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The new normal in Mexico

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Almost four years since the beginning of the mandate of Andrés Manuel López Obrador (AMLO) the Mexican president, national and international investors, as well as the governments of Mexico's biggest international partners, remain deeply and increasingly concerned about his internal and international policies, as well as the upholding of the rule of law in Mexico. In extreme cases, some of these players have even questioned the ability of AMLO's government to run the country, and some have said that Mexico's diplomacy, which had been historically recognised for its stability and high quality, is at its worst.

In this article, I will present other aspects of the story and the realistic fact that AMLO's policies and project are highly likely to remain for years to come, despite the adversarial relationship between him and the most important economic players in our country. At the same time, I will present a view on what I believe are interesting opportunities that Mexico presents in the context of a changing world, and as such the fact that Mexico remains as an attractive place for national and international investors seeking higher returns in exchange for additional, but still controlled, risks as Mexico shifts from a low-risk environment with moderate returns to a mid-to high risk ambience that offers attractive opportunities for certain type of investors.

First, AMLO is a social asset. For a country in which 43.9 per cent of the population (55.7 million) is in multidimensional poverty and an additional 8.5 per cent (10.9 million) is in extreme poverty,^[1] the level of social stress in Mexico has been extremely high. AMLO campaigned for 18 years and visited every community across the country and whether we like it or not, most voters actually like and feel close to him and approve of his tenure (roughly 58 per cent of voters^[2]); his approval level has been among the highest for politicians in Mexican history. As a result of AMLO's ascend to power, significant social tension has been experienced as a huge sector of the population identifies with him and his actions. Conscious of this, AMLO can serve as a key and essential factor for either the unity of Mexico's population and driving us all to work together for a better country or for the polarisation and immobilisation of society that will prevent any significant development.

Déjà vu





The centre-left PRI (Partido Revolucionario Institucional) led Mexico for 70 years with policies that are very similar to those of AMLO. In fact, AMLO is a former PRI member and many of his closest advisers and appointed public servants come from that ideology. Looking into the past and foreseeing the future, it is reasonable to conclude that just as Mexico achieved grow with – and survived – the PRI's rule, it will so manage to overcome and survive AMLO and his project, even if it continues in the path of protectionism and polarisation rather than unity.

Here to stay

AMLO's project is very likely to stay. Mexico is due to have elections in 2024 and polls consistently signal an important preference of voters for MORENA (Movimiento De Regeneración Nacional, AMLO's political party). Moreover, the opposition has not built any solid leadership contender so far that would represent a fighting chance against AMLO's presidential candidate. This makes it very likely that MORENA will rule Mexico for at least eight more years (until 2030), so we all better learn to work together and find middle ground. Also, it is possible that among AMLO's potential candidates, the winner may have a more moderate profile that better serves unity and progress, and very unlikely that he/she is more radical or leaning towards polarisation, so in any case the future seems to be brighter.

Mexico is bigger than its government and politicians

With a privileged geopolitical location, rich natural resources, low-cost manufacturing and a consumption economy, Mexico is among the 20 biggest economies worldwide. In parallel, having the United States (the world's biggest economy in terms of GDP) as a neighbour and partner in a free trade agreement of which Canada (an important economy as well) is also member, is crucial particularly in the context of ongoing tensions between the West and the East and disruption in worldwide supply chains that results from this tension. All of this represents an opportunity of material growth for our country. Finally, a shift in the profile of investors (from low risk to mid-high risk) is also creating significant activity and opportunities for those seeking returns that are not available now in developed economies.

 Conclusion, AMLO's project is legitimised by an important portion of Mexico's population and is very likely to continue at least in the near future.  Time has come to move on, stop complaining and learn to work together to exploit the opportunities that an evolving world presents to our  country. I'm confident that this is the path forward and that our dear Mexico will continue to a bright future, reminding readers that Mexico  has been and will continue to be greater than its problems.

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According to the National Institute of Statistics and Geography's latest measurement in 2020.

^[2] According to Consulta Mitofsky's latest poll in August 2022.