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FEATURED Q&A

Will AMLO Be Able to Bring Peace and Security to Mexico?



Mexican Interior Minister Alfonso Navarrete said Tuesday that his country would need to do more to protect its border from illegal weapons flowing south from the United States. // Photo: Government of Mexico.

Q Homicides in Mexico surged in the first half of this year, increasing 16 percent over the same period last year and breaking a record since comparable data collection began in 1997, the Associated Press reported. Over the past 12 years, successive Mexican presidents have declared war against the country's drug cartels, but critics point out the violence continues almost unabated. President-elect Andrés Manuel López Obrador will take charge of the country's security strategy himself once he takes office on Dec. 1, according to an aide. Has Mexico's security and anti-narcotics strategy over the past decade been a failure, or has progress been made? What are the reasons behind the sharp increase in killings this year? What will López Obrador's security agenda look like, and will he be able to curb the country's violence?

A James R. Jones, chairman of Monarch Global Strategies and former U.S. ambassador to Mexico: "The attempt over the past three presidential administrations to thwart violence and disrupt drug organizations has been commendable. But it hasn't been successful. Many lessons can be learned. First, the most important thing Mexico needs to do is to establish a rule of law that instills confidence among Mexicans themselves. Ninety-seven percent of crimes are never punished. Judges need to be trained on how to administer the judicial reforms that call for honest transparency to replace corrupt secrecy. Prosecutors and police need to be trained, equipped and paid fairly. Right now in most law enforcement, officials don't know how to collect, preserve and present evidence, so public confidence in the judicial system

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TODAY'S NEWS

POLITICAL

Tens of Thousands of Nicaraguans Apply to Leave

Officials at the United Nations' global refugee agency, UNHCR, said Tuesday that some 23,000 Nicaraguans have sought to leave the country, fleeing political violence and rights violations.

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POLITICAL

New Poll Shows Bolsonaro Ahead in Brazil Race

A new poll in the state of São Paulo shows Jair Bolsonaro and Geraldo Alckmin running neck-and-neck in Brazil's presidential race when former President Luiz Inácio Lula da Silva is not included in the survey.

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ECONOMIC

Maduro Admits Economic Policies Have Failed

Venezuelan President Nicolás Maduro has admitted that his economic policies have "failed," telling his PSUV party congress this week that he and party members were to blame.

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Maduro // Photo: Government of Venezuela.

POLITICAL NEWS

Tens of Thousands Try to Flee Nicaragua Over Turmoil: U.N.

Officials at the United Nations' global refugee agency, UNHCR, said Tuesday that some 23,000 Nicaraguans have sought to leave the country, fleeing political violence and rights violations after weeks of deadly protests against the government of President Daniel Ortega, CBS News reported. Speaking to reporters in Geneva, UNHCR spokesperson William Spindler called for "international solidarity and support for Costa Rica and other countries hosting Nicaraguan refugees and asylum seekers." An average of 200 asylum applications are being lodged daily in Costa Rica, where nearly 8,000 asylum claims by Nicaraguan nationals have been registered since April, and some 15,000 more have been given appointments for later registration. The country's processing capacities have been "overwhelmed," according to the agency. An estimated 100,000 to 150,000 Nicaraguan families already live in Costa Rica, and many are taking in exile families. Panama, Mexico and the United States have also recorded a growing number of claims by Nicaraguans,



Spindler // File Photo: UNHCR.

while Honduras, El Salvador and Guatemala are being used as transit routes, according to the United Nations. Angry street protests broke out April 18 over Ortega's pension reform plan, which has since been dropped, but the repressive response by police and paramilitaries supporting the government added fuel to a fire that has since claimed upwards of 400 lives. On Tuesday, the Permanent Council of

the Organization of American States said it will hold a special meeting on Thursday to address the situation in Nicaragua at its headquarters in Washington. The political crisis is taking an economic toll. Tourism in Nicaragua has come to a near standstill. Hotels and restaurants have shut down by the hundreds, while the tourism workforce has been cut by more than half, McClatchy reported this week. Central bank chief Ovidio Reyes said the initial 4.9 percent growth in gross domestic product forecast for 2018 could fall as low as 1 percent if protests continue.

