

Main Topics

- *PEMEX head declares situation of company “critical”*
- *Federal pension reform bill introduced*
- *Senate passes cap on public sector salaries*
- *President Bush’s visit to Mexico draws cool response*

On the 69th anniversary of the nationalization of oil, **PEMEX** head Jesus Reyes Heróles said that the company needed radical reforms: “**The situation of the company is critical** and requires immediate attention... The situation cannot continue as it is.” He noted that PEMEX was replacing only one of four barrels of oil produced with new reserves, operating margins in refining were at critical levels, and the role of the company in the petrochemical sector had never been well defined. Reyes Heróles said the new model for running the company needed to combine the advantages of an organization that is close to its customers, with a centralization of common processes to generate economies, “a more open and proactive attitude to form technology and strategic alliances,” and stronger efforts to combat corruption on the part of “directors and workers, in complicity with contractors and other social actors.” President Calderón said that to remain immobile would have irreversible consequences for the country, and said “we cannot evade our responsibility for Mexico if our youth are left without oil.” (Universal 3/18)

Cuauhtémoc Cárdenas, the founder of the PRD and son of President Lázaro Cárdenas, who nationalized the oil industry, also called yesterday for a national dialogue to address “the inadequacy and crisis” of the oil industry and to carry out a “grand institutional reform.” (La Jornada 3/19)

The first major legislative reform initiative of the Calderón government—a **bill to reform the federal employees’ pension system**, or ISSSTE, was introduced in Congress on Thursday. The reform initiative was backed by the PAN, PRI, PVEM, and New Alliance parties. “The financial viability of the ISSSTE is at risk. We must remedy this situation before it is too late,” the President said in February. Although the initiative has the support of the affiliated unions, members of the PRD rejected the reform and declared “it will not pass.” PRD deputies seized the podium while the bill was being read and have said they will try to block congressional debate until there is a “national consultation” on the issue.

The reform would establish individual accounts for federal workers, in a system parallel to the one for regular social security, with the government matching individual contributions 3.25 to 1. The government would have to make a one time contribution of approximately Ps. 50 billion to cover transition costs, but would reduce unfunded pension liabilities from an estimated 58.6% of GDP to about 25% of GDP, according to a report conducted by the actuarial firm Alexander Forbes. (Reforma 2/10, Universal 3/17-18)

The Senate approved a Constitutional reform that **establishes the President’s salary as the maximum for all public servants**, including Supreme Court judges. The reform, which was unanimously approved, also eliminates pensions for former Presidents. The reform bill now goes to the Chamber of Deputies. Because it is a Constitutional reform, it also requires the approval of a majority of state legislatures to become effective. (Universal, 3/14)

The meeting between Presidents Calderón and Bush drew relatively **cool editorial reaction** in Mexico. Writing in *El Universal*, PRI senator Rosario Green echoed the opinions of many observers: “Before the arrival of President Bush, the presidential spokesman said there would not be any spectacular announcements.... This did not stop President Calderón from talking clearly, during his greeting speech, about the futility of the border wall, the urgent need for the U.S. to address firmly drug consumption, and the necessity of improving conditions for trade and investment. From his counterpart, however, he only got an amiable and general response. Things remain as they were before. There were no agreements on subjects of interest to Mexicans.” (Universal 3/15)

Key Dates

05/20/07: *Yucatan gubernatorial election*

06/2-3/07: *PAN National Assembly*

08/05/07: *Baja California gubernatorial election*

11/11/07: *Michoacan gubernatorial election*

March 2008: *PAN National Committee election*