

## Mexico's path forward beyond the pandemic

Timing shown in CST (GMT-6 hours)

Public program as of January 11, 2022

Thursday 17 February	
08:30 - 08:35	Welcoming remarks
08:35 – 09:45	<p><b>Mexico's prospects in the context of a still volatile global recovery</b></p> <p>While remaining strong - 5.9% growth forecasted for 2021 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 concerns about inflation and whether it is a temporary or longer-lasting factor are 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 2021 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 have grown by about 5.7 % in 2021, mostly on the back of the strong economic performance of the US, with exports and remittances sustaining economic activity, with a significant contribution 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"> <li>• Will Mexico be able to sustain in 2022 its 2021 US-powered recovery?</li> <li>• What is the assessment of the US economic outlook moving into 2022?</li> <li>• The Mexican government has been adamant to maintain a strong fiscal situation throughout the pandemic. Will have any impact in creating better conditions for a sustainable recovery compared to the country's regional or even global peers?</li> <li>• 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&amp;As? What impact – if any – on Mexico's business fabric?</li> <li>• What opportunities could Mexico leverage – or leverage even more - in the context of near-shoring and US China hostilities?</li> </ul>
10:00-11:00	<p><b>Assessing the Covid created changes in Mexico's business landscape</b></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 dependent 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"> <li>• How to improve federal collaboration with state and local governments in case of crisis such as the pandemic?</li> </ul>

	<ul style="list-style-type: none"> <li>• 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?</li> <li>• 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?</li> <li>• 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?</li> </ul>
11:15 – 12:15	<p><b>Leveraging Mexico’s assets to accelerate the country’s digital transformation</b></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"> <li>• What can be done to support and promote innovation and digital entrepreneurship in Mexico?</li> <li>• How to ensure that SMEs are also fully involved in the digitalization trend?</li> <li>• How to leverage the deployment of 5G to expand rapidly enough the critical infrastructure for the digital transformation?</li> <li>• What skills strategy for Mexico’s accelerated economic and societal digitalization?</li> </ul>
12:30-13:30	<p><b>A Reset of US-Mexico relations? Will action follow intentions?</b></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 the 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"> <li>• 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?</li> <li>• 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?</li> <li>• 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?</li> <li>• How does the Biden administration see Mexico’s potential for becoming a nearshoring base in its economic and technological confrontation with China?</li> </ul>
13:30-15:30	Lunch Break

16:00-17:00	<p><b>Sign up session: Can Mexico sustain its current energy policy?</b></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. Last 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"> <li>• What are the implications of the current energy policy for foreign investors?</li> <li>• 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.</li> <li>• 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?</li> <li>• 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?</li> </ul> <p><i>This session will be off the record and requires sign up</i></p>
17:15-18:30	<p><b>Sign up session: What recommendations for Mexico's policies (A follow up to "Mexico's prospects in the context of a still volatile global recovery")</b></p> <p><i>This session will be off the record and requires sign up</i></p>

<b>Friday 18 February</b>	
08:30-09:45	<p><b>What progress can be achieved towards a North American Industrial Platform?</b></p> <p>The Covid 19 pandemic and the US-China confrontation have heightened the awareness about supply chain vulnerabilities regarding goods and parts coming from China, and on over-dependency on China sourcing. The Biden administration ordered last June a review of US supply chains with the objective of decreasing their reliance on China. The US administration has also stated that it would strengthen its relationship with its allies, with few concrete steps on the North American front. USMCA is obviously crucial for all three members with automotive dominating the trade between the three countries. Over 70% of Mexican exports go to Canada and the United States. The US sends 23% of its exports to Mexico and Canada (versus 5% to China). The latter exports 62% to Mexico and the US. Deepening and expanding the trade and business interaction and the potential industrial synergies between the three members of USMCA would seem a logical way forward. However, this runs counter to many domestic political orientations and vested interests – especially in the US where there is no real support in Congress for further expansion of free trade and the Biden administration in pursuing a "buy American" policy.</p> <ul style="list-style-type: none"> <li>• Can, at some stage the economic and competitiveness advantages of a North American Industrial platform prevail over the political obstacles against such a development? What possible actions or developments would help promote the notion of a more integrated North American Industrial platform?</li> <li>• The automotive sector has been a driver for trade between all three countries, but it is now doubly affected by the pandemic and the chip shortage, what needs to happen to further enhance the competitiveness achieved by playing on the complementarities between the three countries?</li> </ul> <p>What role for the private sector in driving regional industrial integration?</p>

<p>10:00-11:00</p>	<p><b>Boosting the resilience and growth of SMEs as a key component of Mexico's economic future</b></p> <p>More than 1 million micro, small and medium-sized enterprises had to close in 2020 - 20.8 percent of the country's total - as a result of the pandemic. This loss that was partially offset by other openings, as 619,443 new businesses were also created - 12.8 percent of the total - according to the government figures. Many of the owners of failed SMEs had to go back into the informal sector to try to survive. However, beyond the negative impact of the Covid crisis, Mexican SMEs have been plagued by structural problems, such as low productivity and management weaknesses, technological backwardness, poor banking and financial inclusion. To alleviate the shock of the pandemic a number of measures have been taken to support SMEs such as the allocation of 3.4 billion pesos to reinforce existing social programs to support SMEs through the Mexican Social Security Institute (IMSS. ), the leveraging of fintech solutions to support financial inclusion, including participation from the private sector to channel funding to SMEs and support their digitalization, and an SME Telecommunications Financing Program to support SMEs linked to the digital industries and telecommunications infrastructure sectors.</p> <ul style="list-style-type: none"> <li>• What additional steps could help accelerate and expand the progress in the digitalization of SMEs - especially during the COVID-19 crisis ?</li> <li>• According to the OECD only 7% SMEs in Mexico have been able to access and combine government support. How to increase this percentage to support the resilience of the sector?</li> <li>• How to improve access to credit for SMEs and expand banking and financial inclusion?</li> </ul>
<p>11:15-12:15</p>	<p><b>Mexican startups overcoming the pandemic</b></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"> <li>• The success stories that could provide lessons for entrepreneurs ... and SMEs.... and MNCs.</li> <li>• As of now Fintech, Health and digital health have experienced an investment explosion, what other sectors hold promises</li> <li>• In Mexico, three out of four VC operations are cross border, what can be done concretely to raise more funds domestically.</li> <li>• How to expand support for startups creation from corporations?</li> </ul>
<p>12:30-13:30</p>	<p><b>Leveraging the positives in Mexico's economic picture</b></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. 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 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"><li>• 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?</li><li>• How could the success of some startups in promising disruptive technologies be leveraged to accelerate the digitalization drive in Mexico?</li><li>• Will the strong export performance achieved so far encourage the domestic private sector to increase investment which has been lagging significantly so far?</li></ul>
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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.