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FEATURED Q&A

What Did the 'Three Amigos' Summit Accomplish?

Q U.S. President Barack Obama, Mexican President Enrique Peña Nieto and Canadian Prime Minister Stephen Harper met last week for the annual North American Leaders' Summit. Critics have pointed out that Obama failed to advance agreement on major issues sought by Mexico and Canada, such as immigration reform, the Trans-Pacific Partnership or the Keystone XL pipeline. What did the summit accomplish, and on what issues did it fall short of its potential? Should the White House invest more political capital on issues concerning Mexico and Canada? Why or why not?

A Peter Hakim, member of the *Advisor* board and president emeritus of the Inter-American Dialogue: "As long as Washington fails to deal effectively with the issues of greatest concern to Mexico and Canada, there is virtually no prospect of moving toward a North American community or partnership. For sure, the White House has to invest more political capital in the trilateral relationship, but given the fractures in U.S. politics, it may not make much difference. NAFTA was a giant step forward for relations among the three countries and has contributed importantly to each of their economies. But it should be time for a 'more ambitious agenda' as called for in an eponymously titled Dialogue commission report last year. Mexico's reforms since the release of the report provide a strong basis for a new and expanded cooperation. But the recent summit of the three North American leaders was a disappointment—mostly because (1) U.S. immigration reforms appear fatally blocked and (2) congressional approval of fast track authority, which is needed to nail down key trade deals, is in grave doubt. In addition, Canada remains frustrated by the U.S. failure to decide on the future of the Keystone pipeline, while Mexico remains deeply irritated by Canada's new visa requirements. Despite the outsized atten-

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Venezuelan Government Finds Support in Southern Cone

Foreign Minister Elías Jaua (L) on Thursday met with leaders from Argentina, Uruguay and Brazil, who expressed support for Venezuela's government despite protests that have left dozens dead. See story on page 2.

Photo: Government of Argentina.

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NEWS BRIEFS

Chilean Shipper Pays U.S. Fine in Price Fixing Case

Chilean shipping firm **Compañía Sudamericana de Vapores** has agreed to pay the United States an $8.9 million criminal fine in a price-fixing conspiracy, Reuters reported Thursday. The Justice Department's antitrust division said the company pled guilty to conspiring to rig bids to push up the prices of shipping cargo such as cars and trucks to and from the United States. Among the world's five-largest shipping companies, Vapores said the fine won't affect its results and that it was cooperating with authorities.

Brazil GDP Surprises Analysts With Strong Q4 Growth

Brazil's gross domestic product rose 0.7 percent in the fourth quarter from the prior three months after contracting 0.5 percent in the third quarter, Bloomberg News reported Thursday, citing national statistics agency data. The figure was nearly double some analyst forecasts. Brazil's GDP expanded 2.3 percent in 2013 overall. Economic growth in 2014 will be slightly higher than last year, Finance Minister Guido Mantega told reporters Thursday, Agência Brasil reported.

Pemex Posts $5.7 Billion Loss in Q4 as Output, Sales Fall

Mexican state oil company **Pemex** said Thursday that it lost $5.7 billion in the fourth quarter last year. It was the company's fifth consecutive quarterly loss, Bloomberg News reported. Pemex's daily crude production slid 1.5 percent from the same period a year ago to 2.52 million barrels. Sales at the world's fifth-largest crude producer fell 2.6 percent, as well. Officials hope that a landmark energy overhaul law passed last year will spur production.

Political News

Venezuela Protests Continue as Gov't Seeks International Support

Both supporters and foes of Venezuelan President Nicolás Maduro again took to the streets Thursday in protests that have raged for more than two weeks, EFE reported. On the holiday commemorating the Day of the People's Rebellion, or the "Caracazo," in 1989 that began over an economic package that included higher gasoline prices and bus fares, pro-government marchers gathered outside the presidential palace calling for peace. Meanwhile, student and opposition rallies calling for the release of imprisoned political activists turned violent in other parts of the country. National Guardsmen launched tear gas at some students on the main east-west highway in Caracas, with at least 15 students injured, according to *El Universal*. The government has restricted liquor sale hours at stores and bars through March 4, a policy it has implemented in the past during carnival, which begins today. On a tour through Southern Cone countries, Venezuelan Foreign Minister Elías Jaua on Thursday met with Argentine President Cristina Fernández de Kirchner, who offered her "full support" to Maduro's government, the Casa Rosada said in a Web site press release. Jaua found similar expressions of official support from Brazil and Uruguay on his trip. Venezuela is calling for a special meeting of Unasur, the South American body similar to the Organization of American States but without the U.S., to address the crisis. Venezuela blocked a meeting scheduled for yesterday at the OAS over a procedural technicality. "Unasur is the natural place to analyze what's happening in Venezuela," Uruguayan Foreign Minister Luis Almagro told reporters, according to the *Buenos Aires Herald*.

