

NATIONAL PALACE, September 2, 2007

Message to the Nation from the President of Mexico, Felipe Calderón Hinojosa, on the occasion of his first State of the Nation Report, which took place in Mexico City.

Chief Justice Guillermo Ortiz Mayagoitia, of the Mexican Supreme Court,

Senator Santiago Creel Miranda, Chair of Senate's Board of Directors,

Deputy Cristian Castaño Contreras, Vice Chair of the Chamber of Deputies' Board of Directors,

Governor Guillermo Ortiz Martínez, of the *Banco de México*,

José Luis Soberanes Fernández, Chair of the National Human Rights Commission,

Luis Carlos Ugalde, Advisory Chair of the Federal Electoral Institute,

Honorable Governors of the states of Mexico, ladies and gentlemen of the Legislature, distinguished ambassadors and secretaries of State, ladies and gentlemen, my fellow Mexicans:

Yesterday, in fulfillment of the provisions of Article 69 of the Political Constitution of the United Mexican States, I appeared before the Congress of the Union and, in a respectful and solemn ceremony appropriate to the new era our nation has entered, I delivered a written report on the overall state of the Public Administration.

Today, I am sharing some of its most relevant points with the Mexican people.

The event was preceded by a discussion that I cannot and should not fail to mention. Together with many Mexicans, I have suggested that the format of the State of the Union Address should change.

It should become a dialogue between the branches of government, that is, between Mexico's President and Legislators, who have the constitutional responsibility to represent the citizenry. Debate is inherent to the very nature of parliamentary activity, and dialogue is an element essential to all government activities.

Democracy cannot be understood without the debate of ideas. Democracy is a respectful dialogue, a frank and straightforward discussion of differences, as well as the political honesty to acknowledge areas of agreement.

That is why yesterday I reiterated to all the men and women of the Legislature my willingness for them—within the framework of their responsibilities—to determine how that democratic dialogue should be conducted.

As head of the Executive Branch, I made a commitment to citizens to seek Sustainable Human Development for all the women and men of Mexico.

This entails promoting people's comprehensive development in all spheres of life: social, economic, political, cultural, human and environmental, and doing so in a way that does not foreclose opportunities for the well-being of future generations.

That is why I made a commitment to guide government action focusing on five fundamental areas: first, the Rule of Law and Public Security; second, a Competitive Economy and that Creates Jobs; third, Equality of Opportunity; fourth, Sustainable Development; and fifth, Effective Democracy and an Active and Responsible Foreign Policy.

The Rule of Law and Public Security

When I took office as President, I found public security in a tenuous state. Therefore, during the period covered by this Report, we have launched a frontal assault on violence and organized crime.

The fundamental objective of this effort has been to ensure the Rule of Law throughout our national territory. To refuse to allow crime to take what is ours. We are fighting so that our families, our children, women, and every Mexican are able to travel Mexico's streets and roads, through our villages, towns and cities without fear.

The problem was not only the presence of organized crime, but also the violence and impunity with which several criminal organizations had taken territorial control of various regions of the country.

Let us not forget that what the criminals intended was, and still is, to take the future of Mexico captive. Although there is no higher law than that emanating from Congress, organized crime seeks to impose its own law. If, by definition, the State has a monopoly on the use of force, these groups seek to impose their own force, to dominate citizens and paralyze the government.

In short, they had defied the State and sought to replace its authority.

The situation had gone beyond the capabilities of local authorities, and as a result the federal government was obliged to take subsidiary and solidary action.

The seriousness of the problem, and the risk of it continuing to multiply, did not allow indecision or delay. That is why we decided to act with all the force of the State, to reestablish order and authority.

My Administration's response has been equal to the magnitude of the problem. Thus, during the first days of my administration, we deployed several operations that have had the decisive and determined support of our Armed Forces, as well as the coordinated participation of the General Attorney's Office and the Ministry of Public Security.

The main objective was, and is, to restore to the State the power that cannot be delegated or renounced.

The launch of these operations allowed the Government to recover the initiative criminals had taken from the authorities. The fight against organized crime is still far from over. It would be irresponsible to say that the battle has been won.

It is my duty to remind the Mexican people that this will be a long and difficult war. That it will take a long time, and will not only entail great economic resources, but unfortunately, will also cost human lives.

I extend my special thanks to the country's Armed Forces, who with great courage and patriotism, have eloquently demonstrated their loyalty and service to the nation.

I pay special tribute to the soldiers and sailors who have given their lives in fulfilling their duty. Mexico honors their memory and is grateful for their sacrifice for the good of the nation.

We also honor to the memory of all federal, state and municipal police officers who have sacrificed their lives in the war against crime and while defending the security of all Mexicans.

These patriots' sacrifice has not, and will not, be in vain. The Mexican army is an army for peace. This is exactly the point, the fight against organized crime is a fight for peace, a fight for security and for the freedom of Mexican families.

In order to express this deep gratitude to the Armed Forces not only in words but also in deeds, a substantial salary increase to soldiers' and

sailors' paltry wages was granted, a raise that had been postponed for years and was no more than basic justice.

The operations conducted over the past 9 months have made it possible to detain almost 10 thousand people linked to drug trafficking, and to capture some twenty of the biggest drug lords in the country, who belonged to a variety of criminal organizations.

