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FEATURED Q&A

Where Are U.S.- Mexico Relations Headed Now?



Mexican President-elect Andrés Manuel López Obrador (pictured) and U.S. President Donald Trump have engaged in tough talk, but they were cordial after López Obrador's election on July 1. // File Photo: López Obrador Campaign.

Q Andrés Manuel López Obrador, widely known as AMLO, won Mexico's presidential race by a landslide on July 1. A day after, AMLO and U.S. President Donald Trump spoke over the phone, discussing the North American Free Trade Agreement the two countries share with Canada and the possibility of a separate U.S.-Mexico deal, the Associated Press reported. AMLO has reiterated that maintaining "cooperation" and "good relations" with the United States is in Mexico's interest, even as tensions between the two countries have reached their highest levels in decades under Trump's aggressive policies on immigration and border security. What will U.S.-Mexico relations look like under López Obrador? Where will AMLO and Trump find common ground? How will Mexico's stance on issues such as U.S.-Mexico border security and NAFTA be changed by AMLO's rise to power?

A Arturo Sarukhan, board member of the Inter-American Dialogue and former Mexican ambassador to the United States: "Throughout the campaign, López Obrador underscored that his objective was to strive for productive, mutually respectful relations with the United States and to support the successful renegotiation of NAFTA. Now, with his whopping electoral victory—and a congressional majority—he can wield both as an important tool and manifestation of strength that a bully like Donald Trump, who sniffs out weakness in his counterparts, will likely respond to. But Mexico's next leader also needs to fully comprehend what in essence drives Trump's view of Mexico. It's first and foremost a personal issue, turbocharged by

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TODAY'S NEWS

POLITICAL

Death Toll Tops 300 in Nicaragua

Thirty-eight people were killed Sunday in the worst day of violence in the months-long protests in Nicaragua, according to a human rights group. The latest bloodshed brings the death toll to more than 300 since mid-April.

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BUSINESS

Lawyer in Chevron Ecuador Case Suspended

A New York appeals court suspended Steven Donziger, a lawyer who for years represented Ecuadorean villagers in a pollution case against Chevron.

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ECONOMIC

Cuba Lifts Freeze on Restaurants, Tightens Rules

Cuba's government, headed since April by President Miguel Díaz-Canel, announced plans to lift freezes on new private restaurants. However, the government also tightened restrictions on private enterprise.

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Díaz-Canel // File Photo: Cuba Government.

POLITICAL NEWS

Deaths Top 300 in Nicaragua Protests, 38 Killed in One Day

Sunday marked the bloodiest day in Nicaragua since clashes between government forces and anti-government protesters began in mid-April, with a total of 38 dead, according to the Nicaraguan Center for Human Rights, or Cenidh, BBC News reported. The latest bloodshed brings the death toll to more than 300 in nearly three months of violent protests. Cenidh President Vilma Núñez said Tuesday that 35 people were killed in the municipalities

Talks between the government and opposition and civil society groups have been stalling.

of Diriamba and Jinotepe, and another three in the Matagalpa province, of which 31 were protesters, four were police officers and three were pro-government civilians. Most victims were killed in confrontations when government supporters attempted to dismantle barricades by anti-government groups that were blocking the roads, Núñez said. In Diriamba and Jinotepe, government supporters broke into two churches on Monday, where protesters had sought refuge after state police violently shut down Sunday's demonstrations, the Associated Press reported. Following the attacks, Nicaragua's Bishops' Conference halted the peace talks between President Daniel Ortega's government and opposition and civil society groups, which it is mediating. The talks, which began in May, have been stalling. Opposition groups are demanding presidential elections be moved up to 2019 from 2021. On Saturday, Ortega ruled out the possibility of an early presidential election, saying "Here the rules are set by the Constitution of the Republic ... you don't just change them overnight because a group

of coup plotters got the idea to do so," Agence France-Presse reported. [Editor's note: See related [Q&A](#) in Monday's Advisor.]

ECONOMIC NEWS

Cuba Lifts Freeze on New Restaurants, But Tightens Restrictions

Cuba's government in December plans to lift a freeze on new private restaurants and bed-and-breakfasts, but it will also tighten restrictions on private enterprise, state-run media reported Tuesday. Under the new measures, Cubans will be restricted to running no more than one business, and entrepreneurs will be required to conduct their transactions through state-run banks, the Associated Press reported. Business owners who put their enterprises in the names of friends or relatives will risk the permanent cancellation of their permits to do business. Under the new rules, enterprises with high earnings will be required to pay new taxes. [Editor's note: See [Q&A](#) in the April 26 issue of the Advisor on what new Cuban President Miguel Díaz-Canel means for the country.]

