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In what is considered the second significant cabinet shakeup since taking office, President Vicente Fox replaced his energy and environment secretaries. Fox appointed former legislative leader Felipe Calderon Hinojosa to replace Ernesto Martens Rebolledo as energy secretary and ex-Jalisco governor Alberto Cardenas as head of the Secretaria del Medio Ambiente y Recursos Naturales (SEMARNAT). Cardenas replaces controversial environment secretary Victor Lichtinger. Calderon and Cardenas are both long-time members of the center-right Partido Accion Nacional (PAN).

The previous major cabinet change came early this year when foreign relations secretary Jorge Castaneda was replaced by Ernesto Derbez, who left his post as economy secretary (see SourceMex, 2003-01-15). A minor cabinet shuffle occurred this past summer, when Leticia Navarro resigned as head of the Secretaria de Turismo (SECTUR) and was replaced by Rodolfo Elizondo (see SourceMex, 2003-08-06).

Appointment of energy secretary strategic to reforms

From a strategic point of view, Calderon's appointment as head of the Secretaria de Energia (SENER) will be important to Fox's efforts to smooth over relations with Congress in the effort to implement reforms in the energy sector. Calderon's knowledge of the legislative process should give Fox a smoother relationship with the legislative branch than during the tenure of Martens, who came from the private sector and was viewed with a level of distrust by legislators.

Calderon's appointment, in fact, was announced just one day after Fox promised in his state-of-the-union speech on Sept. 1 to seek an accommodation with Congress on important issues. "Nobody will benefit from delaying the reforms, Fox said. "Each delay to agreement undermines the country's trust. That fact means we must open up the necessary spaces to negotiate, flexibly and wisely," Fox said in the speech.

The presence of Calderon at SENER, however, does not mean that Fox and his PAN supporters will be able to overcome differences over policy with the center-left Partido de la Revolucion Democratica (PRD) and the former governing Partido Revolucionario Institucional (PRI).

The president has been at odds with both opposition parties over plans to allow private investors to obtain multiple-service contracts (contratos de servicios multiples, CSMs) to conduct exploration and refining activities for natural gas (see SourceMex, 2002-06-26 and 2003-02-19). "Ernesto Martens was promoting the privatizing philosophy of Vicente Fox, and surely Felipe Calderon will continue along these lines," said powerful PRI Sen. Manuel Bartlett Diaz, an outspoken opponent of private participation in the energy sector.

Bartlett said Fox's gestures will not be credible with the Congress unless he abandons his CSMs project. "He tells us every day that he does not intend to turn PEMEX over to the private sector
and at the same time he continues to offer contracts to private companies," said Bartlett. Some experts agree with Bartlett that the stalemate between the PRI-PRD faction in Congress and the administration will change very little even with Calderon at the helm of SENER. "I don't look for any major reforms in energy emerging from this Congress," said George Grayson, an expert on Mexico at William and Mary College.

Still, Fox may not find the same type of resistance from other important PRI legislative leaders like Deputy Elba Esther Gordillo. Gordillo, who heads the PRI delegation in the lower house, has promised to take the lead in promoting reforms on energy, taxation, and other issues to the floor. "We are on time to push forward the new generation of reforms that the country demands, reforms of the 21st century," said Gordillo.

Many members of the PRI remain suspicious of Gordillo because of her past willingness to compromise with Fox. "Her speech appeared to be too accommodating to the interests of the Fox administration," said Bartlett, who called for a meeting of PRI senators to consider a censure of Gordillo.

Experts agree one of Gordillo's challenges will be to bring together a fractured PRI. "[Gordillo] asked that differences between the executive and the legislative branch over reforms be set aside," said nationally syndicated columnist Sergio Sarmiento. "We will have to see whether she is even able to obtain the vote of the PRI delegation in the lower house for those agreements."

The private sector, for its part, expressed strong support for Calderon's appointment, especially because his legislative experience could pave the way for energy reforms. "His knowledge of the Congress, the legislative process, and the political parties are definitely an advantage," said Hector Rangel Domene, president of the Consejo Coordinador Empresarial (CCE).

New environment secretary called "inexperienced"

Fox's appointment of Cardenas to head SEMARNAT was met with some controversy because the former Jalisco governor has very little experience in environmental matters. His only role in the environmental field has been as director of the Comision Nacional Forestal (CONAFOR).

One of the most outspoken critics of the change at SEMARNAT was Greenpeace Mexico, which called Cardenas' appointment a "step backwards." The organization generally backed Lichtinger, who had direct experience with environmental matters through the environmental commission created through North American Free Trade Agreement (NAFTA). "It worries us that the people entering the government have no experience of the environment," said Greenpeace Mexico director Alejandro Calvillo. "In the end, economic and trade interests are being totally imposed over any environmental considerations."

