battle with the opposition amid an intense campaign season in which many members are seeking re-election. While the president seems to be aware that shutting down these independent bodies would be a clear violation of the USMCA, he has not yet seen any specific pressure from the U.S. government or the business community.”

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