BUSINESS NEWS

Salar Blanco Drops Lawsuit Against Chilean Government

An Australian-backed company has dropped a lawsuit against Chile's government that sought to block state-run mining giant Codelco from exploiting a lithium deposit where both have claims, Reuters reported Tuesday. Salar Blanco, which is 50 percent-owned by Australia's Lithium Power International, said Chile's government has agreed to allow the small firm to apply for a special operating license for its Maricunga project, an unusual move that could ease the way for more foreign involvement in

NEWS BRIEFS

U.S. Delegation Meeting With AMLO to Include Kushner, Nielsen

Mexican President-elect Andrés Manuel López Obrador will meet with Jared Kushner, U.S. President Donald Trump's son-in-law and advisor, and U.S. Secretary of State Mike Pompeo on Friday, the Associated Press reported. López Obrador on Tuesday said they will discuss immigration, development and the renegotiation of NAFTA. He also thanked Trump for not bringing up the border wall he has vowed to build and force Mexico to pay for during a congratulatory phone call to López Obrador the day after his election. U.S. Treasury Secretary Steven Mnuchin and Homeland Security Secretary Kirstjen Nielsen will also visit Mexico on Friday, the AP reported.

Embraer, Boeing Venture 'Certainly a Good Deal': BNDES President

Dyogo Oliveria, chief executive of Brazil's development bank BNDES, said Tuesday that the partnership between Brazilian aerospace company Embraer and U.S. aircraft manufacturer Boeing "is certainly a good deal," Reuters reported. Oliveira also said he would be meeting an Embraer representative on Tuesday to discuss the joint venture the two companies announced last week, wherein Boeing will hold an 80 percent stake of Embraer's commercial aircraft and services business. BNDES holds a 5.4 percent stake in Embraer.

Bolivia's Number of Mobile Lines Surpasses 11 Million

The number of mobile communications lines in Bolivia grew to 11.32 million at the end of the first quarter, according to the country's telecom regulator, Telecompaper reported today. The figure is up 200,000 year-on-year. Internet connections rose 6 percent year-on-year.

Chile's protected lithium sector, according to the report. The company said it plans to submit its application for the special operating license in August. Lithium exports from Chile hit \$684 million last year, up 47 percent from \$465 million in 2016, Mining.com reported Tuesday, citing new data from the Chilean Copper Commission. An important component in making batteries for electric vehicles and other electronics, lithium has the potential to become the nation's second-largest mining export next to copper, according to authorities. The white metal is currently the country's fourth-largest mining export. Chile holds the third-largest lithium reserves in the world, behind Bolivia and Argentina. [Editor's note: See related Q&A in the Dec. 1 issue of the weekly Energy Advisor.]

Court Suspends Lawyer in Chevron Ecuador Case

A New York appeals court on Tuesday suspended the lawyer who for many years represented Ecuadorean indigenous groups in a litigation case against Chevron over pollution, Reuters reported. In 2011, Steven Donziger won an \$18 billion judgment, which was later cut to \$9.5 billion, against Chevron's subsidiary in Ecuador for contamination carried out by Texaco between 1964 and 1992 before Chevron bought it, El Universo reported. In 2014, U.S. District Judge Lewis Kaplan said Donziger had used bribery and coercion to win that judgment and prohibited him and his legal team from "profiting ... from the egregious fraud," Reuters reported. The court on Tuesday resolved Donziger's appeal to Kaplan's ruling, finding that Donziger was guilty of bribery, witness tampering and other misdemeanors. The court said he "threatened the public interest" and would be "immediately suspended." Donziger has taken the pollution case to several countries, including Argentina and Canada, where appeal courts have found Chevron not guilty. Ecuadorean villagers claim Texaco's oil drilling contaminated the water and brought illnesses to locals. Representatives for Donziger did not respond to requests by Reuters for comment.

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political-electoral expediency and fueled by dynamics fundamental to mobilizing his base. Any proactive or containment-driven strategies devised and implemented by the next Mexican government need to take this into account. A strategy predicated on making Trump 'respect Mexico' not only smacks of Panglossian optimism, it will most likely fail. Washington has taken for granted Mexico's cooperation on a host of issues like counter-narcotics, intelligence sharing, counterterrorism, curbs to Central American transmigration through Mexico, and regional and global issues. Many of these policies will most likely be up for review under a López Obrador administration, and in many ways, the next president of Mexico will likely approach ties with the United States in a way that's familiar to the Trump White House: Mexico First. And while Mexico will certainly not go rogue on the United States, bilateral ties under López Obrador might well pivot back to the very basic, meat-and-potatoes relationship of yore—formal and correct but lacking strategic depth. And what happens in the next six years in the Mexico-U.S. relationship depends less on López Obrador and more on Trump. The way Trump chooses to respond to López Obrador and treat Mexico in the months ahead will set the tone for relations going forward."

