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Mexico's Fox: he's back, with an energy fund – UPDATED

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by Jude Webber



With the ink only a month old on Mexico's landmark energy reform – and the fine print of how to apply it yet to be approved – Vicente Fox, a former president, is already eyeing an opportunity.

He has announced the creation of a \$500m fund – indeed, most of the money has already been raised, says the former Coca-Cola executive – to drive investment into the energy sector as it shakes off the shackles of three quarters of a century bound to the state.

Speaking from his Centro Fox think tank, the gravel-voiced rancher told Beyondbricks the project was entirely Mexican and he had been invited six months ago to help drum up support. He himself has not invested in the project, and he could not yet give full details or reveal the masterminds or investors. But he says: “It's unique and the first fund in Mexico to specialise in energy and infrastructure.”

The fund has been canvassing international pension and endowment funds, and oil companies or construction firms could also participate. The aim is to channel funds to mid-size companies to beef up much needed technology in a sector he says has become left behind in Mexico. One example: a water drilling firm which, with some additional know-how, could turn its hand to drilling for oil and gas.

The fund should be formally constituted in the first quarter and operating within the first half of this year, and the idea is to fund a maximum of 10 projects. Some, including in wind power and biomass, as well as road concessions, have already been analysed, he says.

Fox recognises \$500m is “peanuts” and “irrelevant for the billions that Mexico needs in energy, oil and infrastructure”, but says: “As soon as this fund is allocated, these people are planning to launch another and then another ... this energy reform opens three gigantic – and I mean gigantic – investment prospects in energy, electricity and infrastructure.”

He tipped his hat to Enrique Peña Nieto, the president, for achieving through the reform, and slammed opponents “who want to keep Mexico in the past, in the 20th century”. Now, he said: “We have to stop corruption. Officials must leave red tape behind. We have to move quickly. If we continue with this slow bureaucracy, this corruption, then this great change will collapse.”

Besides pushing for drugs legalisation – starting with marijuana but including everything – Fox has made fewer waves lately than either his successor in the presidency, Felipe Calderón, who alleged during a trip to Paraguay that organised crime groups were so sophisticated they were taking over institutions (he later sought to soften his comments); or his predecessor, Ernesto Zedillo, who warned Mexico sharply about the risks of increasing its deficit.

The new fund championed by Fox has been courting investors in the US, Canada and Abu Dhabi and, says the former president, “there’ll be no shortage of money”.

Of course, \$500m is a drop in the ocean for any serious big energy project in Mexico but it’s nonetheless a promising sign – unless, like some ordinary Mexicans, you see the whole energy reform as a giant giveaway of the key sector to the US and greedy multinationals.

Meanwhile, Enrique Peña Nieto, the current president, is not only promising to push ahead with implementing the reforms he swept through in 2013 – telecoms, labour, financial, tax, education, as well as energy – but to enact more. In two days, he has promised agrarian reform and to make 2014 the year a properly national universal health service is put together. Looks like a busy year ahead.

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