

Mexico's path forward beyond the pandemic

Timing shown in CST (GMT-6 hours)

Working program as of November 8, 2021

Thursday 02 December	
08:45 - 09:00	Welcoming remarks
09:00 – 10:00	<p>Mexico's prospects in the context of an uneven global recovery</p> <p>While remaining strong - 5.9% growth forecasted for this year and 4.9% for 2022 - the global economic recovery remains hampered by several challenges, whether with respect to global supply chains disruptions with huge impact on production, shortage of some key components and production factors from semiconductors and skilled workers to food commodities and fuel. The concern about an inflation revival and whether it is a temporary or longer-lasting factor is making the forecasts about the tapering of the very loose monetary policies of the Federal Reserve and the European Central Bank even more chancy, with significant implications for business and for financial markets. The US, China and the Eurozone have had their growth expectations lowered – although slightly – for this year and 2022. These economic regions are, however, doing much better than the Emerging Economies of Latin America or the ASEAN region. While Mexico's economy contracted by 8.3% in real terms in 2020 – the largest drop since the Great Depression, it is expected to grow by 5.9 to 6.1% this year, mostly on the back of the strong economic performance of the US, with exports and remittances sustaining economic activity, with a significant contribution also from household spending around 7%+ from 2020 levels. Growth is expected to go down to around 4% in 2022, way above the pre-pandemic crisis level.</p> <ul style="list-style-type: none"> • Will Mexico be able to sustain in 2022 its 2021 US-powered recovery? • What is the assessment of the US economic outlook moving into 2022? • The government has been adamant to maintain a strong fiscal situation throughout the pandemic. Will this factor have any impact in creating better conditions for a sustainable recovery compared to the country's regional or even global peers? • In what shape are companies emerging from the pandemic given the lack of financial support they received from the government at the height of the pandemic? Could this trigger a wave of M&As? What impact – if any – on Mexico's business fabric? • What opportunities could Mexico leverage – or leverage even more - in the context of near-shoring and US China hostilities?
10:00-10:30	Break
10:30-11:30	<p>Covid's key changes for Mexico's business landscape: going beyond the headlines</p> <p>The Covid 19 pandemic has profoundly disrupted societies and business realities around the globe. What are the lessons to be learnt from the way Mexico has, so far, been dealing with the crisis, considering for instance that there has been a lack of coordination between the federal, state, and local governments? The pandemic has also aggravated the economic gap between Mexico's regions with the North – US bordering states – being faster to recover while the Center and South, more depend on the domestic economy have been lagging behind. On the corporate side, many companies have had a near-death experience. According to an IBM Institute for Business Values survey of Mexican Executives, more than 70% of respondents see cash flow and cost control as priorities in the future. A World50 survey of over 375 firms shows that 65% of respondents felt that remote working had been good for productivity, what is the picture in Mexico? In what way has the pandemic crisis compelled corporations – big and small – to accelerate the drive towards digitalization of their operations?</p>

