

**Main Topics**

- *Tortilla prices refuse to go down*
- *President and Governors agree on 10 point anti-crime program*
- *PRI supports private investment in oil sector*
- *Calderón gives new energy subsidy to poor families*
- *Public sector salary cap proposed*
- *Battle for control of PAN intensifies; Calderón prevails in Mexico City*

**Key Dates**

**02/18/07:** *PRI internal election of party president and secretary general*

**March 07:** *PAN internal election of party National Assembly*

**05/20/07:** *Yucatan gubernatorial election*

**07/08/07:** *Baja California gubernatorial election*

**11/11/07:** *Michoacan gubernatorial election*

**Tortilla prices remained stubbornly high**, with an average price of Ps. 9.28 per kilo, compared to the Ps. 8.50 cap set by the government. Several companies have said that the price agreement is only a 'moral' pledge. Economy Minister Sojo announced the creation of a strategic corn reserve to prevent supply shortages. Andrés Manuel López Obrador will lead a protest march in Mexico City on Jan. 31 demanding lower prices and Sojo's resignation. (Reforma 1/25, Indigo 1/26)

President Calderón and all governors (except Mexico City chief Marcelo Ebrard) signed an agreement on **ten priority actions to fight crime**, including a national crime database, standardized police entry exams, better training and equipment, and joint operations against drug traffickers. Roberto Campa, the former *Nueva Alianza* presidential candidate, was named head of the new National Public Security System.

PRI senators said they supported **new laws to open the oil sector** to private investment. Francisco Labastida, the head of the Energy Commission, said, "We believe that we have to make the laws more flexible so that PEMEX can make strategic alliances with other companies so that we can develop fields, such as deep water reservoirs, that we can't currently exploit." Labastida said that the PRI's initiative would be discussed with other parties in the coming days. (Reforma 1/26)

Mexico's poorest families will get a **new energy subsidy** of Ps. 50 per month. Calderón announced the expansion of the *Oportunidades* social program to help families pay for fuel, at a total cost of Ps. 3,000 billion. The cash payment, which will be retroactive to January 1, represents about 25 percent of total energy spending by the 5 million covered families according to the President. (Reforma, 1/24)

Calderón also sent constitutional amendments to Congress to **cap public sector salaries**. No public official would be able to earn more than the President (Ps. 152,000 per month), and salaries and perks would have to be made public. "Authority is here to serve society, not to serve itself.... The times when the goal was to become rich at the expense of the budget are over," he said. (El Universal, 1/23)

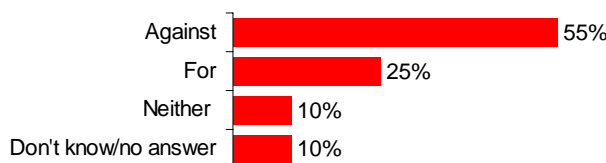
Speculation heightened regarding the **struggle** between Calderón and party president Manuel Espino **for control of the PAN**. This past weekend, Espino inaugurated the new headquarters of Christian Democratic Organization of the Americas (ODCA) in Mexico City. Espino recently became the head of the ODCA, and the high profile event is taking place while Calderón is in Europe. In a *Reforma* interview, Espino said that Calderón "is the most important political leader in the PAN ... but he isn't the head of the party....We cannot run the risk of surrendering the party to the State." Espino recently named three key Fox ministers—Luis Ernesto Derbez, Carlos Abascal, and Javier Salazar—to top jobs in the PAN, creating what some have called a "shadow cabinet." Columnist Jaime Sánchez Susarrey said the joke circulating in the capital was that Mexico now had three presidents: Calderón, AMLO, and Espino.

In the internal elections for head of the PAN in the capital, Calderón's candidate Mariana Gomez del Campo (and second cousin of the First Lady) beat the incumbent, and Espino favorite, Carlos Gelista by 54 votes to 31. (Reforma 1/23, 1/27, 1/28)

**Opinion Polls**

A Parametria survey published in *Excelsior* (1/23) showed Mexicans prefer a dominant State role in the economy by a wide margin.

Some people think the government should control the economy. Others think that the economy should be left in the hands of private initiative. What do you think?



Are you for or against private sector involvement in the oil sector?

