

Topics

- **New budget increases security spending 30%; no tax law changes**
- **Budget assumes moderate growth, but declining oil exports and revenues**
- **Cofetel commissioners reinstated**
- **State of Mexico Governor gives high profile Informe**
- **High profile arrests in Tabasco and DF**

Finance Secretary Agustin Carstens submitted the **2009 budget** to Congress. Total spending would increase by 5.7%, led by a 30% increase for security. The Ministry for Public Safety would get 50% more, the Justice Ministry 25%, Defense 20%, and the Navy 13%. Carstens noted that for the first time in 154 years, the budget would not propose any tax law changes, and there would not be "Miscellaneous Fiscal" provisions, much disliked by business. He attributed this to the success of last year's tax reform. (Universal 9/8, Jornada 9/8)

The **2009 economic assumptions** underlying the budget include 3% economic growth and 3.8% inflation. The Mexican oil basket price is assumed to average US\$80.30 (US\$15 less than currently) with crude oil exports of 1.35 million barrels per day (almost 100,000 bpd below 2008 year to date levels). The budget is not based on passing an energy reform; Carstens said that if a reform is passed, the budget would be adjusted as needed. (Reforma 9/8, www.pemex.com)

Implementing the Supreme Court's recent decision and ending two years of litigation, Rafael del Villar and Gonzalo Martinez Pous took their positions as members of the **Federal Communications Commission (Cofetel)**. According to columnist Miguel Angel Granados Chapa, the elevation of the two long time critics of the large telecom operators means that "the Cofetel will no longer be at the service of those whom it is supposed to regulate." (Reforma 9/4)

The PRI Governor of the State of Mexico **Enrique Peña Nieto** gave his third *Informe*, with heightened speculation about his potential candidacy for President in 2012. Politicians from all parties, including Government Minister Juan Camilo Mouriño and Mexico City Mayor Marcelo Ebrard, were present for his address. Governor Peña Nieto, however, said, "There is no space for distractions or speculations about the future. I have a clear mission with the people of my state and I am fully dedicated to it."

In a flurry of **high profile arrests**, the Justice Ministry (PGR) and Ministry of Defense announced the capture of Alberto "Tony" Sanchez, the leader in Tabasco State of the Gulf cartel and the Zetas paramilitary group. The PGR also arrested the regional inspector general of the federal police in Tabasco, the head of the state police, and the police chief and five police commanders in the town of Cardenas for being on the payroll of the cartel. The Zetas were paying some 200 officials in Tabasco Ps. 5 million in bribes per month according to the PGR. Federal District authorities also announced the capture of the leader of the "La Flor" gang, ex-police agent Sergio Ortiz, who was wanted for the kidnap-murder of 14-year old Fernando Marti. These arrests took place days after Secretary for Public Safety Genaro Garcia Luna faced tough questioning before the Commission for Public Safety in Congress. Garcia Luna said that more than 44,000 evaluations of federal, state, and municipal policemen had taken place, in order to root out corrupt cops. (Reforma 9/4 and 9/8, Universal 9/6 and 9/8)

Key Dates

- 9/28: Coahuila state elections**
- 11/14: Deadline for budget approval**

Polls

A GEA-ISA national survey showed a lack of strong support for energy reform. Respondents were evenly divided on whether Congress should pass a reform, and they believe that 50% of the people are against a reform with only 31% in favor. (www.isa.org.mx)

Oil Sector Reform

