

Reform and responsibility

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Mexico is on the road to becoming a more competitive and dynamic economy, oriented to open markets and attractive to foreign investment

Today, Mexico is experiencing a historic period of change. My administration has taken on the challenge of transforming Mexico into a safer, more competitive, cleaner and fairer country: a developed nation with opportunities and justice for all. That is why we have followed, from day one, a broad agenda of structural reforms. Mexicans now have a clear vision of their future, and we are making great strides towards achieving it.

The road has not been easy. We have had to face problems that were neglected for years, such as public insecurity. Today, we are fighting organised crime and drug cartels without let-up and with the full might of the state. At the same time, we are overhauling the whole legal and law enforcement institutional framework. We are doing this not only for the sake of our own security, but also because we know that organised crime is a global challenge that requires strong responses from every nation.

Besides security, Mexico is also changing on the economic front. The country is the thirteenth largest economy in the world, and shares with the United Kingdom a strong commitment to the market economy and free trade. We have a network of free trade agreements with more than 40 countries, offering preferential access to a potential world market of more than 1 billion consumers. The United Kingdom is now Mexico's third largest investor among the countries of the European Union. There are more than 820 British companies established in Mexico, and there is interest in exploring investment opportunities in sectors as diverse as energy, health, steel, textiles and fashion. Mexican firms, in turn, have important investments in the UK's cement and food industries.

Moreover, the United Kingdom is now Mexico's thirteenth largest trade partner in the world, which also means that there is still great potential to enhance our economic relations. During my visit, I will stress the fact that Mexico is on the road to becoming a more competitive and dynamic economy, oriented to open markets and attractive to foreign investment. We have worked with Congress and achieved consensus on major reforms. In just two years we passed a fiscal reform that is increasing public revenue and enhancing public expenditure, both in efficiency and quality.

At the same time, we implemented a far-reaching reform of the public servants pension system, thus allowing a redirection of government expenditure towards security, infrastructure and public services. We have also reformed Mexico's oil industry. Now PEMEX, the state oil company, will be able to receive specialised investment through exploration and drilling service contracts. We promoted changes in the management structure of PEMEX to increase its efficiency, transparency and accountability.

Mexico is committed to leaving behind poverty and underdevelopment. We have a comprehensive social policy strategy that has helped reduce extreme poverty in the country. While in 1996, 37 per cent of the population lived in extreme poverty, today the percentage has fallen to 13 per cent. At the same time, we also are making strides to achieve, by 2011, universal health coverage.

Undoubtedly, 2009 will be a difficult year for the world economy. Industrialised countries are experiencing tough conditions, and even recession. This will have an impact on emerging economies. In order to respond to this scenario, my administration has implemented aggressive counter-cyclical measures. These include the reinforcement of our ambitious infrastructure programme. In 2009 alone, we expect public and private investment in infrastructure to reach almost US\$45 billion, a historic figure representing around 5 per cent of Mexico's GDP.

Despite the enormous challenges ahead, Mexico is now in a better position than before to face the world economic crisis: we have sound public finances, low inflation and interest rates, a stable and well capitalised banking system, and high international reserves. In fact, thanks to the success of the reform agenda, and to the massive programme of investment in infrastructure, many top international firms are maintaining and expanding their investments in Mexico, since it is an excellent place to do business. More importantly, international investors know that Mexico will emerge stronger and will offer new and attractive opportunities for growth.

We have also promoted a more prominent role for Mexico in global affairs. The country is exercising a new leadership in economic cooperation mechanisms such as the Group of Five, which also includes China, India, Brazil, and South Africa, and the G20, made

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up of the leading economies in the world. There, we have pushed for a much needed reform of the international financial architecture, which should include changes to the governance of multilateral financial institutions in order to recognise the increasing importance of emerging nations in the global economy. We also have made clear that, in difficult times like this, protectionism is not the answer. Consequently, my administration has further reduced barriers to international trade, from their already low levels, as free trade can be a powerful tool for economic recovery.

One of the most important coincidences between Mexico and the United Kingdom is the effort to address climate change. My government strongly believes that all nations, both developing and developed, share a common responsibility in protecting the environment. That is why we are one of the few developing countries that provides regular and comprehensive carbon-dioxide emissions reports. In international forums we have proposed the creation of an international "Green Fund". This mechanism would reward countries with responsible environmental policies, and would help the poorest countries to invest in environmental protection.

In sum, Mexico is a nation undergoing a deep process of transformation. I am certain that my visit to the United Kingdom will allow us to exchange thoughts and ideas about this process with key British audiences, in order to enhance our economic and political relationship. Mexico comes today to the

United Kingdom to offer the very best of its present. And I am glad that, to celebrate our friendship, we will also be able to share some of our past with the British people. Next September, the exhibit on the Aztec Emperor Moctezuma in the British Museum will allow you to experience the impressive culture, art, religion and history of ancient Mexico.

Both nations are aware that global means co-responsibility today, that diversity needs plurality, that there is no future that is not raised from the present and no challenge that cannot be conquered with discipline, work and creativity. That is why Mexico is determined to continue strengthening its close and constructive relationship with the United Kingdom. **F**

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