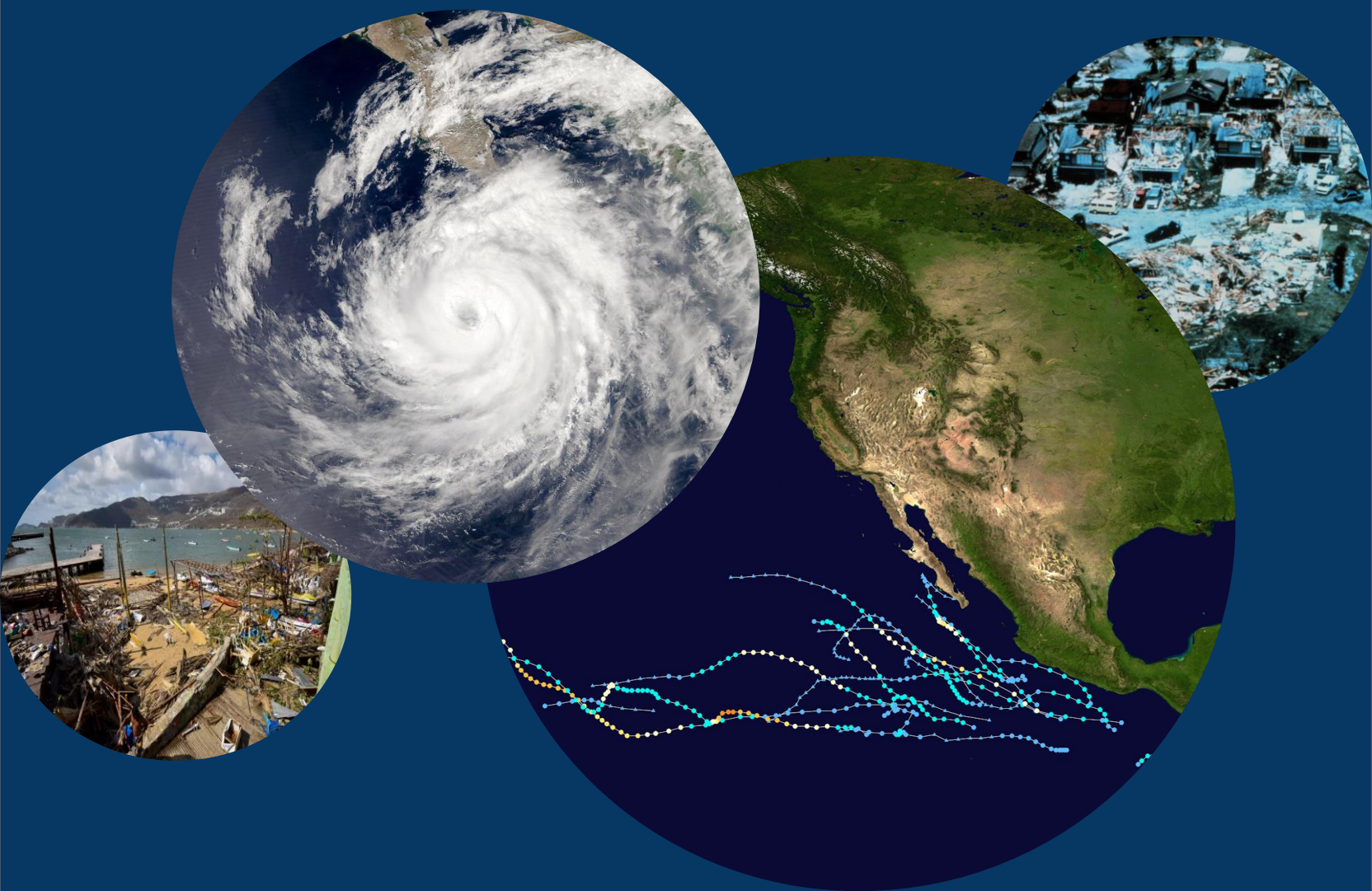


**SPECIAL
REPORT**



Social and political implications of Hurricane Otis: preliminary analysis



October 30, 2023

On October 25, Category 5 Hurricane *Otis* hit the coast of Guerrero. The available information shows that it had its most pernicious effects in Acapulco and its surroundings (approximately 900 thousand inhabitants). The government's response during the first moments of the emergency was poor; however, its response capacity in subsequent relief efforts for the population, restoration of public services, and reconstruction has yet to be assessed.