	<ul style="list-style-type: none"> • How to improve federal collaboration with state and local governments in case of crisis such as the pandemic? • What should be done to narrow the increased gap in economic activity between the different parts of Mexico as the country is going through a US-powered recovery which boosts mostly the Northern border region? • What will be the lasting impact of the significant expansion of e-commerce due to the pandemic and what will be the repercussions of this expansion? • Will the acceleration of digital transformation generated by the pandemic last when things go back to "normal"? How are companies dealing with the implications for a heightened need or cybersecurity?
10:30-11:30	<p>What steps to increase preparedness against disasters</p> <p>Mexico has a geographic vulnerability to natural disasters, located between two oceans and along the world's "fire belt" (which accounts for 80% of the world's seismic activity). The country has experienced 79 major natural disasters in the last forty years with about half of these weathered related. Over the years, the National Civil Protection System has improved on institutional and operational preparedness, however the Lopez Obrador administration has cut over \$3Billion in funding through semi-governmental trust funds covering a wide range of areas. The Covid 10 Pandemic has illustrated how much, beyond the occurrence of natural disasters, countries need to improve their preparedness against disasters of a different nature. All of this in a context where climate change is creating a new category of risks.</p> <ul style="list-style-type: none"> • What improvements in terms of building standards and codes to mitigate the impact of earthquakes? What is the role of the construction industry? What best practices to learn from globally? • What Mexico needs to do to protect itself better against the increasing risk of climate change-induced disasters? • What actions for Mexico to be better prepared against future pandemics and infectious diseases, whether on the education domain or the increase of vaccines output and storage capacity, better training of the health/medical workforce? • How to improve better inter-regional and international coordination efforts?
11:45-12:45	Sector focus: Food & Beverage / Agriculture
11:45-12:45	Sector focus: Health
13:00-14:30	<p>Plenary Lunch</p> <p><i>Featuring a keynote Speaker</i></p>
14:45-15:45	<p>Leveraging Mexico's assets to accelerate the country's digital transformation</p> <p>The COVID-19 pandemic has contributed to accelerate Mexico's digital transformation, with corporations under pressure to move faster in implementing the digitalization of their operations and their customer and supply-chain interactions. Many corporations have significantly increased investment in digital transformation and digital capabilities, despite the financial pressures created by the impact of the pandemic on business activities. The future competitiveness of an economy will increasingly be dependent on how national companies can adapt to digitalization. However, going digital successfully requires investments, a change of corporate mindset, appropriate fixed and mobile broadband capabilities, available skills and the ability to connect and coordinate all the different parts of the production ecosystem.</p> <ul style="list-style-type: none"> • What can be done to support and promote innovation and digital entrepreneurship in Mexico? • How to ensure that SMEs are also fully involved in the digitalization trend? • How to leverage the deployment of 5G to expand rapidly enough the critical infrastructure for the digital transformation? • What skills strategy for Mexico's accelerated economic and societal digitalization?

14:45-15:45	Sector focus: Tourism
15:45-16:05	Break
16:05-17:05	<p>Infrastructure: How to ensure that the new emphasis on PPPs will boost infrastructure development?</p> <p>President Lopez Obrador has made infrastructure development a priority since taking office in December 2018 with the announcement of the Construction and Modernization Program (CMP) 2018-2024 worth over USD 20 billion with four components: a re-envisioned airport system for the greater Mexico City, the development of a multi modal cargo corridor across the Isthmus of Tehuantepec, a passenger and cargo Maya Train in the Yucatan Peninsula and the construction of a new refinery in Dos Bocas, Tabasco. In November 2019, the President pledged to boost growth to 4% through a \$44 billion infrastructure plan that would be mostly funded by the private sector. Despite the economic contraction from the covid 19 pandemic, the government has committed to move ahead with infrastructure projects. In October 2020, 39 projects worth an estimated USD13.8 billion were announced, followed by a second round of 29 projects worth USD 10.5 billion launched 2 months later. 50% of the financing for these projects is planned to come from the private sector. A new set of 36 projects representing USD 3.5 billion – including initiatives in water, airport highways, railways, maritime, ports, energy, industrial parks and real estate) was presented in February 2021 by CONCAMIN and Pacto Oaxaca.</p> <ul style="list-style-type: none"> ▪ Looking at where we stand now, what is the real impact of the pandemic on these projects in terms of accelerating much needed improvements – or, in fact, creating delays in execution? ▪ While some of the administration's unilateral cancellations of projects have created uncertainties about the PPP outlook in Mexico, the same administration keeps reaffirming its support for PPP projects. How can private sector investors – whether domestic or foreign – deal with the uncertainties created? ▪ What steps could further enhance PPP initiatives? ▪ Foreign Minister, Marcelo Ebrard, had announced that promoting development in Southern Mexico will be a key objective of the High Level Economic Dialogue resumed between the United States and Mexico. Has this led to some concrete developments? ▪ How is Green Infrastructure Financing evolving in Mexico, what are the best practices to draw lessons from?
16:05-17:05	Boosting the resilience and growth of SMEs as a key component of Mexico's economic future
17:15 – 18:15	What more can be done to alleviate the pandemic impact on the gap between the two Mexicos
18:30-19:30	<p>A Reset of US-Mexico relations? Will action follow intentions?</p> <p>The high-level meeting last September between a US delegation led by Vice President Kamala Harris and a Mexico delegation led by Foreign Minister Marcelo Ebrard marked a resumption of an economic dialogue between the two countries, which had been interrupted in 2016. In October, the visit of Secretary of state Anthony Blinken and his meeting with President Lopez Obrador marked the first U.S.-Mexico High-Level Security Dialogue, with a new accord, the Bicentennial Framework, which will replace the Merida Initiative and represents – according to Secretary of state Blinken – a “comprehensive new approach to our security cooperation, one that will see us as equal partners in defining our shared priorities.” With president López Obrador concurring that there are now “excellent conditions to inaugurate a new stage of the bilateral relationship”, it would seem that there are genuine positive signs towards a reset of the US-Mexico relationship. However, it remains to be seen how the Bicentennial Framework will actually lead to a more effective fight against drug trafficking and cartel violence. In the same way, will the resumption of an economic dialogue lead to an easing of elements which are still constraining the economic interaction between the two countries and to a substantial expansion of this interaction?</p> <ul style="list-style-type: none"> • The Biden administration wants to rely more on Mexico to stem the flow of Latin American migrants into the United States. Can Mexico deliver on that?

