



The Prospects of Political Change in Mexico

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Ándres Manuel López Obrador's victory in the presidential election on 1 July signals a political turn in Mexico. Politicians from outside party structures dominant for the last three decades now will rule the country. The new government must deal with rising corruption and crime, slow economic growth, social inequality, and tensions in relations with the U.S. On one hand, the government will strive for cooperation with the Donald Trump administration and, on the other, will seek to reduce Mexico's economic dependence on the U.S. The EU, including Poland, should use the recently enhanced partnership with Mexico in its cooperation with the new government.

The political coalition that formed around the National Regeneration Movement (Morena) won Mexico's general elections (presidential, parliamentary, and local) held on 1 July. It gained an absolute majority in both houses of parliament and Morena's leader, López Obrador (also known as AMLO, based on the initials of his full name), won the presidential election with 53% of votes. He will begin a six-year term on 1 December. It will be first time the head of government has come from outside the two most important political groupings, the Institutional Revolutionary Party (PRI) and National Action Party (PAN). López Obrador's populist programme was successful at the polls because of PRI and PAN's weakness in the face of corruption scandals, worsening security, and other reasons, as well as voters' demand for radical change.

Main Challenges, López Obrador's Plans. Rising violence related to organised crime and the government's inability to effectively counter it is a core problem for Mexico. In 2017, there were almost 30,000 homicides, a record in at least the last two decades. Since 2012, almost 120 journalists have been assassinated and a few dozen candidates were killed during the last election campaign. At the same time, there is a high level of impunity, with only a few percent of the crimes resulting in a conviction. Another problem is corruption, not only among top politicians and officials responsible for security forces (which themselves often have ties to criminal groups) but also among ordinary citizens. During the campaign, López Obrador declared he would eradicate corruption and impunity. He committed to pacify the country, in part by withdrawing the army from the fight against drug cartels (soldiers have been engaged since 2006) and offering amnesty to selected members.

Deep inequality remains a conundrum among the 130 million people of Mexico. According to the national statistical office, in 2016, more than 50 million in Mexico lived under the poverty line, with 7 million being extremely poor. This inequality can be seen in the limited access to education, health services, and social security among the poorest. López Obrador announced the government would support them by raising social spending (e.g., increasing pensions and the minimum wage), financed, for example, by savings in government administration.

Although the Mexican economy has been growing in recent years, annual GDP growth has been slowing gradually to 2% in 2017. López Obrador wants double that. Nonetheless, he also claimed he would reverse labour market and education reforms, as well as liberalisation of the energy market, which in 2013 was

opened to foreign investors. He also stated he would increase public investment, especially for infrastructure in less-developed regions. López Obrador has called for support of domestic production and even national self-sufficiency in food and energy (e.g., in the latter by modernising refineries). He sees technology transfers and the professionalisation of engineering capacity in areas such as renewable energy as further ways to enhance the economy.

Relations with the U.S. The Trump administration's policy on immigration and trade will remain major challenges for the Mexico's new government. In the election campaign, López Obrador stated that he would defend the interests of Mexican migrants and criticised the U.S. plans to build a wall on the border. However, his government's influence on the U.S. administration will be limited. Mexico has close economic ties with the U.S. (which receives 80% of Mexico's exports) and has a set of other common interests, including border security, control of migration, and the presence of a large (almost 30 million-strong) Mexican community in the U.S. López Obrador considers the U.S. an essential contributor to Mexico's growth and development. In his first phone call with Trump, López Obrador told the U.S. president that his administration's support for job creation in Mexico is the right solution to counter irregular migration.

His government will try to maintain NAFTA (currently in renegotiation), but it considers the Trump administration's protectionist stances a threat to the agreement's very existence. In response to any U.S. restrictions, Mexico will increase tariffs on products originating from states or industries with many Trump supporters. Mexico has used similar pressure tools successfully in the past. For example, it retaliated on restrictions introduced by the U.S. administration during President Barack Obama's first term. If tensions rise, Mexico may resort first to warnings of reduced cooperation in security and control of Central American migration.

Cooperation with the EU. Although López Obrador has not referred directly to the European Union in his political declarations, the Union is important, since it is Mexico's third-largest trading partner, after the U.S. and China. EU relations with Mexico are arguably the most developed compared to those with other Latin American countries, in particular when it comes to mutual market openness. Since 2000, an EU–Mexico association agreement has been in force, but in April, both sides finalised negotiation of a new deal aimed at expanding opportunities in trade and investment.

Mexico is a member of both the G-20 and OECD, so it remains an important counterpart of the EU in the dialogue on global economic governance, promotion of free trade, climate change, energy transformation, and innovation. These intersections of interests set the framework for the deeper EU–Mexico strategic partnership, established almost a decade ago.

Prospects. López Obrador and Morena won a strong mandate for their political programme but the likelihood remains low that their ambitious—mainly populist—promises can be fulfilled. The main difficulty is expected in the fight against corruption and organised crime, given the scale and systemic character of these problems. It probably is not feasible for Mexico to become self-sufficient in the specified areas but the new government will support initiatives that enhance domestic industries. The president-elect, though, moderated his promises just after his election victory. For example, he walked back talk of cancelling the energy-market reform, rather saying he will thoroughly check the legality of existing contracts. Even though he raised investor anxiety about Mexico withdrawing from its liberalisation path, since the elections he has tried to counter those fears.

Solving its domestic problems will be the main way of maximising Mexico's international position for the new government. Moreover, its adherence to the rule of non-intervention will influence how it shapes relations with other countries. This may lead to abstaining from criticism against such non-democratic governments as Venezuela. Such an approach, however, may become a divisive point in relations with the U.S. and Mexico's Latin American partners (e.g., Colombia and Peru), which have been condemning constitutional breaches in countries of the region.

The foreign policy concept of the López Obrador government should matter to Poland, because Mexico is its main partner in Latin America. In April 2017, the presidents of both countries (Andrzej Duda and, at that time, Enrique Peña Nieto) signed a declaration seeking a bilateral strategic partnership. Continuity with this commitment should be Poland's priority in the dialogue with the new government. Another important goal will be to support new common projects and enterprises of institutions that signed memoranda last year, such as ones between the Polish Investment and Trade Agency (PAIH) with ProMéxico, BGK (Polish development bank) with its equivalent, and their respective space agencies. Technology and innovation in clean energy, as well as developing engineering skills (such as student exchanges) are among the prospective areas of cooperation. It will be worthwhile to invite López Obrador to Poland for a state visit and organise an economic forum to assess the possibilities of the new EU–Mexico deal. A meeting of government representatives and experts from both countries could be useful in debating the potential for the Polish-Mexican strategic partnership.