IMPLICATIONS

- **Huge damage:** although media attention has focused on the metropolitan area of Acapulco (779 thousand inhabitants, 2020 Census), the hurricane hit almost the entire coast of Guerrero. Damage quantification may take weeks. The available data indicates that damage is widespread and devastating to both public and private infrastructure. Damage was caused by a hurricane never seen before in the Mexican Pacific. So far, there are 45 people dead and 47 missing. The Federal Government has estimated damage to 98.2% of homes and 80% of hotels in Acapulco. According to satellite information, 4,685.20 hectares of the coastal area were damaged (65%), while within the municipality, 865 kilometers of roads and 2,487.30 hectares of construction were reported to be damaged. Early estimates put damages at 15 billion dollars. It is the first category 5 hurricane to hit a city with that number of inhabitants (in the world) (*see Annex*).

Map of damages in the Acapulco area based on high resolution images



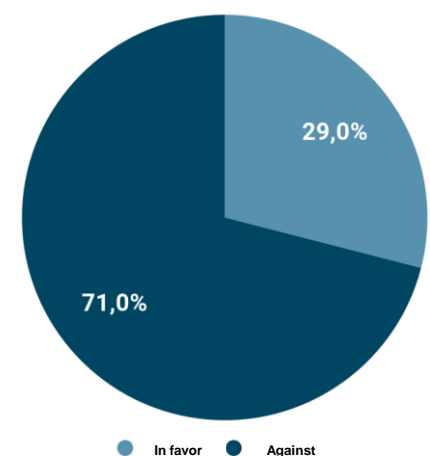
- Destroyed areas - significant damage
- Damaged areas
- Possibly damaged areas
- Flooded areas

- **A poor response from federal, state, and municipal governments could make the problem worse:** a number of decisions reflect chaos in matters of civil protection. Although the list of measures has increased in recent hours, there are still doubts about their effectiveness, their sufficiency, and the time in which they were applied.
 - First, the natural disaster declaration that activates reaction mechanisms was issued very late.
 - Second, one of the first actions consisted of sending *National Servers* –in charge of delivering social programs throughout the country– to carry out a census and deliver food supplies.
 - Third, the resources of the new Fonden (Disaster Fund) –which is no longer a trust, but rather a budget item– could be insufficient, since it only includes 18 billion pesos, of which only approximately six thousand remain; thus, if more funds are required, re-allocation will have to be made. Between 2018 and 2022, there were 30% fewer resources for the National Civil Protection System, compared to the same period of the previous government. In this sense, the transfer scheme to involved agencies without criteria for assessing material losses and allocations (something Fonden did have) may lead to corruption. Finally, local governments are absent (especially that of Acapulco). All this could aggravate the crisis.

Over the weekend, President López Obrador issued a couple of messages, after having been criticized for the poor responsiveness of authorities, and announced some additional measures: (i) requesting insurers to avoid delays and grant “verbal” credits; (ii) delivering 58 thousand food supplies, 5 thousand portions of hot food and 218 thousand liters of water; (iii) restoring electrical power to 55% (with the expectation that 100% will be achieved no later than Tuesday, October 31 with emergency systems); (iv) deploying approximately 15,000 members of the Armed Forces for support tasks; (v) sending Navy divers in convoy to conduct a census of sunken vessels and outboard-engine vessels; (vi) the National Guard will take control of gas stations to prevent looting, although it is not known if civilians will be allowed to purchase gas, and (vii) cleaning 10 km of main roads.