	<ul style="list-style-type: none"> • Can the resumed economic dialogue truly help address some of the issues constraining the US-Mexico economic relationship? What to do with the “Buy American” approach promoted very actively by the White House? • Will the Bicentennial Framework really allow the US and Mexico to see eye to eye in the fight against drug trafficking and the cartels, given what is seen as a less confrontational approach by President López Obrador in dealing with the gangs? • How does the Biden administration see Mexico’s potential for becoming a nearshoring base in its economic and technological confrontation with China?
20:30-22:00	Gala Dinner

Friday 03 December	
08:45-10:00	Pivoting to a North American Industrial Platform what key role for Mexico
10:00-10:30	Break
10:30-11:30	Sector Focus: Automotive
10:30-11:30	<p>Sector focus: Moving on with Smart Cities Development</p> <p>The Inter-American Development Bank (IDB) has ranked four cities as « Intelligent” or smart Cities in Mexico: Maderas, in Querétaro; Ciudad Creativa and Tequila, in Jalisco; and Smart, in Puebla. Mexico City, has only some of the elements for qualifying as an intelligent city, although there is a plan to transform the capital into a smart city that covers both technical and legal requirements. Guadalajara and Monterrey have also made significant progress towards becoming smart cities. Developing a smart city means applying new, disruptive technologies, such as AI, big data, IoT, 5G through a web of interconnected systems to manage the proper functioning of public and private transportation systems, the efficient use of energy or water resources, the provision of social services, and other public functions crucial to sustainable urban development. The Mexican Confederation of Industrial Chambers (Concamin) has identified potential for 13 Mexican cities to develop into “smart cities”.</p> <ul style="list-style-type: none"> • How to accelerate digital inclusion – a major prerequisite for smart city development? • What is needed to equate smart cities with smart resilience? • How can smart city development become a tool for governmental transparency?
11:45-12:45	<p>Time for Mexico to jump on the ESG bandwagon</p> <p>ESG (Environment Social and Governance) is now becoming MUST in global corporate and financial circles, one of the requirements and criteria shaping investors’ decision. Consumers, along with activist groups for better corporate governance and the fight against climate change are increasing the public pressure for more accurate and transparent ESG disclosure from all publicly funded organizations and listed companies. The Mexican Stock Exchanges (BMV and BIVA) are developing a system where companies could upload all their ESG data which could then be accessed by different users. The use of this system would not be mandatory but could provide some peer pressure. Mexico issued \$910 million of ESG bonds (Sovereign Sustainable Bonds) in 2020 which goal is to advance environmental, social and/or corporate governance purposes but there are no specific regulations for the issuance of ESG bonds in Mexico.</p> <ul style="list-style-type: none"> • How much is “greenwashing” still a substitute for genuine ESG policies in Mexico? How deep is the recognition of the business upside potential that ESG can provide to corporations?

