



E-PAPER

# Mexico

## **Economic Growth vs. Human Rights Crisis in the Shades of the United States under Trump**

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published by Heinrich Böll Foundation, July 2017

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# Introduction

On April 23, 2013, Bank of Mexico Governor Agustín Carstens Carstens stated during an appearance before senators that Mexico had been the only G20 member to fulfill the commitment to implement structural reforms to accelerate economic growth.

Structural reforms – primarily its energy reform – have been the banner that Mexico has waved to the world, in order to present itself as a progressive country, and in this way, attempt to attract investments and modernize strategic sectors.

How these structural reforms relate to Mexico's obligations under different international fora like the Agenda 2030 of the United Nations (UN) and the Paris Climate Agreement is a different issue. This article analyses the commitments made by Mexico in response to the sustainable development goals (SDGs) established through the Agenda 2030, their implementation, their contribution to economic growth and their usefulness in guaranteeing gender equality and the population's well-being. Moreover, it is looked at how coherent Mexico's commitments in the context of the G20, the UN and the Climate Agreement are implemented.

The analysis is focused on Mexico's compliance with four of the 17 SDGs signed by all G20 member countries, specifically related to gender equality; the promotion of renewable energies; actions to combat climate change; and marine life.

In the eyes of the international community, Mexico has remained active in promoting actions and agreements on these issues. However, inside the country, there is a series of disagreements derived from the implementation of structural reforms, meager results in terms of growth, an increase in the population living in poverty, and gender inequality. A deteriorating human rights situation – between January and June 2017 alone, seven journalists and several human rights activists have been killed, rampant corruption – investigations against governors of 11 Mexican states with regard to corruption and their relation to drug traffic activities have been conducted, some of them were or still are on the run, together with increasingly blurred lines between the «state» and «organized crime» in many parts of the country result in Mexico being a critical touchstone for the G20 and the OECD (to which Mexico is also member) in terms of its political and human rights commitments.

# Mexico on the international stage

Since the coming into effect of the North American Free Trade Agreement (NAFTA) between Canada, the US and Mexico in 1994, the latter played an increasingly important role within the international community. The Mexican G20-Presidency in 2012 further underlined its presence on the international stage as part of one of the most important trading blocs in the world.

This came together with a comparatively fast integration into global economic processes - currently, 11 out of every 100 dollars in foreign spending by Canada and the United States are used to acquire products made in Mexico. In 1993 this figure was only 6 out of every 100 dollars.<sup>[1]</sup>

The economic integration spurred by NAFTA, however, came along with an economic dependency on the US which is the destination of 80% of Mexico's exports. This makes Mexico vulnerable to US monetary and economic policy, to the volatility of peso-dollar parity, and to the policies of the new US President, Donald Trump.

Together with these external factors, corruption within Mexico is also threatening the country's economic growth. Due to corruption, Mexico is losing out on 10% of its GDP annually, which is five times more when comparing it internationally.<sup>[2]</sup>

Against this background, Mexico is facing immense challenges when trying to implement the sustainable development and climate goals it committed to. Mexico's national efforts to achieve the four abovementioned SDGs will be presented below.

## Goal #7: Promoting Renewable Energies

In order to boost economic growth, in 2014 Mexico introduced a comprehensive energy reform that, for the first time since 1938, opened up the sector for private competition and thus ended the monopoly of the national oil company Petróleos Mexicanos (Pemex). The reform aims at increasing the share of renewable energies in the energy mix to 25% by 2018 and to create 500,000 jobs in the energy sector.

The reform, however, is highly controversial and has been criticized by a large part of the Mexican public. The main issue is the effect the reform has on the fossil fuel sector. On the one hand, renewable energies in the sense of the reform also cover co-generation plants that often rely on natural gas as fuel and thus emit more CO<sub>2</sub> than renewable energies. Although this technology at the moment only plays a minor role in the Mexican energy mix,

**1** <https://globalconnections.hsbc.com/mexico/es/articles/20-datos-interesantes-acerca-del-tlcan>

**2** <http://www.jornada.unam.mx/2016/08/18/economia/020n1eco>

the government in its recent Energy Outlook from 2015 predicts it to have a share of 9% by 2030.