- Risk of social irruptions:** historically, Guerrero has dealt with obstacles to its development: poverty, labor informality, public insecurity, and violence. Sixty percent of its population lives in poverty and 22% in extreme poverty (Coneval 2022). Acapulco contributes almost 80% of the state GDP (tourism) and almost 75% of the state’s formal jobs. Given the damage to tourist and public infrastructure, episodes of “social unrest” cannot be ruled out while the region recovers (looting of businesses is an example in this sense). The social unrest could have political effects on Morena’s social base, particularly on the mayor, Abelina López, and the governor, Evelyn Salgado, although not necessarily on AMLO, whose popularity is solid, and he almost always manages to escape the cost of crises (as in the Covid 19 pandemic).
- After the emergency comes reconstruction:** the effort transcends the government capabilities and would require the coordinated participation of the three levels of government, as well as that of the private and social sectors. However, it is foreseeable that López Obrador and other key players such as criminal groups will seek to monopolize reconstruction to obtain political advantage. If this happens, Acapulco’s recovery capacity will be slow and limited, and the precarious social conditions of Guerrero will worsen even further. In addition, the possible political obstructionism of some opposition players could also undermine reconstruction efforts. The change of government in 2024 may be an opportunity for, based on the lessons learned from this tragedy, the new administration to assume inclusive leadership to include specialists and civil and business organizations through transparent and accurate processes.
- Issues to be assessed in the coming weeks (and months):** (i) the responsiveness of governments (federal, state, and municipal) to the disaster (including both reconstruction and economic reactivation measures); (ii) the perception of the measures adopted, as well as their direct impact on the popularity of President López Obrador and the electoral preference towards Morena for 2024; (iii) possible adjustments to the 2024 Federal Economic Package (PEF, for its initials in Spanish) based on experience (if more resources will be allocated to the disaster fund in the 2024 PEF); (iv) reforms to civil protection policy, considering the probable increasingly frequent recurrence of this type of natural events due to climate change, and (v) readjustments of organized crime, whether targeting other municipalities and states, hindering the reconstruction of Acapulco or capitalizing on the disaster to create social bases in favor of their candidates and organizations (providing resources, supplies, and support).

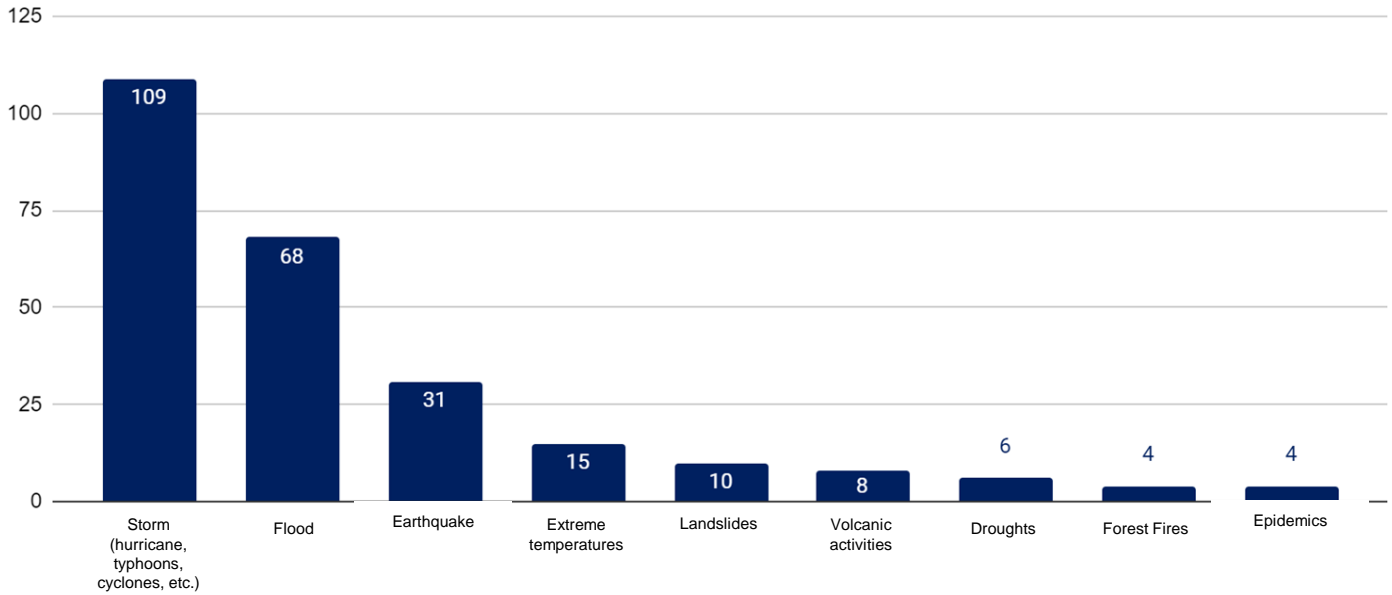
Perception of the Government: actions regarding Hurricane Otis