Furthermore, extraordinary results were also achieved in eradicating drug plantings and seizing drugs. We made a seizure of money gained from criminal activity that was not only the largest in Mexico, but also the largest worldwide.

In addition, we extradited most of the most dangerous criminal kingpins, who continued to command of their respective organizations, even from jail.

The operations undertaken have forced organized crime to pull back in some cases or to change its strategy in others. This has contributed to reducing violence related to drug trafficking.

Compared to the situation that prevailed at the beginning of my Administration, there is a gradual recovery of areas that were in the hands of organized crime. These measures have reestablished order,

and are reflected in greater public confidence in the exercise of authority in confronting the power of drug traffickers.

A few months ago, more than 50% of Mexicans believed that insecurity was the country's main problem. Today, that figure has fallen to 30%.

In the struggle against insecurity, we cannot stint in our efforts or our resources. Today, the State's most urgent responsibility is to restore order and ensure public security.

At the same time police action and prosecutions are taking place, we are working on a comprehensive strategy to prevent crime and combat criminal behavior.

We are building a new model for the police by developing systems and procedures consistent with international standards for the three levels of government.

To fight corruption, the National Assessment and Reliability Control Center was created, with a view to ensuring that every person working in a police institution is reliable and matches the profile required for the new police model.

In addition to honest and capable police officers, we must note that we also need citizens who are committed to support this action and make

it possible to build a new culture of respect for the law, a new culture that rejects impunity and in which crimes are reported in Mexico. This is the only way we can free Mexico from violence.

We have also launched the Unified Criminal Information System, through a nationally interconnected voice, data and image network called "*Platforma Mexico*". This mechanism will make it possible to develop intelligence against crime, and as a result will make the investigation activities of our police more effective.

To emphasize preventive aspects of the strategy, we have implemented "Clean Up Mexico: A Recovery Zone", a program with the following four components: recovery of public spaces that are in the hands of criminals to return them to the public.

Safe Schools to ensure that drugs and violence do not reach our children at school; addiction prevention and treatment and citizen participation to ensure security.

In our frontal assault on crime, the modernization of our security laws and institutions cannot be postponed.

That is why I submitted to Congress an initiative for amending the Constitution, which proposes, among other things, strengthening police

investigation activities, establishing the premises for creating a stronger and more efficient National Police, endowing the institutions in charge of security with better tools and resources, and establishing and expanding the rights of victims in all proceedings, because they always end up being the least protected party.

If these reforms were passed, the Mexican State would have better tools for ensuring the security of all the Mexican people.

Drug trafficking and organized crime continue to constitute the primary threat to our peace and security.

Temporarily reducing their notoriety does not change the fact that they continue to lie in ambush and—through corruption or threats—constantly seek to break the will of the authorities, terrorize people, and thereby subjugate them.

We cannot, and we will not, allow this to happen. The fight against organized crime continues forward. Let us all unite around this common struggle.

Owing to the efforts of all the Mexican people, I took office in a country with a stable economy. We have maintained and consolidated this favorable situation with low rates of interest and inflation.

We have done so because we are not willing to once again experience another economic crisis in Mexico.

My administration has sent investors clear signals about our course, our determination and the certainty they have.

This is in part why international confidence in Mexico has grown significantly.

Our country risk fell to the lowest point in our history in June of this year.

Recent turbulence in world financial markets has obligated Central Banks in other countries to inject billions of dollars into their financial systems to address solvency problems.

This has not been the case in the Mexican economy, which has demonstrated the soundness of its financial and monetary systems.

In other times, this type of turbulence would have created an economic crisis.

In recent years, *Banco de Mexico's* reserves have reached unprecedented levels.

Today, we have reserves of more than 71 billion dollars, which is more than the total balance of our foreign debt.

Economic stability is a condition that is necessary, but I am well aware it is not sufficient for improving the Mexican people's quality of life.

That requires achieving a high level sustained growth that is well distributed throughout the economy, growth that generates higher levels of employment and income, especially for the poorest Mexicans.

Today I say to the Mexican people that the only way to grow and create jobs is through investment: public and private investment, national and international investment, investment that sparks growth and makes it possible to create the jobs we need so badly.

We need people to invest in Mexico, for them to start up factories, workshops, greenhouses, hotels and offices.

With regard to investment, we are on the right path. The fact that we have received productive investment in unprecedented amounts is proof of the confidence that has been created in our country.

In the first half of the year, we have received investments of more than 13 billion 200 million dollars, the highest level of investment during the first half of any year in Mexico's history.

Precisely because of investment, Mexico has managed to maintain major rates of job growth, despite the low growth rate in the United States economy that has limited the expansion of our own economy.

At the beginning of 2007, projections indicated that the private sector would create at most 600 thousand new jobs during this year. Today, I can report to the Mexican people that, judging by the number of workers enrolled in Social Security, between January 1st and today, more than 618 thousand formal jobs have been created in Mexico.

This means that in just eight months, we have reached the most optimistic number projected for all of 2007. Today, 618 thousand new workers, who we can name as individuals, have joined the formal work force.

In addition, the total number of workers enrolled in the Social Security Institute (IMSS) has reached a record high.

Mexican men and women, I know that this is not enough to cut through the enormous backlog of job needs accumulated over decades. However, this is a positive figure. We must persevere with the policies that enable us to accelerate investment, growth and job creation.