Bolsonaro, Alckmin Leading in Brazil's Presidential Race

A new poll in the state of São Paulo shows Jair Bolsonaro and Geraldo Alckmin leading the presidential race when former President Luiz Inácio Lula da Silva is not included in the survey, according to an Ipspe poll commissioned by XP Investimentos released Tuesday. The Social Liberal Party's Bolsonaro leads with 21 percent of voter intentions, with former São Paulo governor Alckmin alongside at 20 percent. Blank or null votes reached 23 percent. Marina Silva, Ciro Gomes and Fernando Haddad, who would potentially garner some of Lula's supporters from the country's left-wing, were each polling at less than 10 percent. Far-right candidate Bolsonaro, a former army captain, has made headlines for insulting groups including gays, blacks and women during his campaign. In an interview with TV Cultura on Monday, Bolsonaro said Brazil did not owe blacks apologies or reparations because of slavery and vowed to reduce affirmative action policies introduced during former presidents Lula and Dilma Rousseff's administrations, Bloomberg reported. "What debt of slavery?" Bolsonaro said. "I never enslaved anyone in my life. Look, if you really look at history, the Portuguese didn't even set foot in Africa. The blacks themselves turned over the slaves." When included in the survey, Lula ties Bolsonaro at 20 percent. It is unclear whether Lula, who has been imprisoned since April on

NEWS BRIEFS

Brazil Increases Mortgage Financing Threshold

Brazilian regulators on Tuesday took steps that could make an additional \$20 billion in funds available to finance homes in the country, Reuters reported. The government's National Monetary Council, CMN, raised the price threshold of homes eligible to be financed by a worker severance fund to 1.5 million reais (\$400,000). The move should benefit the country's largest homebuilders and the high-end market, analysts said. "The new threshold will allow companies to sell current inventory, easing new launches," said Luiz Antonio França, head of Abrainc, an association of homebuilders.

Uber Gets Green Light From Argentine Province

San Francisco-based Uber Technologies won approval Tuesday to operate in Argentina's Mendoza province when lawmakers passed the country's first law regulating ride-hailing applications, Reuters reported. Uber could begin operating in the province as soon as September. A Buenos Aires court in 2016 found Uber in violation of local transportation and labor standards in that province, and it does not operate elsewhere in Argentina.

Evertec Posts Stronger Q2 Revenue Growth

Puerto Rico-based transaction processing company Evertec said Tuesday its second quarter revenues grew 10 percent to more than \$113 million. The company also increased its 2018 revenue forecast and market guidance. The quarterly growth reflected the impact of its acquisition of Chile-based PayGroup a year ago, as well as elevated sales volumes in Puerto Rico driven by post-hurricane relief benefit programs and insurance proceeds, the company said. Evertec manages a system of payment networks that process more than two billion transactions annually in Latin America.

corruption-related charges, will be allowed to run. The Workers' Party said on Monday that it plans to confirm Lula's candidacy at the party's national congress on Aug. 4, Xinhua reported. Six people held a hunger strike on Tuesday outside the Federal Supreme Court, calling for authorities to release Lula, who supporters say was imprisoned for political reasons.

ECONOMIC NEWS

Venezuela's Maduro Admits Economic Policies Have Failed

Venezuelan President Nicolás Maduro has admitted that his economic policies have "failed," telling his PSUV party congress this week that he and party members were to blame, Agence France-Presse reported Tuesday. "The production models we've tried so far have failed, and the responsibility is ours, mine and yours," Maduro told party members, as a widespread electricity outage affected the city of Caracas. "Enough with the whining ... we need to produce with or without [outside] aggression, with or without blockades, we need to make Venezuela an economic power," he added. Maduro has consistently blamed external factors and "imperialists" from the United States and elsewhere for his country's woes. Venezuela has been grappling with inflation at more than one million percent and near total economic collapse. Maduro estimated it will take about two years to stabilize the situation and see the first signs of economic recovery. His growth plan focuses on increasing oil production to six million barrels a day "by 2025 or before." Oil production is currently a fraction of that, running at a 30-year low of 1.5 million bpd this year. In related news, Maduro and several family members, including three stepsons, are under investigation as part of a U.S. probe into a scheme that authorities say has pilfered more than \$1 billion from state-owned oil company PDVSA, the Miami Herald reported last week, although Maduro has not been named or charged in the case.

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is very low. President-elect López Obrador is correct to target young people with job training and jobs so that they won't drift into a life of crime. Community policing should also be considered so that police can earn the trust of communities to help law enforcement fight these criminal organizations. That has worked both in the United States and in some Latin American countries. All of this will take time to bear fruit. However, AMLO's total package to create hope for those who don't see a better future today—nearly half of Mexicans—will go a long way toward building confidence and support for his crime-fighting efforts."