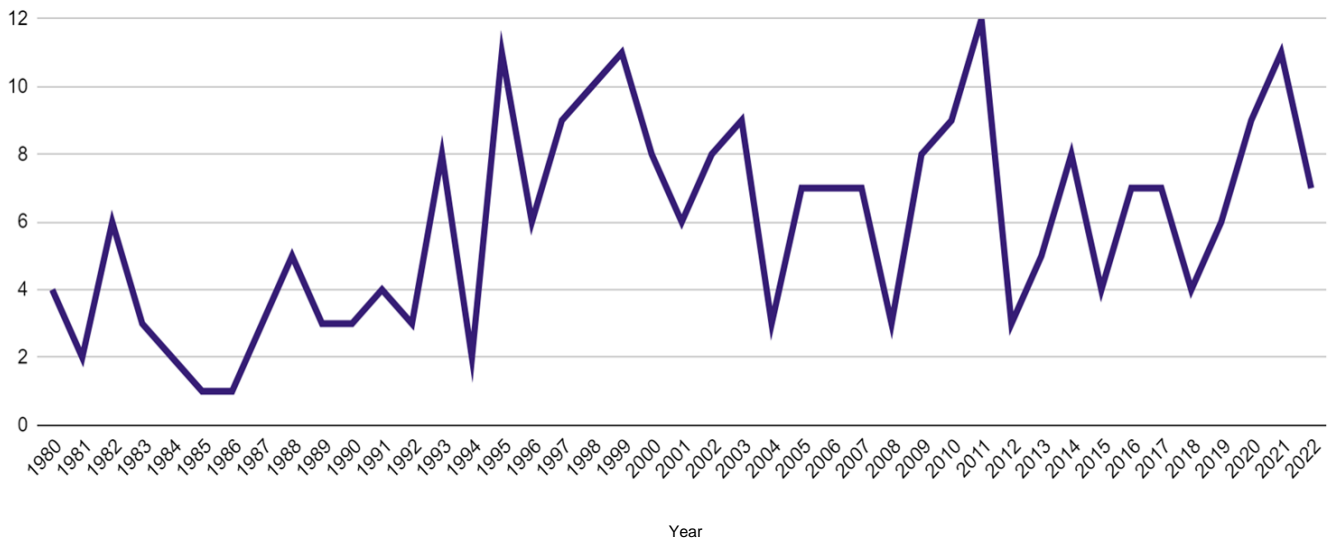
ANNEX

According to data from EM-DAT (global database on natural and technological disasters) in the 1980-2022 period, 255 natural disasters were recorded in Mexico. According to the same data, the most recurring disasters since 1980 were storms that include **cyclones, hurricanes, tropical storms, and their variants**.