On the other hand, the reform defines the exploration and exploitation of oil and gas reserves as strategic activity in the social and public interest which prioritizes these activities over other land uses. There is a huge danger that family farmers or indigenous structures that have developed on resource rich grounds and mainly use the land for agricultural activities will be all but expropriated because their land use activities are not a national priority.

One example that highlights the danger of having these conflicts surrounding the use of land is the exploitation of shale gas reserves in the country's North East through the use of fracking technology. According to Pemex there are 934 sources in the country where fracking can be used. In the states of Puebla, Tamaulipas, Veracruz, Tabasco, Nuevo León and Coahuila increased water and air pollution as well as a higher frequency of earth quakes can already now be traced back to the use of fracking.<sup>[3]</sup>

Due to the priority of extracting oil and gas reserves it is legally allowed for resource companies to «temporarily» occupy foreign land. This «temporary» occupation can last up to ten years and thus equals an expropriation. Many of the affected areas are shared community property. Especially for those areas, the situation is a grave one as they are not likely to be used for agricultural purposes once the natural resources are extracted. It makes the land unusable for its original owners.

## Goal #13: Climate Protection

Mexico's efforts to combat climate change are honored worldwide. Its ambitious international commitments (e.g. it was one of the first countries to sign the Kyoto Protocol, its greenhouse gas emissions are to be reduced by 22% compared to the business-as-usual-scenario by 2030, its soot emissions by 51%<sup>[4]</sup>) make it a role model for other emerging economies. It was actively involved in establishing the Green Climate Fund and was one of the first Latin American countries to pledge a contribution to the fund.

In this position, Mexico can at the same time play a mediating role between industrialized and developing countries and thus promote international climate protection efforts. During the last G20 Summit, Mexico thus decided together with its partners to implement the Paris Agreement on Climate Change.

The *Programa Especial de Cambio Climático*, PECC 2014-2018 lays out strategies to reduce the impacts of climate change while boosting growth, competitiveness and emplo-

3 <http://nofrackingmexico.org/demandan-organizaciones-investigar-relacion-de-sismo-en-nuevo-leon-con-fracking/>

4 <http://www.klimaretter.info/politik/nachricht/18488-norwegen-und-mexiko-uebermitteln-klimaziele>

yment. It proposes actions that shall reduce emissions by 83 MtCO<sub>2</sub>e by 2018.<sup>[5]</sup> These include reforestation programs, conservation of lands, oceans and coasts as well as the promotion of sustainable mobility and transport models.<sup>[6]</sup>

Mexico is a country rich of species. The global comparison shows Mexico's important role when it comes to the protection of biodiversity. It gives home to the most pine, oak, cactus and reptile species in the world. It ranks second when looking at the numbers for mammals, and fourth with regard to amphibians.

However, environmental destruction is advancing at rapid speed. The species-rich the country is, the dramatic is the loss of biodiversity when looking at the global picture. Mexico is first when it comes to the number of species in danger of extinction. With a total of 510 affected species, 63% are threatened by extinction and 37% are endangered.<sup>[7]</sup> Looking at Mexico's flora, the numbers draw a sad picture, too. 600,000 hectares of forest and primeval forests are lost annually which puts Mexico at the fifth position in the global deforestation ranking.

Against this background, Mexico's Janus-faced economic situation comes as extremely problematic. The dependency on the US as well as the country's corruption-related economic weakness affect the implementation of goals to combat climate change. Implementation of the ambitious commitments Mexico put forward in the context of the UN Climate Summit in Paris (COP 21) in 2015 is being hindered by fiscal restrictions at the national level. As such, in 2017 the budget of the national environmental ministry was cut by 35% (approximately 19.8 million Pesos) as a result of the recent crisis that had been intensified through the devaluation of the Mexican Peso.<sup>[8]</sup> Money that was to be provided to finance different climate actions were cut by 21%, from 44.5 million to 35.1 million Pesos.<sup>[9]</sup>

Nonetheless, efficient actions with regard to combating global warming are important for Mexico not only in order to comply with its international commitments. The country is – due to its geographical location – highly vulnerable to the impacts of climate change – droughts, heat waves, flooding. Thus it is not surprising that already now, more than half of the Mexican population is affected by the impacts of global climate change.

