CARLOS HEREDIA: This is Session 3, “Mexico: Outlook for the Peña Nieto Government,” and we have Luis Rubio and Luis De La Calle as panelists. I'm Carlos Heredia and I will serve as the moderator. Thank you.

To set the stage for this discussion, I have to begin by mentioning that every 12 years Mexico and the United States go to the polls at the same time, so this creates the opportunity for, like it was said in the prior panel, fresh ideas, bold thinking, and that's what we're going to try to generate in this panel.

Enrique Peña Nieto is being sworn in as we speak, literally, that's why a couple of our colleagues couldn't come to this session of the Trilateral Commission. Over the last few days, President Peña Nieto paid a visit to both President Barack Obama and to Prime Minister Stephen Harper.

So we're going to try to set the stage for the bigger picture, then delve into domestic issues in Mexico, and come back to the bigger stage in this discussion. Actually, with all this talk about the fiscal cliff in the United States, there was a cartoon in Reforma, Mexico's leading daily newspaper, that shows President Peña Nieto greeting Barack Obama, and in Spanish, his name Enrique Peña Nieto can be translated, literally, as Henry Cliff Grandson. Of course, he was trying to make himself noticed and say, I'm Henry Cliff, and Obama, like, kind of shrugs, because a bigger question to us in Mexico is whether Mexico can, again, become a player and stop being looked at as a source of trouble, of problems.

Can Mexico, again, become a relevant player? That's a big question up in the air. So 12 years
ago, when President Vicente Fox was sworn in, December 1st, 2000, there was a lot of expectation that Mexico finally had joined the club of democracies. After 71 years of one-party rule, Mexico becomes a democratic society.

Twelve years down the road, we're facing a scenario in which, to many Mexicans, it seems that we didn't quite reach the future that we wanted and the past, possibly, comes back to haunt us. Do you agree with that scenario, Luis?

LUIS RUBIO: I think that's the right picture. Let me try to take the bird's-eye view of what has happened in the past, not 12 years, because I think that the issues are not strictly related to two administrations or to one party.

Mexico has experienced extraordinary change over the past quarter century. It has experienced enormous, even cataclysmic, change at some points with crises of one kind or another, but there has been an amazing change and an amazing arrival at fiscal stability, and a picture that begins to offer the possibility of a different future.

Mexicans, as Carlos just said, are not happy about it or they are not happy about what has been produced as a result. Many see the future and they see enormous complexity and difficulties, but what's astounding is that when one looks back, what's really amazing is how much Mexico has changed and how much Mexico has changed for the better in the past two or three decades from fiscal cliffs and similar problems in the 1980s. We are now on track to growing significantly. Last year, in 2011, Mexico created the largest number of jobs ever in its history. Things are beginning to shape up.

There were two transitions in the past 20 or 25 years. One was an economic transition that was planned and thought out, that included liberalizing the economy and reducing the government's hold on the economy.

In some sectors, it's a totally open and liberalized economy. In others, there is still a significant government participation as well as non-market factor playing in it. Unfortunately, the politics behind the economic reforms were as significant in two ways.

One was that the ulterior motive was to try to avoid PRI losing the presidency, in which, obviously, that purpose was a failure. The political reforms never matched the economic reforms, and they were much more reactive trying to respond to circumstances, to the issues of the day, to whatever stranglehold the opposition parties were able to put on the then ruling party.

So there was never an agreement on where the political reforms should lead, and the result is that there's no agreement on whether we are there or not, so everybody defines transition any way he or she likes. For instance, one reporter once asked the leaders of the three parties the question, is Mexico a democracy? And the answer by the president of PRI was, Mexico has always been a democracy. For PAN, the answer was, Mexico has been a democracy since 2000, which happens to be the year in which
they won the elections. For the PRD president, Mexico has yet to be a democracy. So that tells you sort of the context.

We went from a very controlled, centralized-controlled, political system, which was quite authoritarian in its heyday, to a very relaxed political system with no accountability by anyone, and that has translated into fiscal accounts that are exercised by the governors with no accountability to anyone.

Also, a very fragmented political system where there are plenty of actors who are under no supervision by anyone, both private as well as public. Yet, big things have changed, and the good news is there has been an enormous infrastructure buildup. There's an enormous and amazing growth of the middle class in the country. There is real political competition. There has been alternation of parties in power twice now without a glitch, or almost without any glitch.