Natural disasters in Mexico, occurrence per type of event (1980-2022)



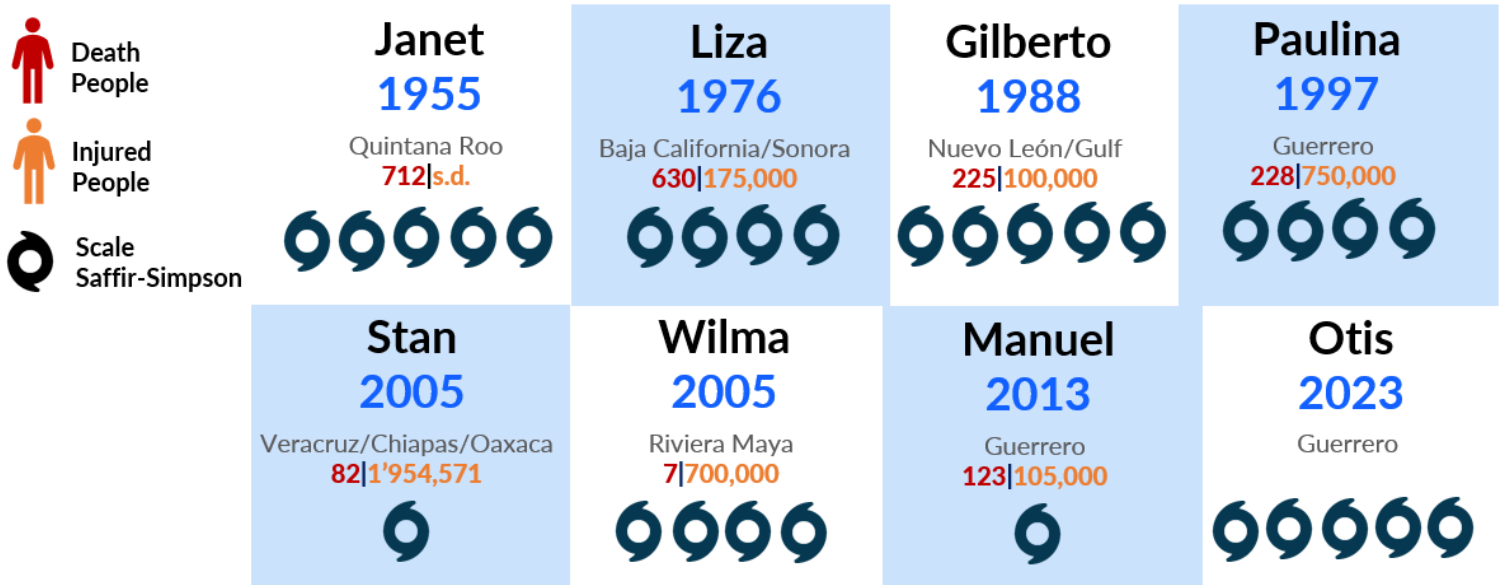
Number of natural disasters in Mexico per year (1980-2022)



