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Mexico—Initial Thoughts on President-Elect Sheinbaum's Cabinet

Mexico's President-elect, Claudia Sheinbaum, has presented her cabinet to-be little-by-little over the past few weeks, releasing the names of cabinet appointees every Thursday since the results of the election. And more awaits, as some key posts such as CEOs of Pemex and CFE remain unfilled. So far, the cabinet is a mix of new faces, continuity from AMLO's government, and a mix of political figures and more technical appointees. It remains to be seen if the announced names stick, as it's worth remembering that from AMLO's initial cabinet some key figures such as Fin Min Ursua and planned deputy Fin Min Esquivel only lasted a short while. Among the key figures we have:

- **Secretary of Finance:** Rogelio Ramirez de la O (continuity). AMLO's third finance minister (after Carlos Ursua and Arturo Herrera) is a known quantity for markets. He has a mix of solid academic credentials and experience communicating with financial markets, with the biggest knock on his tenure being the blowout of the fiscal deficit to its highest in forty years (the PSBR will likely print close to 6% of GDP in 2024). His new tenure will kick off with the tough challenge of bringing back the deficit towards sustainable levels. The trick will be in balancing any potential tax changes without triggering capital flight or further burdening the formal sector nor eroding competitiveness.
- **Secretary of Government:** Rosa Icela Rodriguez (continuity/political). A journalist by profession, she has long been a trusted collaborator of AMLO. Her experience at both the State and Federal level includes a mix of security-related posts, as well as participating in the campaign teams of both AMLO and Sheinbaum.
- **Secretary of Security:** Omar Garcia Harfuch (technical). Considered a security expert, he's held various police posts, with his latest being Head of the Investigation Policy for Mexico City, and coordinator of intelligence for Mexico City's cabinet. His academic background contains a mix of law and security degrees from both domestic and international institutions. He worked with Sheinbaum in Mexico City but held positions in the security world under different political parties.
- **Secretary of Education:** Mario Delgado (political). The current national leader of the Morena Party has been tapped to take over the education ministry. An economist from the ITAM, with a masters in economics from Essex University in the UK, Delgado's career began as an economist in Mexico's Fin Min, but then took a sharp detour into the political world, including stints in Congress and in the leadership of Morena.
- **Secretary of Welfare:** Adriana Montiel (political). She began her career working in various roles across the structure of the PRD party, eventually shifting roles to work within the Mexico City public administration. She then pivoted towards becoming Congresswoman, subsequently joining the Federal government under AMLO.
- **Secretary of Infrastructure:** Jesus Esteva Medina (technical). As a specialist in civil engineering, he has overseen public works for Mexico City, worked in the civil works department of Mexico's largest university (the UNAM), and has worked in academia related to his field.
- **Secretary of Civil Service:** Raquel Buenrostro (political/continuity). She is among AMLO's most trusted collaborators, having served as head of the national tax agency (SAT), followed by the role of Secretary of the Economy. Buenrostro has been a close collaborator of AMLO since his time as mayor of Mexico City.

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- **Secretary of Energy:** Luz Elena Gonzalez (technical). Sheinbaum's Fin Min in the Mexico City Government now shifts to the role of Energy Secretary. Her background is primarily in financial roles, but in the city government she participated in the financing of renewable energy projects. In Mexico, the interaction between the three top energy policy roles (CEOs of Pemex and CFE, and the Energy Secretary) is often different from one presidency to the next and, in this case, it will be difficult to predict how the roles could interact before seeing the profiles of the three leaders. Still, the appointments and their backgrounds will only serve as potential guides to how Sheinbaum envisions the three roles interaction.
- **Secretary of the Environment:** Alicia Barcena (technical). Barcena has had a long career in the UN system, as well as serving as Foreign Affairs Secretary. She has both solid academic and policy experience in the environmental/ESG world. This appointment makes sense with the widely held view that one of Sheinbaum's potential differences from AMLO in the policy space will be a higher priority to the environmental agenda.
- **Economy Secretary:** Marcelo Ebrard (political/continuity/technical). Ebrard has been at the center of the Mexican political scene for decades now, being a member of the PRI, PRD and now Morena. He is seen as a pragmatist, with sound foreign policy experience.
- **Foreign Affairs Secretary:** Juan Ramon de la Fuente (political/technical). Similarly to Ebrard, de la Fuente is seen as a pragmatic solid politician, who previously served as ambassador to the UN, and was dean of the country's largest university (the UNAM).
- **President Chief of Staff:** Lazaro Cardenas Batel (continuity). The bearer of one of the iconic surnames of Mexico's progressive political lean, will take over the Chief of Staff role.

Key challenges of the new administration:

The incoming administration will likely face a materially more challenging task than the AMLO administration. The country's fiscal stance is weaker, with deep savings pools now depleted (the oil stabilization fund, the Treasury's cash position, as well as several trusts for things like R&D and natural disasters), a re-estimation of GDP that added close to five points of GDP absorbed by indebtedness, and an inertial fiscal deficit of close to 6% of GDP.

The incoming administration also faces the challenge of material supply chain bottlenecks in the availability of electricity and water. The power shortages issue (Mexico currently has close to the lowest spare power generation capacity it's had in four decades), could be compounded by overturning the 2013 energy reform at the constitutional level, which would reduce the options available to bring in private players at a time when fiscal space is limited.

The next set of issues are likely to spring from the US election, including the 2026 update/re-ratification of USMCA, as well as what looks likely to be growing pressures from the US political establishment to set limits on Chinese investments in Mexico which relate to strategic US sectors. It may well come to be that USMCA's update will include discussions on this front.

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