	<ul style="list-style-type: none"> • Research shows that the top three ESG issues for Mexican companies are lagging anti-corruption measures, labor management and corporate governance – what role do climate change considerations play in efforts from Mexican companies to improve their ESG performance? • What is needed to develop more ESG products to sustain the development of green finance in Mexico and respond to a growing interest for that sector?
11:45-12:45	<p>Can Mexico sustain its current energy policy?</p> <p>In 2020 and continuing in 2021, the administration has passed a series of regulatory measures and legal reforms focused on expanding the mandate and power of CFE (Comisión Federal de Electricidad) and PEMEX thus discouraging private investment in the sector. This September, a constitutional reform bill making CFE dominant both on a regulatory and market level was presented by the President. In this new framework, CFE and PEMEX will be considered government entities rather than productive state companies. The National Center for Energy Control will also be integrated in CFE. The proposal would also cancel all power generation permits and power purchase agreements currently in place as well as previously granted power producer permits.</p> <ul style="list-style-type: none"> • What are the implications of the current energy policy for foreign investors? • Are there challenges to be expected from the US as Mexico's policy could be considered in violation of some of the terms of the USMCA forbidding any preferential treatment given to state-owned enterprises. • What could be the consequences of the administration's energy policy on energy production – electricity generation, renewable energy and fossil fuels – and thus on the economy and on emission reduction objectives? • To what extent is the government present energy policy going against the international trends in the energy domains and might thus prove unsustainable in the medium-term?
13:00-14:30	<p>Plenary Lunch</p> <p><i>Featuring a keynote speaker</i></p>
14:45-15:45	<p>How will Mexico remedy Covid's catastrophic impact on education</p> <p>Mexico has over 30 million students, more than 25 of those in basic education. In March 2020, the government set a mandatory countrywide school closure and launched the program "Aprende en Casa" for primary and secondary school students to access educational content on the Internet and on Television. Unfortunately, about 30% of Mexicans, mostly in rural areas, do not have access to the Internet. Schools were shut down for 14 months, Mexico is one of only 23 countries that kept the schools closed for so long. It is widely recognized that the pandemic will have long term consequences on an entire generation of students, widening Mexico's gap in education inequalities and increasing school dropouts (at least 5.2 million students did not enroll because of issues related to the pandemic or lack of resources). UNICEF has warned that 80% of elementary students in the country fail to reach expected levels in reading comprehension and math for their age. The World Bank estimates that Mexican students will lose 8% of their future income because of the lack of learning that has already occurred. The Interior ministry also warned of increases in domestic violence and suicide among minors.</p> <ul style="list-style-type: none"> • What concrete steps can be implemented to address the disparities between regions and among social categories of the population? • As girls' education is even more affected in rural areas, what policies to prevent further exclusion? • What could be done to recapture students that have dropped out? • What possibilities for immediate higher spending in education and better targeting of social programs to reduce socio economic gaps and foster inclusive growth? • How could business play a role in mitigating the impact of Covid 19 as it will suffer from reduced skills resources as a result of the pandemic?

<p>14:45-15:45</p>	<p>What steps to leverage the near shoring trend...not only from US investors but also from Asians looking at the US market?</p> <p>Despite all the talks about the reshaping of global supply chains and re-shoring to - or near-shoring in – North America since the beginning of supply chain disruptions created by the pandemic, the reality is that very little has been happening so far, with just a few cases of companies shifting or expanding their operations to Mexico as a hedge or alternative to China sourcing. Despite all the exhortations from the Biden administration, when MNCs have so far taken steps to reduce their dependency on sourcing from China, they have rather switched some of their operations to other countries in Asia, with Vietnam as the greatest beneficiary of this trend. So what will make Mexico a genuine, attractive, alternative for MNCs to nearshore their operations and get closer to the whole North American market? When it comes to nearshoring decisions and attractiveness to FDI, Mexico is at pain to compete with all the measures that the Congress and the Biden administration are now bringing forward to entice – or even force - corporations to invest in US-based production operations.</p> <ul style="list-style-type: none"> • Whether it is on business regulations, infrastructure improvement, or other areas critical for FDI decisions, what measures and policies would help Mexico compete better with the US, its subsidies and Buy American regulations, and with China as still the number one global supply chain hub? • Beyond the automotive and transportation equipment, what other segments of the manufacturing sector could provide attractive opportunities for nearshoring in Mexico? • To what extent is the Mexico border area with the US an attractive nearshoring option looking at a better access to the North American market?
<p>15:45-16:15</p>	<p>Break</p>
<p>16:15-17:15</p>	<p>Mexican startups overcoming the pandemic</p> <p>Despite the pandemic economic shock, venture capitalists are still betting on Latin America's startups with over \$4 Billion in investment in 2020 compared to \$500 million in 2016. However, in Mexico, venture capital investment amounted to \$1,200 million in 2020 compared to over 1,900 in 2019. The pandemic has cut or slowed down some rounds of funding and forced startups to cut on non-essential expenses and be extremely nimble. There are however quite a number of success stories as entrepreneurs in the fintech, digital health and e-commerce domains have been able to leverage on the new needs created by the restrictions to mobility and in-person contact created by the pandemic. Investment in the country's unlisted tech firms – many of them startups – has rebounded to about US\$ 2.8 billion so far according to Pitchbook.</p> <ul style="list-style-type: none"> • The success stories that could provide lessons for entrepreneurs ... and SMEs.... and MNCs. • As of now Fintech, Health and digital health have experienced an investment explosion, what other sectors hold promises • In Mexico, three out of four VC operations are cross border, what can be done concretely to raise more funds domestically. • How to expand support for startups creation from corporations?
<p>17:30-18:30</p>	<p>Leveraging the positives in Mexico's economic picture</p> <p>Mexico is emerging from its deepest economic and social crisis in decades with growth, powered by US economic activity and rising vaccination rates, expected to be at around 6% for this year and around 4% in 2022.</p> <p>However, the country has to deal with the very heavy human, economic and social cost of the pandemic, with more people now reduced to poverty level. Despite this grim picture, there are nevertheless several positive factors that Mexico can leverage to ensure a brighter future. The first one is the large and diversified economy that the country has built, with industry producing 30% of GDP, with high productivity standards, and services 60%. Mexico is also a major exporter of several manufacturing products and, not only benefits from access to the American market, but from substantial investment flows from the US thanks to the USMCA. It can also benefit from the working age population growth and a stable macroeconomic and financial framework – the ratio of debt to GDP is now below 50%. The development of e-commerce, digital health and fintech activities boosted by the pandemic – and the success achieved by some Mexican startups in these domains – are also a</p>