ANNEX

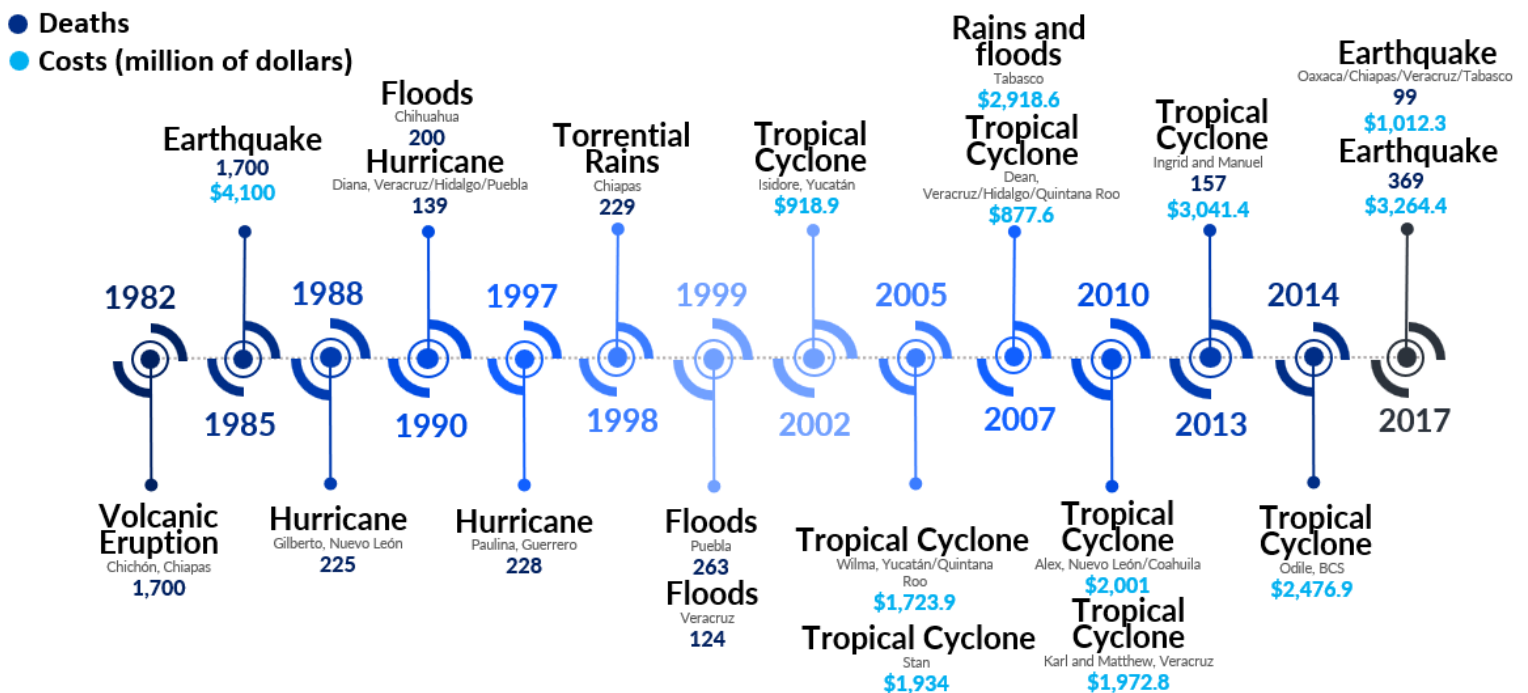
Although there have already been two other category 5 hurricanes in our country (Janet in the Caribbean, and Gilberto in the Gulf), none had hit the Pacific or a city as populated as Acapulco. Hurricane Patricia in 2015 was also a category 5; however, when it made landfall it became a category 2.

Most catastrophic hurricanes in Mexico since 1900



Since 1980 there have been 14 natural disasters that have been of great relevance due to their monetary costs and number of deaths. One of them occurred in the state of Guerrero in 1997, Hurricane Paulina.