We are well aware that economic growth is not occurring rapidly enough.

What do we need for our economy to experience firm and sustained growth? We need a profound transformation of our country's productive structure, to make Mexico one of the best places for investment and to increase the competitiveness of all productive sectors.

Producing in Mexico must not be more expensive or more difficult than producing in any of the economies with which we compete. A key factor for economic development with justice is investment in infrastructure.

Therefore, I presented the Mexican people with the National Infrastructure Program, which has two great aims. The first is to contribute to equalizing the opportunities for development that Mexicans have, especially opportunity for the neediest among us, providing them with such basic services as water, drainage or electricity.

The second goal is to build the infrastructure necessary to increase the competitiveness of the national economy. This program includes

projects to build highways, ports, airports and multimodal corridors, which will enable us to turn Mexico into a logistics platform integrated with the world's largest markets and economies.

In coordination with the productive sector, we are also promoting an agenda for competitiveness with a view to reducing the administrative barriers that confront entrepreneurs and investors in opening a business.

We are reorganizing and expanding credit and supports for Small and Medium-sized Businesses through *Nafinsa* and the *PYME* Fund.

We have also created *PROMEXICO*, an organization that will promote our products abroad and attract more investment to Mexico.

A fundamental aspect of this agenda for competitiveness is that we clearly address competitive conditions in our country, and the circumstances that limit them. Mexico needs fully competitive markets, where consumers are free to choose on the basis of price and quality.

The rural sector is one of the new sectors that has fallen farthest behind. In order to increase its competitiveness and, above all, to improve the living conditions of those who live in rural areas, this year

my administration is investing more than 176 billion pesos through the Special Concurrent Program.

This is the largest amount in our history. We have given special support to growers of corn, beans, sugar cane and milk to reinforce their position in confronting the imminent trade opening for their products.

At the beginning of the year, the price of corn on the world market more than doubled. This clearly threatened to have a terrible impact on the budgets of Mexican families who use corn and tortillas as their primary food. Thanks to an agreement among producers, distributors, marketers and consumers, we managed to stabilize the price of tortillas and to ensure the supply of corn.

Beyond these measures, to grow with equity and justice, we must move forward with the reforms the country needs.

Reform of the tax system to strengthen the State's ability to invest in education, health, and infrastructure, in basic services.

Reform of labor relations to make them more productive to benefit both workers and management. Reform of the energy sector so that we have quality productive inputs and at competitive prices.

Reform of education, so that our children and young people acquire the knowledge and skills that will enable them not just to compete, but to come out ahead in a competitive world.

Reforming telecommunications, which enable us to place Mexico at the forefront in technology and to make technology more accessible to the poorest among us.

I realize the enormous difficulty that achieving these reforms entails, but I am also convinced that we can come to agreement.

An example of this is the amendments to the Government Employees Social Security (ISSSTE) law, through which Congress solved a serious problem that jeopardized the country's financial viability.

Active and retired workers ran the risk that in the future we would be unable to pay their pensions because of the bankruptcy that the institution faced. It was necessary to take immediate action to change the situation, and that is what we did. Workers, related unions and, especially, the Mexican Congress acted responsibly, with great vision for the future. This made it possible to save the ISSSTE from financial insolvency, with all its consequences, and to begin to reverse the deterioration of its services.

Today, things are changing. In 90 days, tens of thousands of surgeries, diagnostics and doctor visits that had been postponed for months—in some cases, for years—have taken place. The backlog in the waiting list for child care for beneficiaries' children has been reduced, and for the first time, mortgage credit was granted to retired workers.

In the next 3 years, this reform will enable us to invest more than 8 billion pesos in improving the Institute. In summary, with this reform we will have a new ISSSTE, to the benefit of all.

This reform will make public finances viable over the long term. However, serious problems with public finances still persist that have yet to be resolved, and whose remedy is urgent.

Mexico cannot stop investing in infrastructure and social development. More than 40 percent of Mexicans live in poverty. Of those, more than 14 million live in extreme poverty. Ten million still do not have potable water, and many more lack drainage works.

We urgently need to change the terrible conditions of inequality experienced in our country, and to narrow the gap between poverty and wealth. In light of this reality, we Mexicans clearly owe a huge debt

to the poorest among us. Mexico cannot wait any longer: the time has come to pay the social debt we owe to those who have the least.

This will not be possible if the State does not invest more and more effectively in health care and quality education, in potable water and sewerage, in roads, in infrastructure, in the science and technology that make everyone's development possible.

We all know that the State's resources are inadequate, and insufficient to address these demands. That is why we must all contribute, each in accordance with his or her ability, that we all contribute and especially those who have received the most.

In addition, on this subject, public finances are severely threatened by a new factor: the decline in our petroleum production.

For decades, we have enjoyed this wealth, which up to last year accounted for more than 40 percent of public revenues of all our governments. However, our petroleum reserves have been constantly shrinking, we must admit.

Today, we have proven reserves for only the next 9 years. And worse yet: in just two years, average oil production has fallen by more than 200 thousand barrels a day. If this trend continues, public finances will

suffer a big shock. It is urgent that public spending reduce its severe dependency on petroleum revenues.

