

Ex-finance secretary speaks out: Carlos Urzúa disagreed with airport, refinery decisions

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<https://mexiconewsdaily.com/news/urzua-disagreed-with-airport-refinery-decisions/>

[AMLO's ex-Hacienda Minister Carlos Urzúa says he disagreed, e.g., with airport, refinery & CFE decisions, as well as with Tren Maya funding with no financial plans or ecological studies, appointment of incompetent cronies, and conflicts of interest by 'extreme rightist' Alfonso Romo, who is AMLO's Chief of Staff. Urzúa says AMLO is NOT a Leftist, and that the] Electricity Commission's challenge of pipeline contracts was the final straw.

But electricity commission's challenge of pipeline contracts was the final straw for Carlos Urzúa



Former finance secretary Carlos Urzúa said in an interview he disagreed with the government's decisions to cancel the new Mexico City airport and to build an oil refinery on the Tabasco coast.

Urzúa also told the news magazine *Proceso* that he was opposed to the move by the Federal Electricity Commission (CFE) to seek to amend pipeline contracts and confirmed that he was referring to the president's chief of staff when in

his resignation letter he charged that there are “influential people” in the government “with a clear conflict of interest.”

The former secretary said he was in favor of continuing to build the airport at Texcoco, México state, because “the project was very advanced” and cancelling it would cause the loss of significant amounts of money.

Urzúa said that while it was true that a lot of the land around the airport “was controlled by people linked to the previous administration” – President López Obrador has consistently argued that the project was corrupt – “a strong government” could have expropriated it.

The ex-secretary also told *Proceso* that the plan to build a US \$8-billion refinery at Dos Bocas “is not optimal in current conditions.”

He said the government needs to listen to petroleum sector experts, most of whom say the project can’t be completed within a three-year timeframe or for less than \$15 billion.

“You can’t persist with an idea when there are companies that know more than you and they say the opposite. The problem of this government is its headstrong nature . . . Another of my differences [with the government] has to do with the Pemex business plan,” Urzúa said.

“I believe that the plan could be very good and could clean up the situation at the company in three years [but] it will only be possible if we avoid projects like the refinery and apply ourselves intensively to the exploration and production of crude.”

Urzúa, described by one analyst as the “adult in the room” in the López Obrador administration, said the decision by CFE chief Manuel Bartlett to seek arbitration to annul clauses in the contract for the Texas-Tuxpan gas pipeline was the final straw that led him to resign.

He said the problem with not respecting the contract is that TC Energy (formerly TransCanada) will sue the CFE and while the legal battle is ongoing the pipeline won’t be put into operation and ratification of the new North American free trade agreement could be threatened.

While the pipeline is out of action, the state-owned utility won’t be able to satisfy one-third of natural gas demand, he added, describing the scenario as “playing with fire and the well-being of millions of Mexicans who live on the Yucatán peninsula.”



Alfonso Romo, right, has a conflict of interest, Urzúa charged.

Mérida and Cancún have both suffered blackouts this year due to a lack of natural gas to generate energy.

“A senior official and I went to tell the president a few days ago that what the CFE is doing is not for the benefit of Mexico,” Urzúa said. “We signed a contract and we must comply with it.”

The 64-year-old economist described presidential chief of staff Alfonso Romo, a wealthy business tycoon, as “the main conflict of interest” in the government.

Given that the president’s office manages confidential economic information on a daily basis, Romo and his immediate family members shouldn’t maintain any shares traded on the Mexican Stock Exchange, Urzúa charged.

He also said the chief of staff’s ideological and social beliefs are incongruent with those of the president.

“Ideologically, Romo is a man of the extreme right and in social terms he ranges between Opus Dei and the Legion of Christ. How did a man like that, who came to admire [former Chilean president] Augusto Pinochet and [Legion of Christ founder] Marcial Maciel, end up not just being a friend of López Obrador but the head of the president’s office?” Urzúa wondered.

He said Romo was responsible for appointing the heads of the Federal Tax administration and Mexico’s state-owned development bank, Bancomext.

Urzúa was critical of the government's decision to allocate large amounts of funding to projects such as the Santa Lucía airport, the Maya Train and the Isthmus of Tehuantepec trade corridor before they have even started.

He also said that budget cuts, especially those made since March, have been too excessive and could cause problems in various government departments.

Despite his differences with the government's agenda, Urzúa said he always got on well with the president.

“. . . I'm convinced that he is by far the best living politician . . . in Mexico today. Seeing him [in action] is very impressive, he has extraordinary social intelligence," he said.

Urzúa said he believed that López Obrador shared his vision of developing Mexico along the lines of a Scandinavian social democracy but questioned how deep the president's leftist credentials ran.