What there has been no ability to do is to really get the benefit of these advances, to draw the benefits from having undergone all these reforms. I think that, in a country with relatively weak institutions, even though many institutions, like the Supreme Court and the electoral authorities, have been set and become credible, in a relatively institutionally weak context, there has been a big deficit, A), of leadership and B), of a government that functions well for the needs of the economy. We have first-rate companies that export and compete with the best of the world, and we have local governments that remain in the 19th century, and those mismatches produce very odd results all the time.

It's in this context that Peña Nieto comes into the government, literally, today. In a few minutes he'll be sworn in.

MR. HEREDIA: Let me just go to Luis de la Calle now for his assessment on these paradoxes that you're outlining. We've come a long way in terms of handling our economy, yet we have a deficit of leadership and of good governance. The Economist published a piece last week, Luis, in which they basically say that even above the BRICS, Mexico is becoming, in a silent way, the country to be watched.

But it's kind of funny that most people in Mexico do not share that prognosis. Where's the mismatch here? Are we missing something that foreigners are looking at?

LUIS DE LA CALLE: The economy has grown many times, and most Mexicans don't read The Economist. I would say that Mexicans have developed a wise sense of skepticism when the Shangri-La is promised to them. I mean, this Wall Street inclination that Mexico needs a big bang to truly progress and grow at 8, 9 percent per year, and then our image in the world will improve, I think is mistaken and Mexicans don't buy it.

I think Mexicans know, in their daily lives, that the development process is a process, that it takes time, it takes effort, and you develop one step at a time in little things, and then ten years from now, you write the book saying Mexico is much better than we thought.

So Mexicans, I think, have the sense of frustration about the past. I mean, when Carlos Salinas
was president of Mexico, Mexico was oversold — several of us were part of that selling process, of course, and I think it was necessary to do it back then. Was Mexico entering the first world? Well, it takes time and it's not a linear process.

You have ups and downs, and I think Mexicans are wiser in terms of showing that degree of skepticism. Now, that's different from what you have in the elites in Mexico, and in other places, that believe development is impossible. The problem we have is that the political class in Mexico believes that development is impossible, and by thinking it's impossible, they make it so.

That contrasts with most Mexicans who think development is possible and actually are working on creating a modern country, so the disconnect is more the other way around. Most Mexicans believe development is possible, but costly. It takes a long time. It's not easy.

We don't want to take off as the monument to Christ of Rio on the cover page of *The Economist* and then collapse, or like in the last week's *Economist*, Mexican hats flying, over the top. It takes time, but most Mexicans believe that it's possible, and most politicians in Mexico believe it's not possible.

The question is whether that bridge can be built between the sense of Mexicans in terms of the possibilities of the country and the political willingness to actually put the necessary reforms to make that thing possible. The disconnect, I think, is more on whether politicians in Mexico will believe that it's worth paying the price of the political reforms and the economic reforms we need to truly grow.

**MR. HEREDIA:** So how do we bridge this mismatch? In your initial remarks, Luis, you say that there's a deficit of leadership. President Calderon leaves office with a 72 percent rate of approval, which seems sky-high in an environment in which there's this widespread skepticism and after a very high toll of almost 60,000 people dead in the war against drugs. What can President Calderon take credit for and how do you define his legacy?

**MR. RUBIO:** I think it's too early to say that. My sense is that those numbers will decline very quickly in the next several weeks, and so in a year's time, we'll be talking about something very different. I think his biggest merit is to have recognized that the risk that organized crime of whatever nature posed was dramatic and was very serious, and it had to be confronted.

I think that he shot from the hip without thinking much about the consequence of what exactly he had decided to do would be, and he's going to pay a big price for that, largely, because I think Peña Nieto will change course, literally, today, and that will put Calderon on the defensive against history, particularly if Peña is successful in bringing the violence down or in claiming benefit from violence coming down.

The problem with him is that he will have been a one-issue president, and his whole legacy will depend on what happens, exactly, on that particular subject, one that he will not be able to control. Numbers are beginning to come down, and the number of murders is coming down. Peña won't be able to
claim victory over that without having done anything, just in that particular regard, and then there are so many disappearances, apparently, of Central Americans migrating north that that could become a horrendous scandal in the next several months, and that will hit Calderon. So I think his legacy, or his reputation, is absolutely up for grabs at this stage.

