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FEATURED Q&A

Will Mexico City's New Airport Get Off the Ground?



The project to build a new international airport for Mexico City could be in jeopardy. Architect Fernando Romero is pictured with a model of the airport, which is under construction. // File Photo: Lizette de la Garza via Creative Commons.

Q Mexican President-elect Andrés Manuel López Obrador said Oct. 8 that his incoming government would not provide the \$4.66 billion needed to complete the construction of the new international airport for Mexico City, suggesting a group of business leaders led by multi-billionaire Carlos Slim could finance it instead. A binding national vote, in which Mexicans will decide either to continue to build the airport or keep the current airport and combine its operations with a military air base nearby, is scheduled for the last week of October. How likely is it that voters will approve the project? Will Slim and other Mexican business finance the new airport's construction? What other obstacles stand in the way of the project's completion?

A Diane E. Davis, chair of the Department of Urban Planning and Design and coordinator of the Mexican Cities Initiative at Harvard University Graduate School of Design: "López Obrador's statements about the airport are quite consistent with his longstanding views. When he was Mexico City's mayor, he opposed the Fox administration's plans to build an airport in San Salvador Atenco. He criticized the top-down, authoritative manner of project decision-making and the sense that the PRI and the real estate developers and construction firms would be the real winners. AMLO also saw the project as challenging Mexico City's centrality and as having negative outcomes for farmers and other local residents. The current pronouncement also aligns with AMLO's priorities for development, which include a commitment to decentralization and a focus on infrastructure needs and opportunities in historically bypassed regions. Moreover, there are limited funds to devel-

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TODAY'S NEWS

POLITICAL

Fraud Discovered in Venezuela Food Aid Program

People with ties to Venezuela's government and Mexican companies conspired to overcharge Venezuela for aid packages containing low-quality food, Mexican prosecutors alleged.

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BUSINESS

Mexico's Alsea Gets New Deal From Starbucks

Under a new licensing deal, Starbucks is allowing its longtime Mexican partner, Alsea, to expand the coffee chain's brand in France, the Netherlands, Belgium and Luxembourg. The agreement will allow Alsea to open and operate Starbucks cafes in the countries.

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POLITICAL

Ecuador Expels Venezuelan Envoy

Ecuador's government expelled the Venezuelan ambassador to Quito after Venezuelan Communications Minister Jorge Rodríguez called Ecuadorean President Lenín Moreno a "liar."

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Rodríguez // File Photo: Venezuelan Government.

POLITICAL NEWS

Authorities Discover Fraud in Venezuela Food Program

People with ties to Venezuela's government and Mexican companies conspired to overcharge the Andean nation's government for food aid packages, Mexican prosecutors alleged Thursday, the Associated Press reported. Venezuela's government says it subsidizes the aid, known as "CLAP" packages, in order to provide basic subsistence. Many families in the South American nation face hunger amid the country's numerous economic problems, which include hyperinflation and shortages of food and other basic goods. However, prosecutors in Mexico said an investigation revealed that Venezuelan officials and Mexican businessmen bought low-quality food items in bulk and sent them to Venezuela for more than twice their actual price. The investigation involved 1,300 food containers, said Israel Lira, Mexico's top prosecutor for organized crime, EFE reported. He added that Mexico allowed the containers to be sent to Venezuela because it was perishable and needed by recipients. The suspects have agreed to pay reparations totaling \$3 million to the U.N. refugee agency. The money is to be used for the agency's operations in Latin America.

Trump Lauds Mexico for Sending Police to Guatemalan Border

U.S. President Donald Trump on Thursday afternoon lauded Mexico for sending federal police officers to its border with Guatemala, where thousands of Central American migrants are trying to enter as they head north toward the United States. "Thank you Mexico, we look forward to working with you!" Trump said in a tweet, which included a retweet of a video showing two Boeing 727 planes filled with federal police officers in riot gear arriving near

the Mexico-Guatemala border. Earlier in the day, Trump threatened to send the military to close the U.S.-Mexico border if authorities in Mexico failed to stop the caravan of Central American immigrants heading to the United States, The Washington Post reported. "I must, in the strongest of terms, ask Mexico to stop this onslaught—and if unable to do so I will call up the U.S. Military and close our southern border!" Trump tweeted early Thursday

I must, in the strongest of terms, ask Mexico to stop this onslaught."