I have therefore presented to the Mexican Congress a public finance reform bill favoring those who have the least, because Mexico cannot continue to be such an unequal country. Because we must all do our part. Because only with strengthened public finances will we be able to confront the massive challenge posed by ending poverty, by eliminating the miserable living conditions of millions of Mexicans.

Time is running out. If we adopt this reform, we will have taken a giant step toward fulfilling the State's most urgent social commitments.

I know that reducing inequality is our generation's most important challenge. So, with a view to reducing that inequality, my administration has focused its social strategy on the goal of equalizing opportunity.

Precisely with a view to closing this enormous gap between Mexicans, my government has focused its social strategy on the goal of equalizing opportunities.

In essence, what we are seeking is for there to be no difference between the opportunities for those born in the city and those born in

rural areas, no difference between those for indigenous people and non-indigenous people, and no difference between those for men and women.

Equalizing opportunities obliges us to make a thorough assessment of public policies, an assessment to sincerely eliminate those that have not fulfilled their social purpose and to strengthen those that have truly contributed to improving people's quality of life.

Even with their limitations, the social programs established more than a decade ago aimed at strengthening education and health, on the one hand, and at providing the poorest families with direct income, on the other; that is, programs to build people's capacities – such as the Opportunities Program – have demonstrated their effectiveness.

According to the National Council for the Evaluation of Social Development Policy, CONEVAL, the population afflicted by nutritional poverty; that is, the population in extreme poverty, has decreased from 34.5 million Mexicans in 1996 to 14.5 million in 2006, 20 million less, including increases in the size of the population.

I know these figures generate controversy, but above and beyond their verification, if this tendency is corroborated, it means the public policies have been right.

Thus, they should not only be maintained, but should also be strengthened. And that is the criterion on which we have acted.

In my government Opportunities has been consolidated as the country's most important program to fight poverty. Today, it assists more than 5 million families, which means it benefits one of every four Mexicans.

In addition to the support these homes receive in education, health and nutrition, in January, we included new economic assistance for to help pay gas and light bills.

This year, support for each family has been eight percent higher than last year.

We are also working intensively to stop poverty from being the fate of millions of indigenous people and peasant farmers who live in remote rural communities.

To advance more rapidly in this direction, we put into operation the one hundred by one hundred strategy.

One hundred activities aimed at the one hundred poorest municipalities in Mexico. To date, more than 4.7 billion pesos have been committed to introducing basic services there, including drinking water, access roads, decent housing, concrete floors, education and medical care.

It should be noted that almost all of the one hundred poorest municipalities are indigenous municipalities.

Equality of opportunities also means expanding access to education.

That is why we are firmly boosting coverage in high school and advanced education, which is where we have the greatest demand.

In the school year that just began, my government is providing support with scholarships for 1,085,000 high school students. How large is our increase in scholarships? It means that one of every two high school students in public schools now has a scholarship to continue studying.

Additionally, there are 347,000 scholarships for advanced studies, of which 290,000 scholarships are being granted to economically disadvantaged students.

In spite of this effort, the challenges that the country faces in the field of education continue to be overwhelming. Today, there is no room in the

national education system for three of every four young people of university age.

Along with coverage, quality in teaching is an enormous challenge. In the most recent education evaluation by the Organization for Economic Cooperation and Development – OECD – Mexico was in the last few places in basic subjects such as reading and mathematics.

The situation is of great concern, since education is where Mexico is risking the quality of its future. Our young people must now be more prepared than ever before to face enormous international competition and get well-paid jobs when they finish their studies.

In contrast, we should also congratulate ourselves on having Mexican young people who, on the basis of perseverance and efforts and in spite of adversities, distinguish themselves as the best in the world, as is the case with those who recently won international contests in geography and in water technology.

I am aware that we need an educational reform that will boost the quality and equity of teaching without failing to safeguard modernization of the school infrastructure, access to the latest teaching

technologies and, of course, adequate training, and social recognition of teachers.

Access to cultural goods should also form part of the social policy that the Opportunities Program creates. That is why we have conducted more than 200,000 activities to promote reading, which have benefited 2.6 million children, young people and adults.

We want culture to reach all Mexicans. I am pleased to inform you that in these months more than 33,000 cultural activities have been held throughout the country with an attendance of some 20 million people.

I want to emphasize that the “Frida Kahlo 1907-2007” exhibition alone drew almost half a million people, a record figure for an exhibition that was also a huge success.

Equality of opportunities also means guaranteeing access to health services, medicines and timely treatment. Today, accumulated deficiencies in health care reflect the poverty and inequality in which we live.

This is expressed in the offensive contrasts in child mortality rates. While 3 of every 1,000 children in San Pedro Garza García, Nuevo

León, die before they reach one year of age, in Batopilas, Chihuahua, 78 of every 1,000 children die.

Reducing this enormous inequality and providing better health care conditions for all, especially those who make up the most vulnerable groups, is a commitment of fundamental social justice.

The first of December I assumed the commitment to guarantee that every girl and every boy born in my administration would have access to health services and effective health insurance for life.

That is why we put into operation Health Insurance for a New Generation, to which 430,000 recently born children have so far been affiliated. This program has a multiplying effect, since it also includes the parents and siblings of the newly born.

Therefore the benefits of this insurance have been extended to more than 1.4 million Mexicans.

Health Insurance for a New Generation is a major social effort of my government to make our children useful people in the future, with the strength and capacity to fulfill their development goals.

