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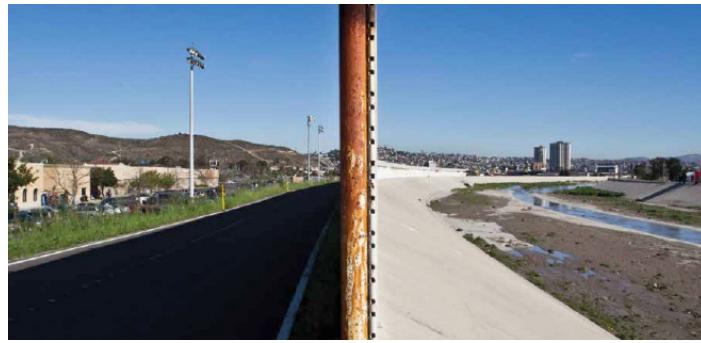
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FEATURED Q&A

How Well Is Mexico's President Handling Ties With Trump?



U.S. President Donald Trump's demands for Congress to fund expanded walls along the border with Mexico may lead to the first veto of his presidency. // File Photo: U.S. Government.

Q U.S. President Donald Trump last month declared a national emergency after Congress declined to fulfill his request for \$5.7 billion to help build a wall along the U.S.-Mexico border, a move that allows him to divert money appropriated by Congress for other purposes into the barrier's construction. Days later, 16 states filed a lawsuit challenging the national emergency declaration as unconstitutional. What does Trump's national emergency declaration entail? How is the new government of Mexican President Andrés Manuel López Obrador reacting to heightened rhetoric and the unprecedented border situation? How does López Obrador's posture toward his northern neighbor compare to that of past Mexican presidents?

A **Andrés Rozental, member of the Advisor board and president of Rozental & Asociados in Mexico City:** "President Trump's use of a 'national emergency' to obtain funding for his useless wall on the U.S. side of the border with Mexico is rightly being challenged by Congress and in the courts as unconstitutional. After being unable to get the legislative branch to appropriate the monies he insists on getting for this pet campaign promise, the U.S. president has aggravated the already tense relationship between the two branches of government. He has raised objections even from Republicans who fear that use of the 'national emergency' power—for something that Trump himself has admitted is 'unnecessary'—might one day be used by a Democrat in the White House in a similar strategy against a Republican-dominated Congress. We will have to wait for the legal outcome of this fight, but in the meantime the 'wall' will continue to be a figment of

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TODAY'S NEWS

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Venezuela Power Outage Sparks Accusations

A widespread power failure plunged most of Venezuela into darkness overnight. The government of President Nicolás Maduro quickly blamed the opposition for the outage, accusing them of sabotage.

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ECONOMIC

Latin American Currencies Fall

Investors fled to the U.S. dollar amid changes to E.U. monetary policy, with MSCI's index tracking currencies in Latin America falling 1.9 percent and Argentina's peso hitting a record low.

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ECONOMIC

Jamaican Finance Minister Proposes New Stimulus

Jamaican Finance Minister Nigel Clarke has announced sweeping tax-relief measures aimed at boosting economic activity. The \$111 million stimulus package promotes business start-ups and cuts red tape.

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Clarke // File Photo: Jamaican Government.

POLITICAL NEWS

Venezuela Power Outage Sparks Accusations

A widespread power failure plunged Venezuela's capital of Caracas into almost complete darkness during rush hour on Thursday before extending to other areas of the nation overnight, BBC News reported. Twenty-two of 23 states were affected, according to postings on Twitter. The government of President Nicolás Maduro quickly blamed the opposition for the outage, accusing them of sabotage. "They've



Lagarde // File Photo: IMF.

attacked the generation and transmission at the Guri (hydroelectric dam), the backbone of the electricity system," said Electricity Minister Luis Motta on state TV, Sky News reported. Communications Minister Jorge Rodríguez blamed extremists taking orders from U.S. Sen. Marco Rubio (R-Fla.), an outspoken critic of the Maduro regime. That accusation sparked a response from U.S. Secretary of State Mike Pompeo, who tweeted late last night, "The power outage and the devastation hurting ordinary Venezuelans is not because of the USA," adding "No food. No medicine. Now, no power. Next, no Maduro." The International Monetary Fund on Thursday called Venezuela one of the most "complex situations" it had ever seen, the Associated Press reported. IMF spokesman Gerry Rice described Venezuela and its economy as a combination of "food and nutrition crises, hyperinflation, a destabilized exchange rate, debilitating human capital and physical productive capacity, and a very complicated debt situation." Rice said overcoming the challenges would require "broad interna-

tional support" from all 189 IMF members. IMF Managing Director Christine Lagarde said the Fund would help "as soon as we are asked by the legitimate authorities of that country." "We will open our wallet, we will put our brain to it, and we will make sure our heart is in the right place to help the poorest and most exposed people," she added. Rice said Thursday that the IMF had yet to determine whom to recognize as the leader of Venezuela: socialist President Maduro, a fierce critic of the IMF who accuses the lender of being a U.S. agent, or opposition leader Juan Guaidó, who is recognized as the constitutional interim president by more than 50 countries, including the United States. In related news, Brazil's new foreign minister, Ernesto Araújo, said he will put pressure on China, Russia and other emerging-market nations to back Guaidó, such as fellow BRICS bloc members India and South Africa at their meeting next week, The Wall Street Journal reported. Both the opposition and Maduro's government have called for widespread street protests tomorrow.