MR. HEREDIA: Calderon actually ran on a platform of jobs. He wanted to be seen as the president of employment. What happened?

MR. DE LA CALLE: 2009. I mean, we had a very severe recession in 2009. GDP went down 6 percent in Mexico and when the economy falls so much, politically, it's very hard to get re-elected or to make progress on issues. The political capital he might have acquired was lost in that recession.

And there's a question as to why that recession was so deep. Most people associate, analysts, I think wrongly, the recession of 2009 to being close to the U.S. But being close to the U.S., Canada did not fall 6 percent, and they are, in a way, closer than we are. Texas is closer to the U.S. than we are, and they didn't fall 6 percent.

MR. HEREDIA: Closer to the U.S?

MR. DE LA CALLE: Yes. I mean, the U.S. didn't fall 6 percent. Why would the U.S. be the cause of Mexico falling 6 percent? The reason the economy fell 6 percent in 2009 is because consumption and investment collapsed in Mexico a lot more than exports. And consumption and investment collapsed because we were entering a business cycle before Lehman Brothers. And there was this very severe credit restriction in 2009, and the Central Bank followed a very conservative pro-cyclical monetary policy in 2008, so that is the bad news.

The good news for Calderon, and mostly for Mexicans, is that, in spite of 2009, employment in Mexico today is much higher than pre-Lehman. Unemployment rates are lower than pre-Lehman, in spite of the fact that the labor market in Mexico has been growing. I mean, in the U.S. you have the rate of labor participation going down as people quit the job market, and in Mexico it's actually going up. Ten years ago, 55 percent of Mexicans were in the job market, now it's 60 percent, so that will add to the potential growth of GDP in Mexico at least one more point.

From the supply side, more Mexicans are willing to work, particularly women, and are being incorporated into the labor market. So in Mexico today we have a higher rate of participation in the labor market and a lot more employment than pre-Lehman Brothers.

Now, Calderon will not get credit for that because he stumbled upon the 2009 crisis that was very severe in Mexico. But the fact that Mexico had a conservative fiscal and monetary policy in 2009, that we can criticize, Monday morning quarterbacking type of thing, is a tremendous asset for Mexico today, and it was going to be a tremendous asset for the Peña Nieto Government, because he arrives into government with the fiscal accounts balanced, with a solid monetary policy, with a low debt-to-GDP
ratio, and with a growing financial sector. Mexico is one of the few countries in the world where the financial sector will be expanding. In most countries, the financial sector is shrinking.

Those things are happening today because of the significant cost that Calderon took in 2009. Some people in the panel will argue, maybe not publicly, or maybe they will once they realize the benefits of doing this, that the monetary and fiscal policies in 2009 were run by PRItas and not by PANistas, and the PAN took the high political cost of implementing those reforms.

MR. HEREDIA: Let me get back to politics. The utmost oxymoron in Mexican politics is institutional revolutionary. Those are the two attributes of the PRI, Partido Revolucionario Institucional. Of course, in Canada, you had the progressive conservatives, and in this country you have the progressive Republicans, but the PRI, for 71 years, Luis, was a one-party rule; it basically denied democracy.

Now, they're coming back, and they're telling us, it's a loaded PRI. It's a new PRI. I cannot resist but depict the picture of President Peña Nieto promising an anti-corruption drive, having behind him, the leader of the oil workers union who's a senator now, Carlos Romero Deschamps —

MALE PARTICIPANT: And reform the oil workers union.

MR. HEREDIA: Yes. To champion the reform, he has, beside him, the leader of the oil workers union, who's, well, I don't know what word to use, but you will help me describe him, and then Emilio Gamboa, who is an operative, who's really, really the operative of the powers that be in the Mexican economy.

It was said in the prior panel, President Obama cannot negotiate against himself. Now, can Peña Nieto do that?

MR. RUBIO: You raise, probably, the single most important issue. You posed it at the beginning as a moral one, but I think that, in practical terms, there is a big paradox here. Certainly, the PRI has not reformed itself. Peña grew in the political ranks like an old operative, and he succeeded in getting the nomination and winning the old PRI way, and did it well. Amazingly successful.

He was able to remove every vestige of competition along the way, and he did it as cleanly as politicians can do. But the interesting thing is that the two PAN administrations did not remove the authoritarian structures and institutions that served to maintain, and nurture, and administer the authoritarian state.

