

“MEXICO IN THE NEW MILLENNIUM”

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Welcome to 2001 and the new millennium! Though we all endured the hype and speculation associated with Y2K last year, and the non-event it turned out to be, it is now that we really begin the 21st century. In starting 2001, it is appropriate that we look back at the changes that took place last year in Mexico and the United States, and what we might expect in the coming year. The political changes that took center stage in both countries will have far-reaching socio-economic impact on the citizens of each. Without question, the election of Vicente Fox of the “PAN” party in Mexico will have a compelling effect on a nation that has been accustomed to one-party dominance for seven decades. We, on the other hand, with the “hanging” victory of George W. Bush, have once again made a change to the opposite political party who will decide the fate of our country for the next four years. In both scenarios, the impending opportunities created by these new political directions can only serve to strengthen a growing and prosperous relationship between each nation. Interestingly and yet ironic, for the first time in the history of each country, the President-elects are former governors of their respective states who both like to wear cowboy boots and spend time at home on their ranches.

There may not be a more significant political figure in the world at this moment than President Fox of Mexico. The mere fact that he was elected signals volumes about a nation’s desire for a radical change in national politics. And there is not a man who has come to the forefront with more political charisma, verve and energy than President Fox. Not since the emergence of Nelson Mandela has the world been witness to a more monumental political figure. This is a man who truly *wants* to be president and is not going to be like those before him, merely the “chosen ones” of the former ruling party. Vincente Fox is the people’s President, a man who is not afraid to take risks, a man who is not concerned with political appearance, a man who is willing to be a part of his people and walk among them. This is the same individual who went to church on the day of his inauguration in blue jeans and boots, sans coat and tie, demonstrating his indifference to political image by his manner of dress and devout religious belief. He then later sat on a street curb talking with his constituents about the country’s needs. As a former executive of Coca-Cola, President Fox understands Western business ideals and as such is not the “typical” politician but more a corporate businessman. He has publicly endorsed President-elect Bush and acknowledged the emerging synergy that the man from Texas brings to the White House and Mexico. President Fox is acutely aware of the strategic ties that must remain with the United States and moreover, must be enhanced for greater productivity between his growing nation and that of his largest neighbor to the north. We, as Americans, should realize and embrace the political significance that Vicente Fox’s election has created for both countries.

At a recent conference on Mexico, sponsored by the Arizona District of the Urban Land Institute, Dr. Richard Mahoney, professor at the Thunderbird Graduate School in Phoenix, rated both the political climate and investment opportunity in Mexico as “high positives.” What Dr. Mahoney indicated was that the situation in Mexico was very favorable to the United States and that the overall picture was one of political and economic stability. Dr. Mahoney was extremely excited about the election of Vicente Fox and felt that his new cabinet included many highly qualified and politically respected members. Mexico is forecast to have a 7 percent growth rate for 2001 (double that of the U.S. economy), and the Mexican

peso is predicted to remain at its current level of approximately \$N9.5 pesos to \$1U.S. It is not anticipated that Mexico will suffer the same financial banking crisis that the country experienced after the election of Ernesto Zedillo. It is also worth noting that President Zedillo is leaving office with “high marks” for his social initiatives, nationwide economic growth, reductions in unemployment and crime, and a burgeoning trade surplus with North America. Couple all of this with continued Foreign Investment Law reforms and Mexico’s heightened awareness of protecting foreign investment in the public and private sectors, and the result is an abounding opportunity for new capital and infrastructure development. One of President Fox’s most important issues is housing and the ability to finance new home construction. He has already taken the lead in creating the equivalent agency in Mexico like the Federal Home Loan Bank here in the U.S. The intent is to originate Mexican mortgages that can ultimately be securitized and sold on Wall Street.

And lastly, Stewart Title Guaranty Co. (STGC) is a strong proponent of Mexico. So much so that we are “putting our money where our mouth is.” STGC has received approval from Mexico’s Direccion General de Seguros y Valores de la Secretaria de Hacienda y Credito Publico for the incorporation of our Mexican subsidiary, Stewart Title Guaranty de Mexico, S.A. de C.V. By the end of the first quarter of 2001, STG Mexico will be the first ever title insurance underwriter to receive approval from Hacienda to be licensed in Mexico as a title insurance company. With corporate headquarters in Mexico City, Stewart Mexico will be able to offer title insurance policies governed under the laws of Mexico with issuance to Mexican nationals, banks, companies and developers. It is inherent with our corporate policy and our company’s mission statement that we are dedicated to the preservation and protection of land ownership. To that end, we believe Mexico is ready for this same high ideal we have persevered for 108 years.

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