ECONOMIC NEWS

Latin American Currencies Fall

Latin American currencies fell to their lowest levels so far this year on Thursday in the face of a stronger U.S. dollar and other external factors, Reuters reported. MSCI's index tracking currencies in Latin America fell 1.9 percent, with Argentina's peso hitting a record low. Market analysts told the news service that the European Union's central bank plans to reverse its monetary policy sparked the sell-off as investors fled to the U.S. dollar. The Mexican peso fell over 1 percent against the dollar, while Brazil's real and Chile's peso also fell, by 0.7 percent and 1.1 percent respectively. Colombia's peso weakened 1.2 percent. Economists say rising interest rates in the world's developed economies could accelerate capital flow reversals from emerging markets, which began to occur in 2018, making debt rollovers more difficult, José Antonio González,

NEWS BRIEFS

Colombia's Duque Seeks Reversal of Herbicide Ban

Colombian President Iván Duque asked the nation's Constitutional Court on Thursday to allow the use of glyphosate to fumigate illicit crops, with precautions, El Tiempo reported. "We cannot reject any tools," Duque said, citing a sharp increase in coca cultivation. Former President Juan Manuel Santos suspended aerial fumigation of coca with the herbicide in 2015 over health concerns. In court Thursday, Santos said that the ban should be continued, asserting that "farmers must be given alternatives, not poison," according to the report.

Ávalos Wins Confirmation as Peru's Attorney General

The Council of Supreme Prosecutors within Peru's Public Ministry on Thursday unanimously elected Zoraída Ávalos as the country's attorney general for the next three years, Andina reported. Ávalos, 61, had been interim attorney general since Jan. 8 following Pedro Chávarry's resignation over alleged links to corruption. After the vote, Ávalos announced the creation of 11 offices in Lima that will specialize in violence against women, adding that more such offices would come, Panamericana reported.

IFC Lends \$450 Million to Telecom Argentina

The IFC, a unit of the World Bank, said Thursday it had agreed to back loans of up to \$450 million to Telecom Argentina in order to boost the expansion of broadband coverage in under-served regions of the country. The financing package includes \$110 million from the IFC, with the additional funding to come from international banks. In a statement, the lender said it wants to reverse "a decade-long trend of underfunding" in Argentina's telecom sector, which has "hampered coverage, quality of services and data speeds, particularly outside the city of Buenos Aires."

a former Mexican minister of finance, wrote in a Financial Times column Thursday. A looming recession or deceleration in advanced economies will lower export demand, which, coupled with trade tensions, will probably cause commodity prices to fall, hurting export-dependent economies in Latin America, he wrote. "Now is not the time to doubt prudence and test the will and ferocity of the world's financial markets," González added.

Jamaican Finance Minister Proposes \$111 Million Stimulus

Jamaican Finance Minister Nigel Clarke on Thursday announced sweeping tax-relief measures aimed at boosting economic activity, The Jamaica Gleaner reported. The \$111 million stimulus package aims to promote business start-ups and cut red tape. "After almost 20 years of consistent tax increases and no new taxes last year, it is now time to give back. It is the right thing to do," Clarke said. As of April

Jamaica's economy grew by 1.8 percent in 2018, the sixth consecutive year of real GDP growth.

1, a total of 3,500 businesses will no longer have to file returns on general consumption tax, among a slew of other changes. The stimulus package would be funded by a reduction in Jamaica's primary surplus and an anticipated revenue over-performance. Clarke said that over the last three consecutive years, revenues have over-performed by an average of 0.8 percent of GDP per year, and that now is the ideal time to stimulate the economy using tax relief. Clarke also announced interest rate cuts of two percent for borrowers of student loans who are in good standing. The Jamaican economy grew by 1.8 percent in 2018, the sixth consecutive year of real GDP growth, Loop News reported last month.

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Trump's imagination. Mexico's new government has stated that this entire matter is a U.S. domestic issue and therefore has refused to make any public statement on what should, in my view, be our official position vis-à-vis the constant insults, attacks and falsehoods that President Trump and his supporters proffer against Mexico, Mexicans and the bilateral issues of immigration and drug trafficking. Turning the other cheek to Trump's invectives and bullying has proven to be a failed strategy with other government leaders, so Mexico's government should clearly and forcefully respond to Trump and his invectives against our country. Keeping quiet will only motivate him to see Mexico's leadership as weak and on the defensive."