A **Andrés Rozental, member of the Advisor board, president of Rozental & Asociados in Mexico City and senior policy advisor at Chatham House:** "López Obrador and Trump used the first week after the election to 'play nice' with one another. In addition to a congratulatory tweet, Trump called AMLO after the election to exchange views on immigration, NAFTA and border security. Curiously, there was no formal readout of the call from the White House, and the only official U.S. information came from President Trump himself who said that he thought the relationship with AMLO was going to be 'a very good one' and that they discussed how

Mexico could 'help' the U.S. with the border. In the following days, AMLO disclosed that he had invited Trump to his inauguration in December and the White House confirmed that the matter was 'under consideration.' Finally, López Obrador named Marcelo Ebrard as his future foreign minister, also a sign that he wants a seasoned and personally close individual—Ebrard succeeded AMLO as mayor of Mexico City—to be in charge of foreign policy and Mexico-U.S. relations. Finally, U.S. Secretary of State Mike Pompeo will visit Mexico City on Friday for separate meetings with Peña Nieto and López Obrador. The results will have a bearing on how the bilateral relationship develops. It's still early in the AMLO era, and there are no guarantees that the mutually warm feelings expressed at the start will continue. Much depends on Trump and his proclivity for tweeting insults and negative statements about Mexico and Mexicans. AMLO would probably receive and respond in a very different way than have Peña Nieto and his administration. AMLO has said nothing publicly about Trump's proposal for separate bilateral agreements to replace NAFTA, but I believe it would be a terrible mistake for Canada or Mexico to accede to the United States' 'hub and spoke' strategy."

A **Earl Anthony Wayne, former U.S. ambassador to Mexico and co-chair of the advisory board at the Wilson Center's Mexico Institute:** "We have a window of opportunity to reset U.S.-Mexico relations. How leaders from both countries use the months of transition before President-elect López Obrador's Dec. 1 inauguration and the initial months of his presidency can move the tone and substance of bilateral relations into a more constructive channel. A likely alternative is the tense and often confrontational interactions seen in recent months. It will take discipline, patience and hard work to carve an agreement on NAFTA—before Dec. 1, ideally—and to forge an agreed-upon working

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framework on migration, border management and the criminal activity that negatively affects both countries. This is possible and desirable, however, even with the differences in style and history between President Trump and Mexico's president-elect, because of the vital economic, security and human interests that interlink Mexico and the United States. Each side will need to carefully manage the public language they use toward each other and negotiate with the understanding that both presidents need to be able to argue convincingly at home that agreements reached are good for their country. Initial signs are hopeful. AMLO and President Trump had a positive July 2 phone call. AMLO subsequently said he will invite Trump to his inauguration. Secretary of State Mike Pompeo will visit Mexico City on Friday to meet AMLO and his designated foreign secretary, Marcelo Ebrard, among others. Also, AMLO has reportedly designated an experienced diplomat as ambassador to Washington, as well as an experienced official to join NAFTA talks. A good start to a potential re-set."

A **Laura Carlsen, director of the Americas Program at the Center for International Policy:** "U.S.-Mexico relations should be measured by the stability, peace and prosperity they bring the populations of both nations, not the congeniality between the presidents. Contrary to dire warnings in the press, relations under AMLO are likely to improve because of, not in spite of, his stated commitment to defend Mexican interests. A change in orientation away from the disastrous binational cooperation in the war on drugs will decrease violence, while the emphasis on prosecuting transnational financial crimes, rooting out corruption and

reducing poverty provides a civil and far less bloody path toward weakening drug cartels. Plans to stimulate development in Mexico's northern border and rural areas where out-migration has historically been heaviest can reduce pressure to migrate, eliminating

“ Trump has shown a greater propensity to negotiate with foreign leaders he considers strong.”

— Laura Carlsen

the justification for repressive measures on the U.S. border, such as the wall and increased militarization. AMLO's commitment to addressing the root causes of Central American migration also provides a more effective solution than the massive violation of their human rights now taking place on both borders. Trump might not favor these approaches, but they have the potential to relieve the major sources of pressure on the binational relationship. The areas of agreement, such as raising Mexican wages and stronger support for national industry, could help avoid a trade war and reach a pragmatic conclusion on NAFTA. Trump has shown a greater propensity to negotiate with foreign leaders he considers strong. His cordial call indicates he may be ready to rein in the invective. That in itself would go a long way in repairing relations between the two neighbors."

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org.

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