If Peña Nieto wants to accomplish his two big goals, which are to increase the rate of economic growth swiftly and bring peace to the population, if he wants to do that, he'll have to dismantle that.

So the irony here, or the paradox, is that he will have to do the job that the opposition parties, that always claimed that they were democratic, never really got to do. The two biggest assets that Peña brings to the picture are, one, that he's a natural political negotiator, and that stands in stark contrast with the three previous presidents (including the last PRI President, Zedillo). The other is that he's coming with very low expectations. The business community has huge expectations and many people outside, but the
average Mexican doesn't expect anything. They see, exactly, the picture that Carlos just described. I think that he's going to come up with so many very visible things very quickly that he'll be able to benefit from those low expectations much more than what Fox did, when he played exactly the opposite role; he kept just inflating expectations.

One last point, Peña doesn't have the majority in either House, and many people see that as a problem. I see it as the biggest advantage because that's really what I think is the answer to your fundamental question. Since Mexico's politics and economics were not reformed within the PRI structure, most vested interests, most, what Mexicans call de facto powers, or veto powers, are related to the PRI.

What needs to be reformed is closely tied to PRI, and some of that within PRI; the oil workers union being an obvious one, the teachers union being another, and so on. One way to reform that is to be able to blame the other parties for the need to do so.

So the fact that he doesn't have a majority will mean that he'll have to coalesce with the opposition parties, with one or another, depending on the circumstance, hopefully with both, in order to be able to defeat those interests.

Again, the irony is that it is going to be a PRI president that has to deal big blows to the PRI interests. I don't think he has a choice, and I think he understands that full well.

MR. HEREDIA: Julio Frenk, who is in the room here, was telling me last night, he's the dean of the Harvard Public Health School, that he had a meeting with President Dilma Rousseff of Brazil and that Dilma's aim, explicit aim, is to make Brazil a middle-class society. Now, you two wrote a book in which you say that Mexico is becoming a middle-class society. The hard figures that we get from President Calderon's government is that poverty went up in the last few years from 48 percent to 52 percent of people living under the poverty line, and when I heard President Obama, in one of the debates, say that, in this country, there is a handful of folks at the top who want to play by a different set of rules, that's what he said, referring to the United States, I cannot help but look at Mexico and say, it's a country divided between 52 percent of people under the poverty line and a handful of folks at the top who want to play by a different set of rules. This is in sharp contrast with what you say in your book. So is Mexico really becoming a middle-class society?

MR. DE LA CALLE: Well, the poverty increase in Mexico came after the 2009 crisis, and the last measurement we have of poverty rates is 2010, so when the new numbers come out in July of 2013 with 2012 numbers, you will see a sharp drop in poverty rates, and of course, Peña Nieto will take credit for that, even though it didn't happen in his term.

If you link poverty rates to GDP growth and you believe that poverty went up because GDP went down, well, when GDP goes up, poverty goes down with it. But poverty and middle-class expansion is a
long-term phenomenon, so we shouldn’t be looking at it like the stock market, whether it changes from one quarter to the other.

Long-term poverty in Mexico is way down, and we continue to go down significantly in the last few years because of demographic reasons, because we had a more competitive economy, because jobs are being created, and people are investing in their own futures.

The question you asked in more than just the numbers is whether, in Mexico, there is the political willingness to overcome interest groups into passing reforms. We have fallen in what I called the Manuel Bartlett trap. Manuel Bartlett is a senator from the State of Puebla. He has —

MR. HEREDIA: He shifted gears from the PRI to the left.

MR. DE LA CALLE: Yes, well, he's been all over. He was very conservative and now he's extreme left. He has convinced the political class in Mexico that reforms cannot be implemented for ideological reasons. So we cannot touch Pemex, or the teachers union, or the education system, for ideological reasons.

We might lose our “Mexicaness” if we did those reforms. But it, in fact, it’s 90 percent interest and 10 percent ideology and not 90 percent ideology and 10 percent interest. So the only way to overcome the resistance to the reforms is, actually, to convince the public that the reforms are necessary, because either you do it one way, which is by having the support of the public opinion and say, we'll do the reforms. The other way is to compensate the losers in case you implement the reforms, and you have to do a combination of both, so the question for Peña Nieto and his team is whether, one, they can imagine the reforms the country needs; two, whether they can sell them to the public-at-large, that growing middle class that will vote for the reforms if they had the occasion to do it; and three, how do you devise a mechanism to compensate the interest groups that will lose from the reforms — the teachers union, the oil workers union, the Pemex's suppliers, that tend to be the largest opponents to all the reforms in Mexico or the interest groups where more competition will be injected into their sectors?

