

Speaking truth to power

INTERVIEW WITH ISMAEL PLASENCIA NÚÑEZ

PRESIDENT, CONFEDERATION OF CHAMBERS OF INDUSTRY OF MEXICO (CONCAMIN)



ISMAEL PLASENCIA was elected President of CONCAMIN in October 2006. He has previously held several other senior posts in the confederation, including those of Secretary, Treasurer and Vice President. Mr Plasencia is President of the Chamber of Tanning Industries of Guanajuato (CICUR), and has also served as a member of the assembly of INFONAVIT, a council member of Nacional Financiera (NAFIN) and President of the First Division football clubs La Piedad and Unión de Curtidores. Among his other interests and responsibilities, he is currently Partner and General Director of the construction and property company VGI Inmobiliaria y Edificaciones Integrales Futura.

How would you characterise the role of CONCAMIN in Mexican public life?

CONCAMIN represents approximately ten million workers in some 650,000 companies in Mexico, and our mission is to defend the interests of Mexican industry, through its 108 chambers and associations, covering every line of business from television to tequila and from furniture to footwear. All chambers in Mexico are members of CONCAMIN, with the exception of the Chamber of Commerce.

Of these 650,000 businesses, 98 per cent are micro, small and medium-sized enterprises (SMEs). Only two per cent of the companies in Mexico are what one would call large businesses.

In terms of our relations with the government, there are only two confederations with whom the federal government is legally obliged to consult on issues to do with changes to the law and other norms, and one of these is CONCAMIN. We work with the government by interacting on all fronts, and we play a pro-active role in terms of addressing the issues of the day, as we see them.

The security situation in Mexico is a good example. Until recently, if you were caught with a gun you would go to prison, but if someone came along with 150 guns nothing would happen, as we saw in recent months in Michoacán, Guerrero and elsewhere. Now, I am pleased to say that President Felipe Calderón is taking the bull by the horns and standing up to these criminals and bandits, and we applaud that. We have been waiting for some time for our president to take a stand on this issue, and there are many others besides.

Your recent election to the Presidency of CONCAMIN was considerably less turbulent than that of Mr Calderón to the Presidency of the Republic. How much damage do you think the actions of (former Mexico City mayor and presidential candidate) Andrés Manuel López Obrador and his supporters did to confidence in the country's economy and its image in the world?

I think López Obrador has been more of an internal problem than an external one. After all, Mexico attracted more than US\$30 billion in foreign direct investment last year, and if investor confidence had been seriously affected then we would not have seen investment of that magnitude coming into the country.

On the other hand, thousands of businessmen here in Mexico – myself included – waited to see the outcome

of the election before making further investments in our businesses. Now that the uncertainty has subsided, we can finally start to develop new projects.

The surprising thing, really, was how little turbulence there was in the financial markets. I mean, how many six year periods have we seen in Mexico's recent history when we didn't have a devaluation, and a drastic one at that? It was a very real concern, waiting for that devaluation after July 2. The difference this time around is that Mexico's macro-economy is in really, good shape – better than it's ever been, I would say.

We all watched the events unfolding in Mexico City and to be honest we were very worried, but there wasn't a lot we could do. In the run-up to the election, López Obrador would accuse us in the chambers and confederations of being 'white-collar criminals', yet when we tried to meet with him he wouldn't give us an audience. We figured he would turn out to be another Hugo Chávez, to put it bluntly.

We said at the time that he was a danger to Mexico, and in the end he proved us right. He held the capital city hostage and did the country a lot of damage: he ruined businesses here in Mexico City and he destroyed jobs. It's just as well that he made all those mistakes that he did though, otherwise he'd still be a force to be reckoned with today, whereas now his support is definitely on the wane.

What do you regard as the most important challenges facing the Mexican economy, and what role should the State and the private sector play in facing them?

