

Main Topics

- *Fiscal reform package approved by Chamber of Deputies*
- *Electoral reforms approved by both chambers*
- *Mixed reviews on electoral package*
- *Attorney General dismisses the EPR attacks on Pemex*
- *Independence Day celebrations take place peacefully*
- *Calderón cancels U.S. trip*

Key Dates

10/07/07: *Chiapas and Oaxaca state elections*

10/14/07: *Sinaloa state elections*

11/11/07: *Michoacán gubernatorial election*

11/15/07: *Budget approval deadline*

03/08: *PAN and PRD elect new party presidents*

Congress passed both the **fiscal reform** and **electoral reform** packages. President Calderón saluted the Congress for its actions, saying they represented “a fundamental step” for strengthening Mexico. He also noted, “I am happy that [the reforms were passed] in an environment of dialogue, of respect between the political actors, and finally of agreement – something which the country really needs.” (Reforma 9/14, La Jornada 9/15)

The **fiscal reform** package, which was supported by the PAN, PRI, PVEM, and PANAL, **retains the substance of the government’s original proposal**. Passage by the Senate is considered assured. When fully implemented, it is expected to generate an additional 2.1% of GDP in tax revenues, about 0.8% less than the original proposal. The PRD made the gas tax the focus of their opposition, but backed off from threats to seize the podium of Congress. More details are in the attached fact sheet.

The **PAN, PRI, and PRD united** to pass the **electoral reform by overwhelming majorities** in both chambers of Congress. The key provision gives total control of air time for campaign ads on radio and TV to the Federal Electoral Institute (IFE), and bans parties or anyone else from buying airtime for campaign ads. Senators congratulated themselves for resisting pressure from the broadcasters who strongly opposed the legislation. Carlos Navarette, the PRD Senate leader, said, “They sought to buckle the Senate with their public and private threats. But these ‘factious powers’ never imagined the solidity of the Senate.” As a constitutional measure, the reform must now be approved by a majority of the 31 states. More details are in the attached fact sheet. (Universal 9/13)

Most observers saw this reform package as a **constructive effort to address deficiencies in the electoral system** since the last major reform in 1996. Former IFE President José Woldenberg praised the reform, saying it would make for “better campaigns, less spending, and above all, pave the way for better elections.” Critics said it enshrined a “party-ocracy” by cementing the privileges of the major parties. Reforma columnist Paz Fernandez Cueto called it a “kidnapping by the political parties, focused only on their party interests.” The most controversial provision, beside the restriction on campaign ads, was the removal of the current IFE President and Board, which was called a “defenestration” or “guillotining.” (Reforma 9/12-14, Universal 9/12-14)

The Popular Revolutionary Army, or **EPR, claimed responsibility** for last week’s **attacks on Pemex natural gas pipelines**, and again demanded the release of two militants arrested in Oaxaca in May. Major companies were forced to close factories because of the lack of natural gas, with losses estimated at US\$ 150 million per day. The Justice Ministry has denied holding the EPR members. Attorney General Eduardo Medina Mora dismissed the EPR as “a small group with a violent attitude,” but admitted it diverts attention from the fight against organized drug gangs. (Excelsior 9/11, Reforma 9/14, Universal 9/14)

Independence Day celebrations in Mexico City’s Zocalo **took place peacefully**, as the government and opposition agreed to share the main square with competing bands and events. Senator Rosario Ibarra of the PRD gave a so-called “Cry of the Free” at 9:45pm from a stage on the Zocalo, while President Calderón gave the traditional “Grito” or “Cry of Independence” at 11pm from a balcony in the National Palace. For the first time ever, all of the estimated 110,000 people who entered the plaza had to pass through security checks. (Reforma 9/16, Universal 9/16)

President **Calderón postponed his first trip to the U.S.** (scheduled for Sept. 23-26). In a statement, Los Pinos said the President wanted to focus on flood relief efforts in Tamaulipas and Veracruz, ensure final passage of the fiscal and electoral reform packages, and negotiate with Congress on the 2008 Budget. (Universal 9/14)