5 <http://climateactiontracker.org/countries/mexico.html>

6 <https://www.iea.org/media/workshops/2015/15thghgtradingworkshop/SpecialClimateChangeProgram20142018Englishversion.pdf>

7 Inegi <http://www.inegi.org.mx/>

8 [http://www.diputados.gob.mx/PEF\\_2017.html](http://www.diputados.gob.mx/PEF_2017.html)

9 Ibid

## Goal #14: Life Under Water

Due to its location between two oceans, Mexico is especially compelled to pursue the sustainable development of its coastal regions and oceans – both in the interest of the local population and the maritime ecosystem. 56% of Mexico's territory are oceans and coasts. 40% of the country's population is predicted to live in coastal regions in 2030.<sup>[10]</sup> The challenge for Mexico now is to preserve resources and species in order to prevent gentrification from threatening the ecosystem and the source of employment for thousands of inhabitants.

Only recently, in 2016, President Peña Nieto announced to establish four new Marine Biosphere Reserves. With this pledge, Mexico excels the international commitment to protect 10% of the national maritime areas and achieves this goal way before other UN member states (with the new Biosphere Reserves, 23% of Mexico's maritime territory will be protected area). However, giving the area a new name is not enough to actually conserve and preserve the oceans in a sustainable way. It has to be seen whether Mexico's commitments are more than lines on maps and really contribute to ocean conservation.<sup>[11]</sup>

This is even more important as Mexico's coastal areas experience irregular population growth in spatial terms, with growth focused in a few urban localities. This generates significant economic, social and environmental pressure on these coastal and marine areas. Greenpeace has warned of the damage registered every day in the country's oceans and species.

Of the 2,692 fish species in Mexico, 5% are in danger of extinction, an amount equivalent to 27% of all the country's threatened species.<sup>[12]</sup>

One of the most threatened species and the marine mammal at the greatest risk of extinction is the vaquita sea cow. Only recently, in September 2016, the international community called out to Mexico to prevent the extinction of the vaquita, a porpoise species endemic to Mexico, of which in 2007 only 150 specimens remained. The vaquita is endangered through the use of gill nets that are used in Mexican waters to catch totoaba fish. Demand for this species increased dramatically from China where the fish's swim bladder is believed to have medical effects.

At least, the Mexican government in 2015 agreed to a two-year fishing ban and to compensate affected fishers. However, this was too short a time frame to let the population recover. It remains to be seen whether the emergency plan introduced in the beginning of 2017 can save the remaining 60 specimens.

**10** [http://www.biodiversidad.gob.mx/pais/mares/pdf/A4\\_PNMC\\_actualizada\\_dic2015.pdf](http://www.biodiversidad.gob.mx/pais/mares/pdf/A4_PNMC_actualizada_dic2015.pdf)

**11** [http://www.huffingtonpost.com/iucn-planet-at-the-crossroads/riding-the-wave-for-marine\\_b\\_13669238.html](http://www.huffingtonpost.com/iucn-planet-at-the-crossroads/riding-the-wave-for-marine_b_13669238.html)

**12** <http://www.biodiversidad.gob.mx/especies/cuantasesp.html>

## Goal #5: Gender Equality

At the 2012 G20-Summit held in Los Cabos, Mexico committed to eliminating existing barriers and promoting advancement in gender equality in all areas, including wages. The National Development Plan for 2013-2018 establishes a commitment to promote equality between women and men as an instrument to assist the country in reaching its maximum potential, promoting actions such as non-discrimination and non-violence.<sup>[13]</sup> The results so far unfortunately leave a lot to be desired.