"I've never been a leftist from head to toe and deep down I don't think he [López Obrador] is either. I don't think that he takes Marxism seriously," he said.

"The fact that he was fiscally conservative and at the same time placed great emphasis on social programs concerned me. The balance concerns me. It's not easy to have budgetary balance and a lot of social programs at the same time," Urzúa added.

"The big important difference between us [is that] the president doesn't want to implement a fiscal reform. I do because I believe it's the only way to reduce inequality. I don't know why he doesn't want to do it, maybe so as not to confront some business people, maybe because of the electoral cost . . ."

Source: *Proceso* (sp), *El Economista* (sp), *El Financiero* (sp)

[Readers may also be interested in the reportage of Reuters.com. as follows:

López Obrador admite desacuerdos con exsecretario de Hacienda:

<https://lta.reuters.com/articulo/politica-mexico-urzua-idLTAKCN1U51JH-OUHLT>]

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Mexico minister who resigned had differences with chief of staff

By Julia Love and Frank Jack Daniel

July 10, 2019, 09:27:00 AM EDT By [Reuters](#)



Reuters

MEXICO CITY, July 10 (Reuters) - At the heart of former finance minister Carlos Urzua's abrupt exit from the Mexican government was a dispute with President Andres Manuel Lopez Obrador's chief of staff, a millionaire who has placed business associates in influential government posts.

The friction with biotech businessman Alfonso Romo was among the differences that led to Urzua's departure, Lopez Obrador said on Wednesday.

Lopez Obrador said the disagreements between Urzua and Romo were "notorious" inside the cabinet after he gave Romo responsibilities over the merger of two state-run development banks usually overseen by the finance ministry. A close associate of Romo was named to run the banks.

"I asked Alfonso Romo to help in the coordination of the development banks, and there was disagreement over that," Lopez Obrador said at a regular news conference.

Urzua did not discuss the issue of the banks or mention Romo in his resignation letter. Romo, who has yet to comment publicly, has not been accused of wrongdoing.

Urzua's resignation brings into the public eye deep differences over what constitutes conflicts of interest in the government, which Lopez Obrador says is ending the country's infamous levels of high-level corruption and cronyism in politics.

The Mexican government should investigate the allegations in Urzua's letter, said Rodrigo Montes de Oca, a research scholar at the Houston-based Baker Institute Mexico Center.

"The simple appointment (of a friend) does not generate a conflict of interest," Montes de Oca said. "The conflict of interest would arise if the appointment is made to obtain a benefit in the future."

IN CHARGE OF BANKS

The administration of Lopez Obrador put Eugenio Najera in charge of the two state banks in December. Najera was a board member or special adviser in several of Romo's businesses from the 1990s onwards, according to his biography on the government website and SEC filings, including in Vector Casa de Bolsa, a brokerage that is part of a company Romo founded. Romo used Vector's offices as a base during the 2018 election campaign.

Najera then worked with Romo after the July election that swept Lopez Obrador to power, focusing on an industrial and technological development plan for the administration, according to a government statement in December announcing his appointment to run the banks.

Najera's office did not immediately respond to a request for comment. Urzua did not respond to requests for more details about the contents of his resignation letter.

Lopez Obrador said at the news conference that Urzua had opposed the appointment of Najera.

He said such ties did not represent a conflict of interest, however. The state banks had not given loans to relatives of government officials or their businesses, he said.

"I don't see any conflict of interest, but if that was one of his disagreements, I respect his point of view. I don't share it," Lopez Obrador said, adding that he personally "kept an eye" on everyone, including his family, to avoid abuse of power.

Amid its push to curb corruption, Mexico has stepped up rules around conflicts of interest. Mexican law requires public servants to speak up when they have a conflict and recuse themselves if necessary, legal experts say.

Romo resigned from the boards of several companies before the government took office on Dec. 1, including Vector. His brother is still listed on the Vector website as a board member. Vector did not immediately respond to a question about whether he retains a financial interest.

In an interview with Reuters last year, Romo said he would step down from his government post before he would sell any ventures.

An equestrian who competed in the 1996 and 2000 Olympic Games, Romo looks to have emerged strengthened from the contest with Urzua, with the backing of the president and less obstruction in the finance ministry to carry out his plans.

Lopez Obrador said it was normal for there to be differences within a government that was pushing big changes in the economy. In a video message on Tuesday, he said Urzua was not comfortable with decisions being taken to upend what the president frequently calls the neoliberal era in Mexico, starting in the 1980s.

Following Urzua's resignation, Lopez Obrador quickly named well-regarded deputy finance minister Arturo Herrera to replace him.

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