Through this program, we are also advancing toward a key factor in sustainable human development: achieving universal health coverage.

And we hope to achieve it soon.

As part of this major effort and thanks to Congress, we have strengthened the Popular Insurance with a budget increase of almost 50 percent.

This has enabled us to affiliate an additional 1,260,000 families in the last nine months.

The Popular Insurance is the clearest social guarantee of equality of opportunities in the field of health. And for those who live in the most isolated parts of the country where there are no clinics or hospitals, we put into operation the Health Caravans. Through mobile units, working in coordination with 17 states of the Republic, 650,000 people have received medical attention.

To equalize opportunities we also put into operation the 70 and Older program. This program agreed to by Congress is for elderly adults who experience great marginalization. Those who are marginalized because of their age and those who are also marginalized by the remoteness of the communities in which they live have received

economic support and, since January 1, they have been receiving 500 pesos a month as support from the Administration.

A great concern of the heads of families is care and attention for their children. Once again to equalize opportunities for women and especially women who work and their children, we put into operation the program of Childcare Centers for working mothers.

This year alone, from the time we launched the program to date, we have opened more 3,500 new centers. These places care for 63,000 children, which means that in August we surpassed the program's goal we had set for the entire year.

With this backing we are strengthening the income capacity women and especially mothers and very especially single mothers, because they can now work with the assurance that their children will be well cared for.

Furthermore, the centers provide jobs and income for women who would otherwise be unlikely to obtain it.

To equalize opportunities, it is essential for families to have a decent and safe place to live.

At the outset of this government, I encountered a successful housing program already underway, but with difficult access for low-income families. That is why we have strengthened and focused the government's efforts to support Mexicans who earn less than four minimum wages; that is, less than 200 pesos a day, making the down payment on their housing and granting them loans in accordance with their income level.

In the entire Housing Program, this administration has so far granted almost half a million mortgage loans, both for the public sector and the private sector.

The principle that guides the sector policy is that those who have the lowest incomes are those who should receive the greatest support.

There is still a long distance to be covered before equality of opportunities is achieved. Our generation has the historic responsibility to substantially reduce inequalities, eliminate extreme poverty and nutritional poverty, and build a country where we all live better.

Sustainable Development

The key to sustainable development is that the broadening of capacities of those of us who live now should not destroy opportunities for future generations.

Therefore, any public policy in my Administration should be and is linked to sustainable development and nature conservation.

Unfortunately the environment and natural resources deteriorate at an alarming rate: every year we lose more than 300,000 hectares of forest, mainly as a result of the actions of man. To that we have to add the damages caused by nature. Hurricane Dean alone, which we had recently, affected over two million hectares of forest lands.

Since the outset of my Administration I instructed the Cabinet to leave aside the traditional concept of considering the topic of the environment a mere formality, almost as an adornment.

That is why we have taken determined, decisive actions to repair the damage we inflict on nature.

Environmental sustainability is one of the five pivotal points of my administration and for me it is an issue of national security.

Overcoming poverty and caring for nature should go hand-in-hand.

One important part of the degradation of our resources is associated with extreme poverty.

Those who suffer the deterioration of nature, for example, or the shortage of water, are also the poorest Mexicans.

At the same time, extreme poverty obliges those who live in it to exploit natural resources in a desperate and inefficient manner.

Therefore we have set in motion programs such as PROÁRBOL, a novel system of payment for environmental services whereby we support the communities that live in the country's forests and jungles so that at the same time as they look after our natural resources they also have a decent income.

Another component of PROÁRBOL is reforestation. This year, together with foresters, *ejido* farmers, small landowners and local governments, we have begun to plant 250 million trees, one fourth of the UN goal.

This unprecedented effort places Mexico as the planet's main reforester at present.

One of the most important global challenges facing humanity is global warming.

That is why my Government presented a national strategy of climate change, which identifies possibilities to reduce greenhouse gas emissions and includes plans for energy based on alternative sources to fossil fuels, such as water, wind, solar or biomass.

We have set in motion important works to reduce greenhouse gas emissions.

We inaugurated the first wind energy plant in the State of Oaxaca, and to take advantage of water potential we concluded and inaugurated the Dam of El Cajón, and we have tendered for bids for the construction of the La Yesca Dam in Nayarit.

Another fundamental challenge is protection of water. Wastewater contaminates water tables, and the majority of water tables in urban areas are overexploited.

At the outset of my Administration, water treatment coverage was 36 percent, and in the first few months we have started up 49 treatment plants, either new ones or ones that were not in operation.

The goal to be reached for 2012 is wastewater treatment coverage of at least 60 percent and thus be in a condition to attain 100 percent wastewater treatment coverage in the next decade.

In protected natural areas we have also surpassed the goal. Today the natural areas we had foreseen for the entire year have already been decreed and represent 12 percent of the national territory.

It is also our generation's challenge to forge its present without destroying the future of the coming generations.

I call upon Mexicans, but very especially young people, to decisively promote the defense and recovery of the environment.

Effective Democracy

A strong democracy is an indispensable condition for the purpose of promoting and attaining sustainable human development.

This is the reason why, during my Administration, he have placed a special emphasis in strengthening our institutional and democratic life.

It has been our purpose to give politics their true meaning, that of a tool that produces agreements, respects differences and generates the common good.