	<p>major asset that will have a lasting impact in sustaining and expanding economic activity. However, one major negative remains the present government policies and approach to private enterprises and what is seen as a less than friendly attitude to business.</p> <ul style="list-style-type: none"> • Will the pressure for expanding and sustaining the economic rebound and alleviate the economic and social cost of the pandemic make the government shift towards a more amicable attitude towards business, looking at the private sector more as a necessary partner? • How could the success of some startups in promising disruptive technologies be leveraged to accelerate the digitalization drive in Mexico? • Will the strong export performance achieved so far encourage the domestic private sector to increase investment which has been lagging significantly so far?
18:30-18:35	Closing remarks

Sessions may be modified and schedules could be adjusted depending on current events and speaker confirmations. A later version of the program will feature speakers in their respective sessions, below are some of the speakers confirmed at the date of this program.

- José Abugaber Andonie**, National President, CONCAMIN, Mexico
- Roberto Ballínez**, Senior Executive Director, Public Finance and Infrastructure, HR Ratings, Mexico
- Francisco Cervantes Díaz**, Honorary Chairman, CONCAMIN, Mexico
- Fausto Costa**, Executive President, Nestle Mexico
- Marco Cota**, Chief Executive Officer, Talanza Energy Consulting
- Marcus Dantus**, Founder, Startup Mexico, Mexico
- Oscar del Cueto Cuevas**, Country Manager Mexico, Kansas City Southern de Mexico, Mexico
- Jesús Gustavo Garza García**, Professor EGADE Business School, Instituto Tecnológico de Monterrey, CEO – Soluciones Financieras Gamma, Mexico
- Eladio González**, Managing Editor, Expansion, Mexico
- Hans Kohlsdorf**, Founding Partner, Energy to Market, Mexico
- Benjamin Laniado**, President ARISE Mexico & President and Founder CADENA, Mexico
- Anthony Marshall**, Senior Research Director, IBM Institute for Business Values, USA
- Patrick Ottensmeyer**, President & Director, Kansas City Southern, USA
- Alejandro Preinfalk**, CEO Siemens, Mexico
- Andrés Rozental**, President, Rozental & Asociados, Mexico
- Kenneth Smith Ramos**, Partner, Agon, Mexico
- Pamela Starr**, Associate Professor of international relations and public diplomacy Director, U.S.-Mexico Network, University of Southern California, USA
- Miguel Torruco Marqués**, Secretary of Tourism, Mexico
- José Zozaya Delano**, President, Mexican Association for the Automobile Industry, Mexico