— Donald Trump

morning. He also threatened to tear the recent modernization of the North American Free Trade Agreement, known as USMCA. The Mexican government has said it would treat the migrant caravan as it would any other visitor, adding the "necessary documents" are required for them to enter Mexico or the migrants face immediate return back to their country, Reuters reported. A group of as many as 3,000 people fleeing poverty and violence in Honduras began their trip north earlier this week, entering Guatemala on Monday and defying a Guatemalan government order barring their entry and police sent to stop them at the border, the Associated Press reported. On Thursday, the bulk of the caravan arrived in the Guatemalan border town of Tecún Umán, just across the Suchiate River from Mexico. Earlier this week, Trump warned he would cut off aid to Honduras, Guatemala and El Salvador, known as the Northern Triangle countries, if the caravan continued north. In response to the U.S. president's comments, Honduras' foreign ministry urged the country's citizens not to join the group, and Guatemalan authorities detained the migrants' organizer, Bartolo Fuentes, on Tuesday. However, the group kept moving toward Mexico, where they hope to cross the border into the United States.

NEWS BRIEFS

Ecuador Boots Venezuelan Ambassador Over Minister's Comments

Ecuador's government expelled the Venezuelan ambassador from its country on Thursday in response to a Venezuelan official calling Ecuadorean President Lenin Moreno a "liar," Reuters reported. Venezuelan Communications Minister Jorge Rodríguez said in a press conference in Caracas on Wednesday that Moreno was lying when he told the United Nations General Assembly last month that 6,000 Venezuelans fleeing problems in their home country had entered Ecuador.

Starbucks Grants Mexican Partner Licensing Deal for Expansion in Europe

Starbucks' longtime Mexican partner Alsea will be allowed to expand the Seattle-based company's brand in four European markets under a new licensing deal, Bloomberg News reported Thursday. Coffee shops in France, the Netherlands, Belgium and Luxembourg will now be under Alsea's management. The announcement comes as Starbucks restructures operations in the United States in efforts to reverse sluggish sales there and in China, the coffee chain's biggest markets.

Peru to Suspend Natural Gas Exports, Impose Fuel Rationing

Peru will suspend natural gas exports and begin fuel rations, the ministry of energy said in a statement Thursday, as Peruvian company Pluspetrol announced a partial pause in operations due to technical issues, Reuters reported. The government declared the country's natural gas supply as being "in a state of emergency" from Oct. 16 to Oct. 20. However, Pluspetrol, the South American country's largest oil and gas producer, said production should be enough to supply the domestic market.

BUSINESS NEWS

Ecuador's Moreno Orders Investigation Into Bank Charges

Ecuadorian President Lenín Moreno has ordered the country's banking oversight agencies to initiate a probe into banks and financial services companies that clients claim have unduly charged them, *El Comercio* reported Wednesday. For the past two weeks, customers of Ecuadorian banks have been denouncing on social media charges to their bank accounts and credit cards made without their authorization. "We will not tolerate any damage to the pockets of Ecuadorians by companies that may be behaving unscrupulously," Moreno said at an event in Quito on Tuesday, *El Comercio* reported. He also urged the banking, business



Moreno // Photo: Ecuadorian Government.

and economics oversight agencies to sanction any financial entity found responsible and return the money to customers. Moreno added that the previous government of former President Rafael Correa had not taken precautions to avoid incidents like this one, *El Telégrafo* reported. Juan Carlos Novoa, who heads the banking oversight agency, said this agency's scope is limited to regulating financial services, but said he had ordered an audit of financial entities to evaluate the situation. Two of the country's banks, Bancho Pichincha and Banco del Pacífico, said in separate statements that they would proceed to return the money to customers after an investigation confirms cases in which charges were made without authorization.