During this period, the public authorities have worked with respect within their scopes and fields of action.

The National Congress works and has approved important reforms, such as the reformation of the Constitution's Article 6, which broadens

the citizens' political rights, as it ensures accountability and access to information, not only regarding the Federal Government, but at every level of Government.

Congress has also passed the General Act for Allowing Access to Women to a Violence-free Life, it has approved the aforementioned reforms to the ISSSTE Act and is currently discussing responsibly the State, electoral and security and justice reforms, among others.

The constitutional appearances of ministers, secretaries and other public officials has been constant and, as head of the Executive power, I have frequently met with parliamentary groups and with members of different commissions from both houses.

The Nation's Supreme Court of Justice has been strengthened as a constitutional and lawfulness court and has rightfully earned the citizens' respect; other powers' abidance by its decisions contributes to the formation of a true State vision.

The close relationship and constant dialog with the States' governors have been a permanent source of shares responsibility, collaboration and respectful understanding of the Federal framework.

In the course of the nine months of my administration, social demands have been expressed with absolute freedom, labor demands have been peacefully processed and the parties have reached relevant agreements, as in the case of the sugar industry which, through a dialog involving producers and workers, resulted in a reform of the Act Contract which had not been modified for the past 71 years; regrettably, the conflict in the mining sector remains an exception.

In the light of a lack of agreements, the State shall continue to promote negotiations and shall always guarantee justice through strict enforcement of the Law.

Regarding human rights, my Administration has maintained a position of complete aperture; this is why we have met with human rights commissioners, as well as with international organisms. In the course of these meetings, my Administration has listened and acted upon several observations. My purpose is to dissipate any doubts regarding our full commitment to human rights and to punish any acts of authority that may harm them.

My Administration is deeply worried by the actions of those individuals or groups that resort to violence for the purpose of upholding their ideas and convictions.

For those of us who believe in democracy, it is vital that we reiterate our commitment to it and to its institutions, always within the framework of the Law. Nobody should impose their ideas to others through the use of force.

It is evident that our democracy must be perfected. The design of the institutions must be updated to make them consistent with the present but, above all, with the aspirations of Mexicans.

This is why I consider it indispensable to move from effective voting to effective democracy; that is, to reduce the distance between the citizens and their representatives, promoting accountability, transparency and governability.

In order to attain an effective democracy, responsible government officials are necessary, as are political actors that are willing to negotiate, we need political will to be able to build, public officials at every level of Government who are subject to transparency and accountability controls.

We need media that are responsible and solid institutions that promote participation and regulate the decision-making process but, above all, we need committed and participating citizens.

With many efforts, we in Mexico have been able to build an electoral democracy; the electoral reform of 1996 and the creation of the citizens' Federal Electoral Institute decisively contributed to the consolidation of this democracy.

Due to several personal circumstances, I have been a first-hand witness to this peaceful transition to democracy; I therefore know that the electoral processes can be perfected and that this requires the solidity of the procedures agreed upon and of the institutions that regulate them.

I have been and always will be respectful of electoral authorities; any efforts to improve the strength and credibility of processes will require a healthy balance between the degree of consensus needed with regard to the processes and authorities and the continuous strengthening of the autonomy and action capacity of such entities.

As President, I have monitored with attention and respect the dialog in the National Congress regarding a possible electoral reform; I am in favor of strengthening the authorities' comptrolling powers, in favor of pre-campaign regulation, in favor of shorter and less expensive campaigns, in favor of guaranteeing a level playing field for all

contestants and in favor of demanding accountability from all participants.

I will be respectful of what the parties may resolve and of what the Congress may decide.

As President of the Republic I will always act in abidance of the Law and I hereby express my wish that the impartiality demanded of the President, to which I subscribe without reserves, is equally demanded from and respected by all authorities at all the different levels of Government.

Today, we require proposals for the design of institutions that both preserve the democratic achievements we have attained and allow the construction of institutional mechanisms that facilitate governability and bring a democracy that the citizenry can deem sensible.

We require proposals that allow citizens to perceive the benefits of democracy in their daily lives; to achieve this, it is important to revise the current legal and institutional framework.

We must make sure that balance between the State's powers does not translate into paralysis and permanent blockage of said powers; power division, more than one power cancelling another out, should imply

collaboration, balance and, above all, a functionality capable of generating public good for the benefit of citizens.

At other times, I have said that the country cannot be permanently in a state of transition and political reform; this is why I believe the time has come to consolidate our democracy and to do it by promoting the essential changes that have been postponed and which are needed for the organization and distribution of power in Mexico.

Doing this means allowing the exercise of political responsibility and opening the broad avenues of dialog.

The National Congress carries out an important work for reforming the State. As President I will always be in favor of those agreements that allow the citizens —not the politicians— to be true beneficiaries of democracy; I will always promote those reforms that strengthen the democratic mechanisms of accountability.

Responsible foreign policy.

The world has changed and whatever happens in it has an impact on all Mexicans; our capacity for controlling our destiny in the XXI Century shall depend upon the manner in which we are able to successfully adapt to these changes.

Today, information, telecommunications, knowledge, culture and technology reach far beyond the limits set by political borders; they have an influence in every home and it is up to us to make sure that such an incidence can be oriented towards the promotion of an integral development of people, as well as to the sustainable human development of the country.