One of the most persevere problems Mexico is facing is the violence against women. Every day, seven women are murdered in the country.<sup>[14]</sup> INEGI, the national statistical institute, reports that from 2000 to 2014, the annual number of murders nearly doubled at 2,349. The same institute reported that not only has the number of feminicides increased, but so has the cruelty with which these murders have been committed.

In 2007, according to the study, 9.6% of feminicides were committed with extreme violence. By 2010 this figure had increased to 18.9%, and by 2012 it had reached 20.6%. The INEGI study specified that 49% of the women murdered with extreme violence were between the ages of 21 and 40 years; 40% of them worked or studied; 51% died from being beaten, burned, suffocated or stabbed, indicating death by extreme violence. In the cases of two of every three women murdered, the victims' bodies were left in public places such as streets, avenues, highways, parks or vacant lots, or in hotels.

The National Women's Institute (*Instituto Nacional de las Mujeres* – INMUJERES) offers different programs in the areas of assistance, prevention, health, and addressing violence, and works to promote gender equality. It provides a contact point for affected women and helps to solve cases of gender-based violation. In 2013, the Institute had the largest budget in its history with over 801.4 million pesos, but by 2017, a number of assistance programs were cut significantly: «Strengthening Transversality in the Gender Perspective» is one of the most seriously affected programs, with half of its resources cut.

When looking at the wage gap, Mexico's efforts have not been very successful either. According to the OECD, the wage differences between men and women increased from 17% to 18% during the last decade, placing Mexico below the average of the OECD member countries (15%).<sup>[15]</sup>

**13** [http://www.gob.mx/cms/uploads/attachment/file/11592/Plataforma\\_GOBMX.pdf](http://www.gob.mx/cms/uploads/attachment/file/11592/Plataforma_GOBMX.pdf)

**14** <http://www.inegi.org.mx/saladeprensa/aproposito/2015/violencia0.pdf>

**15** <http://eleconomista.com.mx/industrias/2016/07/10/crecio-brecha-salarial-genero-mexico-ocde>



# Conclusion

Mexico implemented a series of actions in order to bring in line economic restrictions and the country's international commitments. However, fiscal restraints as a result of Mexico's stricken economy hinder the implementation of important projects that are essential to comply with its international obligations. Mexico's function as role model at the international stage cannot be filled at all levels with concrete actions. The government's inaction in reacting to the deteriorating human rights crisis and impunity in the country cast a cloud over all policy areas.

The energy reform was «sold» as one of the primary instruments to boost economic growth, the country's modernization and job creation. The government opted to open up a sector that had been off limits since 1938. The reform that entered into effect at the end of 2013 has, however, prompted discussions that highlight tensions between the country's economic and socioenvironmental development.

The use of fracking technologies, the lack of consultation for defining the necessary steps for implementing projects, and placing State priorities above those of the general population are elements that have caused great concern in a number of sectors. In terms of combating climate change, the country's position is very clear, but with budget cuts in this area for 2017, it is not so clear if the government will be able to fulfill its projected goals. Moreover, the loss of marine species also places into doubt the efficiency of public policies aimed at caring for the country's oceans.

The Mexican government continues to promote a model of development that sacrifices forests, coasts and natural resources and results in entire communities being relocated from their home land. In 2016 alone, 200 conflicts resulting from constructions that destroyed people's areas of living and the environment were documented.

In terms of improving gender equality, Mexico's achievements are modest at best. The wage gap between men and women are 3% higher than the OECD-average. Increasing numbers of feminicides and marginal clear-up rates show that Mexican women cannot develop in a safe environment.

## The Author

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## Imprint

Published by: Heinrich-Böll-Stiftung e.V., Schumannstraße 8, 10117 Berlin  
Contact: Dawid Danilo Bartelt, **E** [Dawid.Bartelt@mx.boell.org](mailto:Dawid.Bartelt@mx.boell.org)

Place of publication: [www.boell.de](http://www.boell.de)

Release date: July 2017

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