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op infrastructure in both the country's center and its regions. The call for Carlos Slim and others to foot the bill has raised eyebrows, given that when AMLO was mayor he collaborated with Slim in ways that benefited them both. This is probably why AMLO called for a national referendum. Letting the people decide is not merely a way to strengthen the administration's democratic credentials and to allow citizens in all regions to register their views. It also allows AMLO to sidestep confrontation with Slim and the projects' promoters, including bureaucratic forces that have been streamlining the prep work, which argue that cancellation would be fiscally wasteful and hurt Mexico's reputation. Both airport sites have pros and cons, and their advantages aren't necessarily clear—either to voters in other regions or to residents of Mexico City, who are divided. One should expect a very close vote. The private sector has already invested a large amount of capital and is unlikely to pull out even if voters prefer the old site. If most voters do favor the new site, giving private investors a mandate to continue, the government will still be able to encourage them to bankroll the project themselves. Either way, the clear winner will be López Obrador."

A Lorena Becerra, political analyst and head of polling at *Grupo Reforma*: "The democratic consultation to be held between Oct. 25 and Oct. 28 is not a binding process because it does not fulfill any of the requirements that the Constitution establishes for a legal national vote. However, López Obrador has declared that the result of this exercise will determine his course of action. Given the selection of municipalities where the voting booths will be placed, we can conclude that the president-elect is catering to his stronger voting bases, which lie in the center and south of the country. This implies that the mobilization of these voters should be strong in favor of an option that seems to be the one López Obrador is leaning toward:

the cancellation of the new airport. Viewing this decision from his standpoint, it seems congruent given the amount of public funds it would require, the fact that it suffers from serious delays regarding the completion date and the potential corrupt negotiations

“ Given the selection of municipalities where the voting booths will be placed, we can conclude that the president-elect is catering to his stronger voting bases...”

— Lorena Becerra

that may lie in the background. However, we could also conclude that he wants to assert a credible threat that he will cancel the construction in order to force businessmen who would be at a loss in this scenario to finance it. Whatever the result, the president-elect is covering his own back and will likely minimize his political costs with the public, even though he risks alienating certain groups of investors."

A Gabriel Díaz Montemayor, assistant professor of landscape architecture at *The University of Texas at Austin*: "More than a national binding vote, what will happen later this month is a national survey coordinated by a science foundation working with other non-governmental organizations, instigated by the incoming federal administration, which takes office on Dec. 1. Nonetheless, this may be a binding vote because of the political motivations the president-elect's political group has. Legally—constitutionally—what we will see is not a binding national vote. Available opinion surveys on deciding between the under-construction airport option or the joint operation of an air force base and the current airport (separated from

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one another by 22 miles) significantly favor the former. But, in any case, in the current political reality of Mexico, this feels like a coin toss. In case the current under-construction project wins the national survey, all other obstacles remain. A positive outcome of this national dilemma in Mexico could be an improved version of the project under construction. Large-scale projects like this one often get transformed during construction and during operation. While still under construction, the project can incorporate social and environmental processes to make it better. Socially, it can effectively incorporate the opinions of the urban communities, mostly to the west of it, and the rural communities, to the east of it. The airport's neighbors should become part of the project. Environmentally, it can rethink how the airport can be the catalyst for the ecological recovery of the remnant areas of the Lago de Texcoco."

A **Jose Francisco Albarrán, president of Academia de Ingeniería de México:** "Several professional and business associations have expressed, after a thorough analysis of published documentation, that the new international airport project currently underway should continue. Nevertheless, a public consultation, in which less than 1 percent

of the population is expected to vote, will decide whether that project will continue or a new, very 'green' alternative should be implemented instead. The president-elect's team has been rooting for the latter, and the result of the public consultation could therefore be in favor of that alternative, as a vote of confidence in the new administration and not based on a well thought out analysis. Private investors like Carlos Slim have been silent about their participation, maybe because this issue has become highly political rather than technical and economic. If the public consultation's results are in favor of the current project, the government will look to private investment to finance it. However, a PPP agreement is likely to take several months, during which time the rate of the project's advancement will probably decrease substantially. If the alternative is selected, then several studies and designs would be required, which would take between 12 and 24 months, before actual construction work could be executed. Thus, it would be fully functional in 2024 or later. Financing of the alternative option would be very difficult and at a higher interest rate than the current project."

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Nicaragua Crisis: New Paths Forward?

An Inter-American Dialogue Discussion with Violeta Granera, Frente Amplio para la Democracia José Pallais, Former Deputy Minister of Foreign Relations of Nicaragua

View a webcast of the Oct. 10 discussion.

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