I think the biggest single issue is that of competitiveness, at least from the point of view of the private sector. For those of us who are the country's industrialists, competitiveness is everything. And it touches on every aspect of life in this country, from security to fiscal policy, and from labour reform to infrastructure. If you don't have security and the rule of law, for example, you end up with people stealing goods from legitimate producers – either physically or through piracy and counterfeiting – thereby destroying jobs and damaging the economy. If you don't have the necessary infrastructure, your competitors will be able to get their own goods to the marketplace before you do, and you will lose market share. And if you don't pay reasonable wages, then your best and brightest are going to leave and work abroad, thereby reducing your capacity to innovate.

In answer to your question, we need a government

that facilitates progress, rather than simply blocking the way, as has been the case with so many governments here in Mexico in the past. And we, the generators of wealth and employment, need to realise that we have a social responsibility to the people of Mexico. If we, the industrialists and entrepreneurs of this country do not recognise the fact that 14 million people voted for López Obrador because their economic situation is so inadequate that there are those who barely have enough to eat, then six years from now it's going to be us that are leaving the country in a hurry.

The government and the private sector need to find common ground that we can all agree on and move ahead together, otherwise nothing will get done. If the government wants to try and do things on its own again for another six years, then we will all have a serious problem on our hands. If the industrialists try to go it alone without the support of the government, it simply isn't going to work. And if Congress wants to go ahead with legislation without consulting us, well, they're going to make a mess of things because there are deputies who sit on committees that they know nothing about. I don't want to generalise, but it is often the case. So, either we work together or in six years time we'll all be in trouble.

The previous government tried for years to get much needed reforms through Congress, particularly in the areas of tax, labour and energy. Are you confident that the new administration will fare better in this regard?

There are several issues here. Firstly, the parties worked out that reforms are costly, at least in the short term. So we had a first proposal, then a second and a third, and nothing went through. Why? Because they made it their business to block everything. When Fox reached an agreement with the PRI, the PRD would oppose it and that would be that. Now we have a new Congress and a new government – and that makes a big difference.

Mr Calderón has legislative experience, he's very familiar with the issues and he's surrounding himself with very knowledgeable people. I would say that 90 per cent of the Secretaries in the new government know their designated areas well, and whilst even someone who knows what they're doing can make mistakes, they still make less of them than those who don't know what they're doing.

What are the main differences between the previous administration and this one?

I think we simply lost confidence in the previous government at some point, and I'm not talking about the cabinet but the president himself. I think he lacked firmness from the very beginning and this led to the chaos of the past six years in the country. I think we are now starting to see firmness in the response to

the security situation, and that alone makes a huge difference because people already feel safer.

As for the economy, it's still too soon to tell but I think that the appointment of (Finance Secretary) Dr Agustín Carstens is a valid one; he has a great deal of experience in the financial sector and clearly knows his stuff. Eduardo Sojo has been in the business for years; he's very familiar with the SMEs and knows trade and industry very well, so he is not likely to make mistakes. In the technical arena, José María Zubiría has worked at the SAT (Tax Administration Service) in the Ministry of Finance; he knows the ropes there and has done good work. We may not like what he is doing right now (in terms of new taxation) but he's doing his job, so let's do ours. Let's thrash things out and try and minimise the damage as much as possible.

How long a honeymoon is the private sector going to give the new government?

When I was campaigning for the presidency of CONCAMIN, I was asked whether I was going to be a patsy of the government, whether I was going to go along with them or not. I said no. I think we have to be very proactive with the government, very cordial, but very firm as well. Just because we think they've got off to a good start doesn't mean that we are going to go along with everything they do.

I think we need to start working with them and see how things go over time. I'm not expecting answers in three months or six months. I do expect certain things to happen fairly soon, but if we expect our country to right itself in six months, then we're going to be disappointed. Even six years isn't enough to do what needs to be done, but if we can get the country to move ahead by 30 or 40 per cent, that would be excellent. **F**

CONCAMIN President Ismael Plasencia in conversation with Alastair Harris, Editor of FIRST



The government and the private sector need to find common ground that we can all agree on and move ahead together, otherwise nothing will get done