So in a way, we need sort of an internal type of NAFTA negotiation we had 20 years ago when we had to negotiate with different sectors of the economy in Mexico to make that opening possible. Well, now we have to do the internal reforms that will bring competition to the table so that those one-percent types that prevent the reforms from happening make enough room for the reforms to happen and then Mexico to make progress.

MR. HEREDIA: Last night we had a little geography lesson on the St. Lawrence Islands. Now, another geography lesson is fit for the conversation because you know that, in Mexico, we use the word Mexico to describe the country, to describe the nation's capital, Mexico City, but we also use it to describe the state where Enrique Peña Nieto comes from, Estado de Mexico, the State of Mexico, which envelopes Mexico City, but it's a different entity.
Going over the list of appointees in the new Cabinet, Luis, I see a lot of faces from Estado de Mexico. What is your take on the new Cabinet?

MR. RUBIO: Well, I think that, beyond the petty issues of what this means for the succession, because they are already aligning themselves for that, meaning 2018. There are several politicians who are true professionals of their trade and they are being put, at least two or three of them, in key positions related to the main vested interests that, obviously, Peña means to undermine.

He's put very strong technocrats in other ministries. So I think that the clear message is that the priorities are to get things done on the economy, to eliminate the obstacles that make it difficult for the economy to grow, and then the other, to restructure the political relationships and structures that have hindered the functioning of fiscal accounts, meaning the relationship between the Federation and the States.

And second, to do whatever restructuring needs to be undertaken in areas like security or in the electoral realm. So I think it's like, somewhat provincial, which is, I think, what Carlos meant to say in his question, but on the other hand, mind you that, in Mexico, at least today, with one exception, all other positions serve, literally, at the President's pleasure, and thus can be changed by the President any day he wants.

My sense is this is the first Cabinet, not the only Cabinet. I think he's aiming to change several things very quickly and within a year and a half or two we'll have a different Cabinet. The only position that, at the top, requires confirmation by the Senate is the attorney general, who is a very experienced politician and a very competent lawyer.

MR. HEREDIA: But do you see fresh ideas? Do you see bold thinking in the Peña Nieto administration as he has laid out his program for the next few years?

MR. RUBIO: In thinking about this last night after we got to know the names, in a way, this is not very different from the Cabinet that Salinas brought to the picture. He brought two or three major politicians to take care of business, and he brought in the finest economists, including Jaime Serra, that were there to change the reality of the economy, and that's what happened.

So I think that there is some provincialism in the appointments, but I think that there is a very clear definition that he wants to get things done in the economy. I have no doubt that that's the implicit message.

MR. HEREDIA: Let me go back to the broader North American picture. And, Luis, you have been very keen on a campaign to change the image of Mexico to the eyes of ordinary American and Canadian citizens, which we know, that is not the optimal one because of the violence and what comes up in the news in Canada and in the U.S.

Of course, you cannot change the image if you cannot change the reality, but give us some ideas
on what to do about it for free.

MR. DE LA CALLE: Go back from the front page of the *New York Times* to Page 35. If you look at a long —

MR. HEREDIA: Well, we were not mentioned even once during the Obama-Romney debates and Israel was mentioned 34 times.

MR. DE LA CALLE: I think that is good news. You don't want to be mentioned in that context. I can show you a poll later: a long-time series of Gallup polls on Mexico's image. The lowest points are when we were in the news, like during the NAFTA debates. The NAFTA debate brought so much attention to Mexico that our popularity actually came down, so ignorance is bliss. No, I'm joking!

I think that we need to change the objective. I think Mexico's objective should be that Mexico and Mexicans become more familiar in the U.S. We need to increase the level of familiarity of U.S. citizens and Canadian citizens with respect to Mexico.

Why do we want to do that? Well, because we are neighbors and because we want to have a degree of acceptance, of "Mexicaness" in the U.S. so that we can defend ourselves in the U.S. legal system. And to do that, I think we need to become more familiar to U.S. audiences.