Costliest natural disasters in Mexico, 1982-2017*

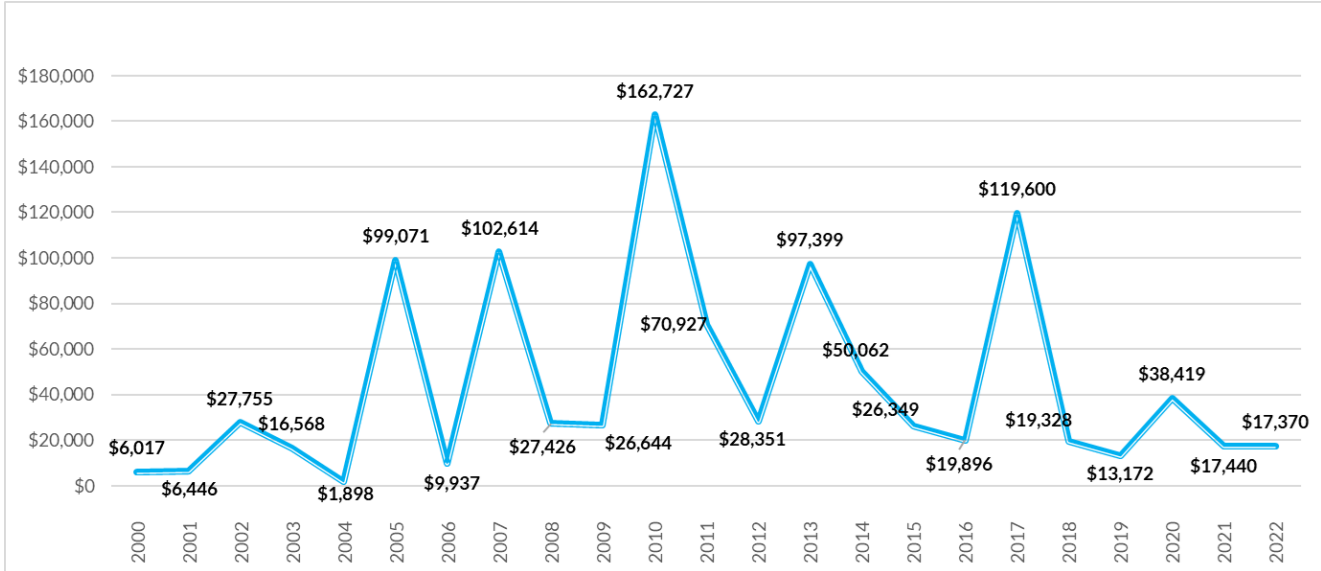


*Costs were calculated based on the average exchange rate for the year corresponding to each event.

ANNEX

The years with the highest cost due to natural disasters were 2010 due to the passage of cyclones Alex, Karl, and Matthew; and, in 2017 due to the earthquakes of September 7 and 19.

Annual cost of natural disasters in Mexico, 2000-2022 (mdp*)



* Figures in real terms

Note: The cost is understood as the economic impacts that result in damage and losses, as well as the effects that occur in the social sphere, for example, damaged houses, schools, and hospitals, among other items.



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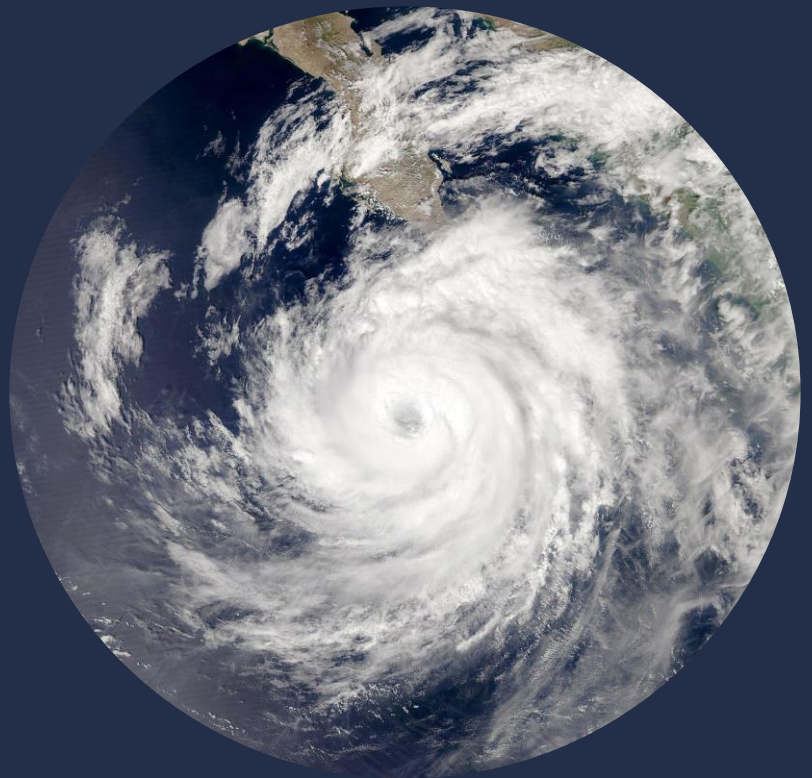
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