Almagro

File Photo: Government of Uruguay.

Medina Focuses on Economy, Security in Speech to Congress

Dominican President Danilo Medina delivered his annual Independence Day address to a joint session of Congress Thursday, *Listin Diario* reported. Elected in 2012, Medina touted economic growth during his first full year in office at a more-than-expected rate of 4.1 percent and pledged to make employment and productivity priorities for his administration this year. Medina also announced major infrastructure works such as the hydroelectric dam at Monte Grande, the North-South Highway and two coal-fired power plants in Baní, *Dominican Today* reported. Poverty in the Caribbean country remains entrenched, a recent World Bank study has found, however, with only two percent of Dominicans escaping poverty in the last decade, compared to 40 percent of poor Latin Americans having done so, despite comparatively higher GDP growth rates per capita in the Dominican Republic. Medina also addressed public safety in his speech. While stating that there is "no magic formula" to end insecurity, Medina noted that homicides had dropped from 20 per 100,000 inhabitants in late 2013 to 17 in January this year. Opposition leaders criticized the speech for its lack of focus on corruption.

Colombia's ELN Rebels Apologize for Firing on Leftist Candidate

Colombia's ELN guerrilla group on Thursday apologized for an attack last weekend on the motorcade of Aída Avella, the leftist presidential candidate of the Unión Patriótica party. No one was hurt in the shooting, although a bullet reportedly penetrated one of the vehicles. "We deeply regret this incident and we apologize for it to candidate Aída Avella, at the same time that we will take the necessary measures so that such deeds do not occur again," the National Liberation Army, or ELN, said in a communique, Reuters reported. The incident occurred on Sunday on a highway in the rural part of the municipality near the border with Venezuela. Avella, who is polling in the single digits ahead of the May 25 presi-

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dential elections, suggested at the time that the proximity of the Colombian military, which has a history of aggression with the UP, may have had been related to the attack. [Editor's note: See Q&A on Colombia's elections in the Feb. 13 issue of the *Advisor.*]

Economic News

Moody's Downgrades Honduras Debt on Fiscal Outlook

Moody's Investors Service on Thursday downgraded Honduras' sovereign ratings in the face of higher deficits and increased financing needs. In a Web site notice, the ratings agency said that despite the government's original plans to consolidate public finances in 2013, the fiscal deficit in fact widened to 7.7 percent of GDP last year, from 5.9 percent in 2012. The larger deficit mostly stemmed from an increase in capital expenditures in infrastructure investment, transfers to municipalities and conditional cash transfers to the poor, according to official data. In addition, interest payments increased by 50 percent year-over-year in 2013. "Moody's expects the fiscal deficit to narrow to around 5.5 percent of GDP in 2015 before beginning to widen again in 2016 and 2017, as the current administration comes to an end," the company said. **Standard & Poor's** cut Honduras' credit rating to B from B+ last August over similar concerns. Meanwhile, insecurity and violence continue to plague the Central American nation, which has among the highest murder rates in the world. A weekend of violence across Honduras left at least 39 people dead, EFE reported Monday. National police officials said twenty-nine people were slain on Sunday alone.

A weekend of violence across Honduras left at least 39 people dead.

Featured Q&A

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tion given to security issues, U.S.-Mexican relations as well as the tripartite Canada-Mexico-U.S. alliance are mostly about economics (trade, investment, and energy) and demography (immigration). If Washington cannot make progress on either front, the agenda will remain stalled. The United States either has to invest more in its relations with Mexico and Canada, or its partnerships will remain limited and critical opportunities will be lost."