A Gerardo Rodríguez Sánchez Lara, academic coordinator of the global impunity index at Universidad de las Américas Puebla: "The strategy on security and against drug trafficking in general terms has been a failure for several reasons. First, organized crime groups in Mexico that are engaged in the transfer of drugs and chemical precursors at the domestic and global levels continue to significantly operate. Also, high levels of violence are still occurring throughout most of the country. Political violence is a new reality that accompanies Mexican democracy. We can explain the increase in homicides with structural and functional shortcomings of the security and justice systems in Mexico. The underlying structural factor is the impunity that is well-explained by the chronic destruction of security and justice institutions responsible for the rule of law. In structural terms, Mexico has lagged behind in terms of having a professional police force in the states. There is a deficit of at least 120,000 local police (approximately 50 percent). A police career is not attractive for the new generations because it does not offer a stable work scenario with a competitive salary that allows for long-term professional development. The areas of forensic investigation are also

virtually non-existent in state governments. Finally, local justice systems are insufficient. The trend of violence and homicides in the country will not be reduced for at least two years. The new government's strategies can stop the recent sustained growth in crime and homicides. However, it is necessary to make fundamental structural reforms to the security and justice institutions in terms of capacity building, professionalization and operations. The inter-institutional discoordination and power conflicts between the security agencies of the Mexican state also should be addressed."

A David Shirk, director of the master's program in international relations at the University of San Diego: "The dramatic increase in the number of homicides over the last decade has been attributable to violence involving organized crime groups. It has also been exacerbated by government efforts to take down top-level organized crime figures, or 'kingpins,' which has contributed to greater splintering and competition among criminal organizations. Indeed, our 2018 report on Drug Violence in Mexico suggests that the fall and eventual extradition of Mexican drug kingpin Joaquín 'El Chapo' Guzmán led to the rise of a new violent criminal organization known as the Jalisco New Generation Cartel (CJNG). CJNG's efforts to establish itself as Mexico's dominant criminal organization have led to a dramatic increase in homicides in key drug trafficking areas. Incoming Mexican president Andrés Manuel López Obrador, or AMLO, has few policy options to lower violence. It is unlikely that AMLO could put the genie back in the bottle by setting up the kind of state-sponsored protection racket that allowed drug traffickers to rise and flourish in Mexico in the 1980s and 1990s. Yet, he is clearly averse to the Calderón-era policies that escalated and militarized Mexico's counter-drug efforts. Legalizing drugs, as he has proposed, would dramatically

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weaken organized crime in the long term, but it would also lead to more violent predatory crimes (such as kidnapping, robbery and extortion) in the short term. Arguably, no matter what course he chooses, there will be a need to invest heavily in professionalizing police and the judicial sector.”

A Eduardo Arcos, Mexico analyst at Control Risks: “The strategy implemented over the past decade has led to a sharp rise in violence nationwide, with murders hitting record rates and border cities becoming some of the most violent in the world. It has not reduced drug trafficking. The strategy has consisted mainly of a full crackdown on criminal groups while other areas have been neglected, including the judicial system, which remains broadly deficient, prone to corruption and unable to process and prosecute the vast number of criminal cases in the country. Infiltration by criminal groups into the authorities remains pervasive, particularly at the local level. This year is on track to become the deadliest on record. The deterioration is attributed to the fragmentation of criminal groups and the diversification of crimes. Since the government launched its anti-narcotic strategy, focused on the murder or detention of major drug traffickers, the previously large organizations have been fragmented into many groups, each vying to maximize revenues from criminal activities and combating rival organizations for control. This has provoked criminal groups to diversify their activities and engage in crimes such as extortion, human trafficking, and fuel and cargo theft. AMLO has described the security strategy as a failure and will seek to implement major changes through a more holistic approach, focused on reducing revenues for drug trafficking organizations by decriminalizing marijuana. He has proposed amnesty to petty criminals jailed for minor offenses or for being recruited by organized criminal groups under threats. Mexico’s penitentiary system is overcrowded, and the authorities’ backlog

of cases for minor offenses dent their capacity to handle more dangerous criminals. AMLO has also proposed to establish fuel theft as major crime in the constitution and to increase jail terms for it. The policy’s success will remain dependent on his ability to strengthen the judiciary, reduce corruption and infiltration within security forces, and allocate resources for institutions that are overstretched. Given the complexity of the environment, security will remain challenging in the short term.”

A James Bosworth, founder of Hxagon, LLC: “The security threats that AMLO faces are both worse and more complex than the situation faced by Presidents Peña Nieto or Calderón at the starts of their administrations. The largest criminal organizations continue to divide and fight each other for territory, trafficking routes and influence. While some analysts continue to mistakenly identify this as a drug war, many criminal groups have diversified their activities, now including extortion, kidnapping, fuel theft, cargo theft and money laundering. Graded on the short-term security statistics, Peña Nieto’s administration did a terrible job. He also did a poor job on the long-term issues of reforming the country’s police and penitentiary institutions, leaving both areas worse off than they were six years ago. Impunity has increased the power and influence of criminals including in the political sphere. During the campaign, López Obrador promised several large shifts including negotiations and potential amnesty for criminal groups, with limited details for what those policies would mean. Whatever his strategy, AMLO and his advisors will need to carefully manage the implementation and be willing to adapt to reality if and when things don’t work. Otherwise, he’ll fall into the same traps as his predecessors.”

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