Today, our young people compete for the same jobs with other young people of their age that reside in other countries, due to the large mobility of investment and to global competition.

I have said it before and I now reiterate that in this competitive world, Mexicans must build a Mexico that is capable of winning, one that is strong and self-assured; the challenge for Mexico is to be capable of strengthening its international position and of exercising a responsible and active foreign policy, one that allows us to translate our global interaction into benefits for Mexicans.

This is why, in these past few months, we have engaged in intense international activity, one that seeks to responsibly and completely take stock of the weight our Mexico has in the world.

I have given instructions to the Foreign Service and to the Ministry of Foreign Relations to exercise diplomacy under the premise of ensuring a stronger presence of the world in Mexico and a stronger presence of Mexico in the world.

A stronger presence of the world in Mexico is necessary because we need investments to generate jobs; a stronger presence of Mexico in the world is needed because we require access to the cutting edge of knowledge, medicine, technology, art, culture, telecommunications.

And we need a stronger presence of Mexico in the world because we need to resume the leadership we should have in multilateral stages, as well as in all regions, beginning with Latin America.

We are promoting a well-defined and active foreign policy, one that transcends the trade agreement with North America and promotes opening new markets for Mexican products in every continent and places our country as one of the best places to invest in the world.

This is why I took it upon myself to present at the World Economic Forum and at the main European countries the certitude that Mexico is a modern and dynamic nation, one that is open to trade and affords a

secure and solid place to invest and, at the same time, a nation committed to democracy, human rights and the environment.

We promote an active foreign policy that allows Mexico to be an actor and not merely a spectator of what happens in the world.

This is why we have reinforced Mexico's position as a non-permanent member of the United Nations' Security Council.

In these months, Mexico has entered into a new dynamic in its relations with the sister nations of Latin America.

Beyond our differences, we acknowledge the indestructible links that unite Mexico with Latin America.

In the first months, we have repaired and strengthened our relations with all Latin American countries without exception. Mexico must fully assume the leadership responsibility it holds a claim over by reason of history, culture, economy and geography within the Continent.

For the purpose of strengthening our links with all the world, we have hosted here, in this Presidential Palace, the Heads of State of Spain, Chile, the United States, Argentina, Brazil and Nicaragua, not to mention the presence of those Heads of State who attended the constitutional inauguration.

Also, within the framework of the Puebla-Panamá Summit, we have received the visit in Campeche of the Central American Heads of State, with whom we have renewed our commitment to cooperate at every level.

In the case of North America and regarding the Summit of Leaders of the Alliance for the Security and Prosperity of North America, I have reiterated my conviction that, as a region, we have not developed the enormous potential we have and we must make sure that competition from other regions of the world does not cancel our opportunities.

Mexico, Canada and the United States must be capable of using our regional advantages without damaging the sovereignty of each country, while solving the subjects of migration, organized crime and investment.

Finally, I have said that Mexico does not end at the border, that wherever there is a Mexican Mexico is there; this is why the actions of the Government in favor of our migrating countrymen is guided by principles, by the defense and protection of their rights, by prevention for detecting measures that may affect our people and by the professionalism we must offer our co-nationals.

For this reason, we are already using all the resources of our consular network for the benefit of Mexicans abroad.

On behalf of the Mexican Government, I again strongly protest the unilateral measures taken by the United States Congress and Government, measures that are making the persecution and humiliating treatment of undocumented Mexican workers worse.

The insensitivity shown toward those who contribute a great deal to the economy and to society in the United States has been incentive to redouble our battle to gain recognition of their enormous contribution to the economies of both nations and to defend their rights.

Therefore, the Government of Mexico will continue to firmly insist to both countries' societies and Governments on the necessity of comprehensive immigration reform and of categorically rejecting construction of a wall on our common border.

Mexicans:

Mexico is facing very diverse challenges. Some of them –the most serious ones– are structural problems, with deep roots and complex solutions which are costly and long-term.

Faced with the temptation to evade them and avoid the costs and risks involved in confronting them, we clearly decided as of the first day of my administration to come to grips with the problems and orient my administration's actions to finding thorough-going solutions.

In the case of Public Insecurity and the fight against organized crime, these have no immediate solution. They demand continuous work and a comprehensive, persevering and long-term strategy and have difficult costs for the country.

Today, Mexicans are facing a fundamental decision: either we close our eyes to reality, and for fear or irresponsibility, we let delinquency continue imposing its law on the streets of Mexico, or we decide to confront and defeat delinquency with all the risks and costs that implies.

The federal government has already taken a decision: Either we decide to wage an all-out battle against delinquency, because what is at stake in the future of Mexico's children and young people. Because we have the means to confront those who poison the bodies and souls of our youngsters. Because Mexico should be a safe and free country. That is why we shall continue to act with the full force of the State.

I call upon Mexicans to back this fight without hesitation, to not close our eyes to reality, and to vanquish the fear that allows delinquency to continue imposing its own law.

Facing up to the problems and not evading them also implies confronting the chronic weakness of public finances. It is true that so far we have been able to fulfill the obligations of the present, but if we do not correct them it will be impossible to contend with tomorrow's obligations.

The strategy has been to face up responsibly to long-term problems and not only circumstantial ones. It is a question, in other words, of rebuilding the foundations of certain parts of the national edifice, for if this is not done they would end up sooner or later by collapsing and the damages would be enormous.