Arturo Sarukhan, chairman of global solutions at Podesta Group in Washington and former Mexican ambassador to the United States: "It's generally a mistake to pin success or failure of North American Leaders' Summits (NALS) on traction—or lack of thereof—in the three sets of bilateral agendas. Much as Mexico would like to see progress on immigration reform in the United States, Canada on Keystone with the United States, the United States on Rio Grande water issues with Mexico, or Mexico with visas for travel to Canada, the NALS must be measured in terms of the deepening and widening of our trilateral architecture and agenda. Even though the Toluca Summit seems to have nudged the conversation in this direction, it apparently failed in pouring Drano down the pipes of three vexing challenges: the underlying Canadian conviction that trilateralism detracts from its priority of strengthening bilateral relations with the United States; the on-going conundrum-—rooted in the grassroots politics with labor—that the U.S. government has had with unreservedly embracing NAFTA and North America as a paradigm of success; and the failure of the three nations—and of consecutive governments since 2011—to jointly and strategically address a new generation of issues that were not anticipated by NAFTA. This is why the Trans-Pacific Partnership and energy, two issues front and center in this past summit, are so promising for North America's future. The former can modernize NAFTA and improve our joint production and logistics platforms, enhancing our global competitiveness. The latter promises to deliver one of the most profound geostrategic and economic realignments of the post-Cold War world: a common North American energy independence, efficiency and security template. At the end of the day, a pivot to North America by the three North American nations is what is truly needed."

Andrés Rozental, member of the *Advisor* board and president of Rozental & Asociados in Mexico City: "Expectations for the Toluca encounter—also dubbed the Tres Amigos Summit—were quite high in Mexico because there was no annual summit in 2013 and because President Peña Nieto has given trilateralism and North American competitiveness a high priority during his administration. Unfortunately, the very short time allocated to the trip by President Obama and the distractions around the crises in Ukraine and Venezuela made this summit appear in the eyes of the media as unproductive, disappointing and a lost opportunity for the region to reignite enthusiasm for the North American agenda. While it's true that neither Mexico nor Canada were successful in getting Obama to make strong commitments on specific issues such as immigration reform, Keystone XL or any of the other irritants that cloud the bilat-

> "A transportation plan was agreed to that should make the movement of goods and people more efficient."
>
> — *Andrés Rozental*

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Featured Q&A

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eral and trilateral relationships, the summit did deliver a series of interesting new commitments that can partially re-energize the North American idea. A North American transportation plan was agreed to that should make the movement of goods and people more efficient, including through new harmonized customs procedures and joining the three countries' existing trusted traveler programs into a single North American program; Canada-U.S. and Mexico-U.S. border liaison mechanisms, which until now have been exclusively bilateral, will now have Mexican and Canadian observer participation, respectively. This same modality will be added to the bilateral regulatory harmonization mechanisms already in place, there was agreement on significantly expanding scholarships and academic exchanges among all three countries, and energy ministers will be meeting in the near future to design a North American energy strategy for renewables and energy efficiency. Prior to the trilateral summit, Primer Minister Harper had an official bilateral visit which was much less productive as far as Mexico was concerned because of his refusal to positively address President Peña Nieto's request that Canada remove the visa requirement it imposed on Mexicans several years ago and which has seriously harmed the bilateral relationship."

Carlo Dade, director of the Centre for Trade & Investment Policy at The Canada West Foundation: "The summit in Toluca made painfully clear that North America can now, officially, be declared brain dead and on life support. NAFTA's troubles and the long-suffering idea for a bolder North American project a la Bob Pastor was in trouble from Obama's first run for office when he, and his chief foreign policy advisor, gratuitously threw the agreement under the bus. What at the time looked like standard campaign theatrics has proven to be anything but. The president's disdain coupled with the tea party on one side and liberal democrats and organized labor on the other, united in their distaste for NAFTA, means that the climate in Washington has never been worse. So despite rising trade, NAFTA has continued to degrade in the face of modern 2.0-type agreements being negotiated with the European Union and dynamic new integration groups like the Pacific Alliance. The Canada-Mexico bilateral meeting preceding the summit did not help either; just the opposite. Canada's inability to give Mexico a straight answer, let alone a satisfactory one, on the lifting of the visa requirement for travel to Canada doomed that summit from the outset. The irony of the past week was the inability of Canada to reconcile its anger at the lack of a U.S. decision on the Keystone pipeline with Mexico's anger on Canada's lack of movement on the visa issue. That two of the three leaders spent almost as much time talking about Ukraine as North America was as damming an indictment as possible of the lack of anything in the summit. The United States now appears to have essentially abandoned North America to put all of its eggs in the TPP basket. This leaves a weakened, more reactive North America where leaders converge on an issue by issue basis. Most interesting though is the possibility of a subnational option based on strong common interests in the western United States, Canada and northern Mexico. After Toluca, getting North America off of life support may not depend on Ottawa, Washington and Mexico City."

> "The climate in Washington has never been worse."
>
> *— Carlo Dade*

The Advisor *welcomes reactions to the Q&A above. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org with comments.*

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