I proposed to the incoming Calderon administration that we take five ideas, and they thought I was joking. One was a major baseball league team in Mexico. Two was a soccer team from the U.S. in the Mexican Soccer League. Three was a Mexican doctor in "Dr. House." Four was a Mexican nurse in "Grey's Anatomy." And five was a Mexican geek in the "Big Bang Theory."

MR. HEREDIA: Instead of the Indian guy.

MR. DE LA CALLE: Instead of the Indian guy.

MR. HEREDIA: So we have to get Julio Frenk into Dr. House.

MR. DE LA CALLE: Exactly right. But I think that is a way. It's not a joke. I think that is a way to really address the issue. If we grow at 5 percent per year, our image will go up with no cost in public relations or advertising, but in the end, we have to convince the Americans that Mexicans are normal people.

MR. HEREDIA: Normal people.

MR. DE LA CALLE: Yes.

MR. HEREDIA: Luis, borrowing a page from David Gergen, what's your advice for Enrique Peña Nieto?

MR. RUBIO: I think he's totally focused on the things that are important. My sense is that he's going to run very quickly in directions that are not necessarily the most productive, and I think that we'll have to wait and see, when he hits the wall, what he's made of.

I think that the priorities should be, clearly, the ones that he's outlined, which are increasing the rate of growth of the economy, and that means eliminating all sorts of obstacles, subsidies, protection
mechanisms, and the like, that have separated the domestic economy from the export economy. We need to have one economy.

The other is, in the political realm, he needs to carry out the reforms that the PAN didn't, couldn't, or wouldn't. Both, I think, are doable and both mean a radical transformation of the political system. I think his temptation, and that's where I'm afraid he's going to clash against a wall, will be to re-centralize power in order to control everything and get back to the way things used to be done, and the way he did them in the State of Mexico.

I think what Mexico needs is to institutionalize power, and that is the tension which I think is going to be the trait of his first couple of years in the administration.

MR. DE LA CALLE: Answering the question you posed to Luis Rubio as to what should Peña Nieto do? The first thing he has to do is to tell interest groups, including the private sector, that they have no veto power on public policy, period.

I think the PAN made a huge mistake by giving the private sector veto power on trade policy and they should get rid of that day one, because, otherwise, nothing will happen if the government doesn't show that they can implement things in spite of interest groups that oppose the reforms.

Now, if he had to choose one reform, because, I mean, doing a great bargain without fiscal cliff is pretty hard, but if he had to choose one reform, I would do energy, not only because of the supply aspects to it that Lourdes was talking about, one or another, but for the competitiveness of Mexico.

The U.S. is going to re-industrialize itself, and the country that might benefit the most from the re-industrialization of North America is Mexico, but the country that might lose the chance of participating in that re-industrialization process is Mexico if we don't do the reforms.

Now, the first question we should ask ourselves is, are we willing to have an energy market? In Mexico, neither prices nor quantities are market-determined. Can we integrate our energy sector to North America, to Canada and the U.S., without the functioning markets? The answer is no. It's impossible.

So are we willing to have a market for energy goods in Mexico? Well, that means getting rid of the monopoly, Pemex and CFE, on energy trading. So the bigger reform is not whether private investors can participate in the energy sector, the bigger reform is whether energy goods can be traded fully across the border with Canada and the U.S. with no restrictions.

We can create an energy market, day one, by just opening the border and getting rid of the monopoly Pemex has on the importation of energy goods into Mexico, and that has to be coupled with another reform that President Peña Nieto already announced, which is to transform the so-called agrarian reform ministry into a ministry for land management and urban development.

The main obstacle to have natural gas around Mexico is the enormous difficulty of finding land for the right of way for the pipelines. So the priority number one of the government should be solving
that structural issue, which is letting private companies lay the pipelines all over Mexico. So the
government has to do the necessary work to assure right of way for those pipelines. That's number one.

And number two, they need to have a price mechanism to have an incentive for that gas to be sent
all over Mexico, because right now in Mexico, the Treasury fixes the natural gas price, and they choose
the Texas price. Well, with Texas prices, nobody has any incentive to build a pipeline in Mexico because
it's too low. You need a market price that will reflect the scarcity of the gas, and therefore let prices fix
themselves, that means removing Treasury and Pemex from the equation.