Still, other groups like the Consejo Nacional Agropecuario (CNA) were pleased by Cardenas' appointment. "He will develop the country's forestry resources," said CNA president Armando Paredes. Fox's chief spokesman Alfonso Durazo promised that environmental protection would take priority during the last half of Fox's presidency, especially a reduction of air and water pollution and
erosion. "We have to guarantee that future generations are able to count on these resources," said Durazo.

In addition to appointing Calderon and Cardenas to cabinet positions, Fox also hired two other PAN members to key positions in the administration. Luis Pazos, who recently completed a three-year term in the Chamber of Deputies, will replace Calderon as director of the government's public works bank (Banco Nacional de Obras Publicas, BANOBRAS). Jose Luis Luege Tamargo, who once headed the PAN chapter in Mexico City, was appointed as director of the environmental protection agency (Procurduria Federal de Proteccion al Medio Ambiente, PROFEPA).

Luege, who replaced Jose Campillo Garcia, is considered a member of the extreme right wing of the PAN. The appointment of PAN members to key positions was well received by the center-right party, which had questioned Fox's inclusion of members of the private sector and the PRI in the cabinet. "This is a shift, an admission that this 'plural Cabinet' of business people and others did not work," said Jose Antonio Crespo, a political commentator at the Centro de Investigacion y Docencia Economica (CIDE). "This should make the PAN feel closer to the government and work better with Fox."

Other parties, however, expressed varying levels of dissatisfaction with the changes. Rene Arce, one of the legislative leaders for the PRD in the lower house, said the appointments of Cardenas, Pazos, and Luege, were purely political because none of the three has the qualifications for the post to which he was appointed.

Beyond the trend of appointment members of his party to key positions, Arce said Fox missed an opportunity to perform "major surgery," on the cabinet, which would have been a positive signal that he was willing to work with Congress on key areas of the economy. "[The president] could have made changes in the Finance, Economy, and Agriculture ministries," said Arce.

Fox uses state address to seek compromises

In his state-of-the union speech, Fox acknowledged that he failed to meet the expectations of voters during his first three years in office. "In no way can we as yet talk in terms of the historic transformations our times demand," he said. "There is a widespread social call for deeper and more dynamic change." He urged the country to work together to reduce poverty, fight crime and increase education levels, and he called for an end to political infighting.

Representatives of all three major parties in Congress expressed willingness to enter into dialogue with the president and with each other on these key reforms, but they said any final legislation may differ significantly from Fox's proposals. The PRD, for example, said it would not concede on its position that any reforms to the country's taxation system will exclude imposing a value-added tax (impuesto al valor agregado, IVA) on food and medicines. "We recognize the need to increase government earnings, but not at the expense of the segments of the population that have the least," said Deputy Pablo Gomez, who heads the PRD delegation in the Chamber of Deputies.
Other PRD leaders praised Fox's openness to reaching accords with the Congress. "We should not minimize this promise," said Sen. Jesus Ortega, who heads the center-left party delegation in the upper house. The president also pledged to continue efforts to combat poverty in Mexico, where more than one-half of the country's population of 102 million is designated as poor. "We cannot consider ourselves a just Mexico while communities exist without minimal basic services, while thousands of people emigrate in search of better lives," said the president. "The gravity of the problem is a call to our consciences. If we do not manage to take steps together to overcome it, we will have left the greatest of our duties undone."

The PAN delegation in the Chamber of Deputies, for its part, pledged to work with other parties in Congress. "[Our party will consider the reasoning of our adversaries," said the party's floor leader Francisco Barrio Terrazas.

Some opposition legislators took issue with Fox's assertion that poverty had been reduced during his administration. They also criticized the president for failing to articulate proposals to promote economic growth in Mexico. During the first half of this year, Mexico reached its highest rate of open unemployment rate since 1999 (see SourceMex, 2003-07-30).

"The Fox government does not have a plan to overcome economic stagnation," said PRD legislative leader Pablo Gomez. "Its proposals are disarticulated and are not in tune with our country's sad reality." (Sources: Associated Press, 09/01/03 Agencia de noticias Proceso, 08/29/03, 09/01/03, 09/02/03 Reuters, Notimex, 09/01/03, 09/02/03; Copley News Service, The New York Times, Dow Jones news service, 09/02/03; The Herald, 09/01-03/03; The Dallas Morning News, 09/01/03, 09/03/03; El Sol de Mexico, Unomasuno, Milenio Diario, El Universal, El Financiero, La Cronica de Hoy, Reforma, Los Angeles Times, 09/02/03, 09/03/03)

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