A **James R. Jones, chairman of Monarch Global Strategies and former U.S. ambassador to Mexico:** "In terms usually described to justify a declaration of a national emergency, the Trump order falls far short. Every statistic from Trump's own government indicates that illegal migration is actually down dramatically. Every interview from those living at the border refutes the notion that we are being invaded by masses of marauders. Thus, many lawsuits to stop the executive order are expected. This will probably go before the Supreme Court for a decision. The result is unpredictable, as it pits two constitutional principles against each other—the power of Congress to determine spending and the power of the presidency to determine national security. President Nixon tested these constitutional conflicts when he refused to spend money on programs that Congress had appropriated. The result was the Budget and Impoundment Act, which prohibited this practice. In this case, lawsuits filed by state and local governments, landowners and other interested parties will tie up enforcement of this executive order for some time. In the meantime, President López Obrador and his government are handling the situation very

well. AMLO has two overriding goals in the near term: to keep the Mexican economy on a growth path targeting 4 percent in his first year and to keep relations with the United States on a positive course. Both are needed to achieve his ultimate goal of narrowing the huge poverty gap in Mexico. There seems



López Obrador and his government are handling the situation very well."

— James R. Jones

to be considerable mutual respect between the two presidents. Most Mexicans seem to believe that the United States can do whatever it wants on its own territory even if it's a dumb or insulting idea. So, on this particular folly of building a wall across our border, I think our bilateral relationship will survive. The constantly growing commerce between us will continue to create wealth for both countries and increase human understanding."



Pamela Starr, professor at the University of Southern California: "To find the funds needed to extend the existing barrier on the U.S. southern border, President Trump declared a national emergency. In the process, Trump's efforts to drum up support for his 'wall' emphasized the threat that Mexico purportedly poses for the United States. Trump pointed to a supposed 'invasion' (a word he used seven times in the speech announcing the national emergency) of drugs, human traffickers, criminals and gangs from Mexico. Forget the fact that drugs largely come into the United States at legal ports of entry where the border is already highly fortified, or that the U.S. side of the border includes some of the safest cities in the United States. AMLO's reaction to these taunts from Trump has been a

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silence which has surprised many. Unlike his predecessors, who took umbrage at such insults and tended to punch back rhetorically, AMLO has largely ignored them. For AMLO, building a wall is a U.S. domestic political matter, and one in which Mexico should not get involved. AMLO's reaction is informed by two things. First, AMLO firmly believes that Mexico should not involve itself in the internal affairs of other countries. And second, AMLO wants to prevent any increase in bilateral tensions that might hinder approval of the USMCA or distract from what is the core priority of his administration: domestic policy efforts to improve the distribution of wealth in Mexico. For AMLO, the best foreign policy is one that does not distract from his domestic policies."

A Todd Bensman, senior national security fellow at the Center for Immigration Studies: "The new administration in Mexico has provided a surprising degree of collaboration with the United States only on one count, as demonstrated by its limited intervention of migrant caravans. But the result of these interventions has produced little of substance for the United States beyond an avoidance of a public relations embarrassment for both countries. One caravan of some 7,000 brushed past Mexican police at the Guatemala border last October. A second of approximately 2,000 successfully did so in February, also on its way to the U.S. border. In the first instance, Mexico either acceded to the Trump administration's threats or acted in its own interests to accept a 'wait-in-Mexico' policy whereby the migrants would be forced to await asylum decisions inside Mexico, rather than for the Americans to have to release the migrants into the United States, where many often ab-

scond permanently after applying for asylum for which the vast majority know they are ineligible. These collaborations were done to avoid the negative public relations repercussions of additional mad dashes by thousands of people over the U.S. border where the migrants would be met by more tear gas from the American side. The perception would have been that Mexico had allowed



Substantive collaboration would involve Mexican repatriation operations."

— Todd Bensman

such terrible optics to happen. But, in both caravan instances, nearly all participants can be presumed to have eventually crossed into U.S. territory elsewhere, just more quietly. Substance is lacking. The Mexican government's provision of 'humanitarian' work visas provided visas to nearly 5,000 caravanners in California and Texas. Then, they provided buses to ship the migrants to various Mexican cities, from which all were free to then cross the U.S. border in smaller, less noticeable groups that could not be identified as 'the caravanners.' Substantive collaboration would involve Mexican repatriation operations of such migrants back to their home countries, deterring others from following and removing incentives for them to travel. Or better yet, controlling the Mexican border with Guatemala, using measures that are more than half-hearted."

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

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