It is a task whose results are not perceived easily or soon, but which is indispensable. We are determined that future generations will not have to shoulder the disastrous consequences of our omissions, and that these hidden problems that hinder the country's progress will not explode in their hands.

For this same reason we are working together to solve another deep-seated problem, which is the structural insufficiency of the State's collection capacity. If the tax reform is approved, we may begin to pay the social debt to those who have least, invest in the infrastructure the country needs and at the same time reduce the enormous dependence we have on oil earnings.

In short, we are confronting and not evading the country's most serious problems, and we shall continue to do so. That is why we are confronting organized crime and insecurity...

A second component of the strategy has been to give continuity and intensify the government policies that have shown their effectiveness in problem-solving; continue with macroeconomic stability as it is and at the same time seek its healthy, sustained and well-distributed growth.

Continue with the housing programs but focusing in the poorest. Continue with the Popular Insurance but begin to incorporate it into Medical Insurance for a New Generation.

Strengthen the most efficient programs to combat poverty but at the same time establish the focus on the most marginalized communities.

Maintain what is going well and change and innovate what we still need.

I know that particularly in social matters we must move much quicker than we have done so far.

The third element of the strategy consists of changing the country's economic conditions to seek greater economic growth in a sustained manner and with better distribution of wealth.

This requires deep reforms, such as pensions or tax. It requires an agenda of competitiveness for the national productive apparatus; regulatory changes that eliminate privileges and truly promote competition, policies that generate incentives for productive and job-generating investment.

It requires execution of the infrastructure program that detonates regional development and the country's competitiveness; counting on a more efficient and competitive energy sector capable of providing Mexicans, whether consumers or producers, with energy, light and gas at truly accessible and competitive prices. It is a question of generating more wealth and at the same time, of finding the mechanisms to distribute it better.

My administration's central objective is transforming Mexico. And I call on Mexicans to do this. Transforming Mexico from being a country with almost half of its population in poverty, into being a prosperous, just country where we have eradicated extreme poverty.

Transforming Mexico from being a country incapable of generating employment for the young people who reach working age into a Mexico with high, sustained economic growth, capable of affording each and every one of our children the opportunity to work and come out ahead with their families under their own effort.

Transforming Mexico from a Mexico that loses the best of its people through migration, into a Mexico that is capable of generating income opportunities to Mexicans here in their own land.

From a Mexico marked by irresponsibility in the management of its natural resources, into a clean Mexico that recovers its forests, its tropical forests, its lakes and its rivers.

From a Mexico threatened by criminality and violence, to a Mexico in peace, a free Mexico, a Mexico in which our children can walk, play, study, grow and live in peace and with dignity.

I think of that Mexico and I hold on firmly to the idea that it is possible to have it.

Today, nine months after having take office as President of the Republic, my conviction that it is possible to transform Mexico is more deeply rooted than ever.

It is possible to transform Mexico because its people are unsatisfied with their situation. It is possible to transform it because I see a different look in its young people, a renovating and vigorous attitude and decision.

It is possible to transform Mexico because it has in its roots and in its history a solid identity that strengthens it in a world that step by step is imposing a global culture.

It is possible to transform Mexico because I see in its women an absolute determination to see their children get ahead over and above any adversity.

It is possible to transform Mexico. To achieve this we have to move on from probable political agreements to proven facts. We can and must channel our differences, but we will not have the country we want for

the future unless we strive to reach the agreements required to achieve it in the present.

I call once again upon all the country's political actors without exception to build the agreements the country needs.

Overcoming Mexico's problems and challenges is not only the task of the Federal Executive: it is a task that demands commitments from the Congress of the Union, the Judicial Branch, the state and municipal governments, the political parties, the private sector, academics, the unions, the social organizations and all citizens.

The responsibility is shared and no one –absolutely no one– can evade that responsibility.

Today we must ask ourselves: what accounts are we going to render to our children about what we did or failed to do for Mexico during these years in which we have lived?

It is possible to transform Mexico and although it is not a task lasting one day or one year or one administration, I am determined to head a government that fully assumes the challenge implied by leading this great country to a different and better future.

Despite the problems, despite errors or insufficiencies of the government, the responsibility for which I fully assume, Mexico today has a clear, firm course. A process of change is under way which must not be stopped until we achieve the Mexico we want.

I therefore invite the country's political forces to follow a process of reforms that make it possible to change the productive structure in depth and accelerate the policies that correct the enormous inequality among Mexicans.

It is possible to transform Mexico, but this cannot be done by decree: we need openness to dialogue and political will. Our generation is called to transform Mexico with vision and daring. The goal is to achieve a safe country for all; a country with an economy that grows and generates jobs; a Mexico with opportunities for development for its people; a clean Mexico that protects and looks after its natural resources; a Mexico with an effective democracy centered on the needs of the citizens; a country respected in the world.

Today, democracy provides us with the opportunity to build a nation where we all live better. Let us build together a Mexico that lives up to our history, up to our times, our challenges, our dreams, a Mexico that lives up to our dignity.

It is possible to transform Mexico

With the strength of the much that unites us, with the strength of our shared views, let us take the reins of our destiny and, together, let us lead Mexico into the future.

¡Viva México!