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## FEATURED Q&A

# What Did Pompeo Accomplish on His Latin America Trip?



Among the countries that U.S. Secretary of State Mike Pompeo visited on his four-country tour of Latin America this month was Ecuador, where he met with President Lenin Moreno. // Photo: U.S. State Department.

**Q U.S. Secretary of State Mike Pompeo visited Argentina, Ecuador, Mexico and El Salvador earlier this month on a trip aimed at addressing regional counterterrorism cooperation, the crisis in Venezuela and migration. Why did the U.S. administration select these four countries, and what were the visit's main objectives? What did Pompeo achieve during the trip? How well is the Trump administration handling its relations with Latin American nations, and how else can Western Hemisphere countries cooperate in tackling the region's most pressing challenges?**

**A Aviva Chomsky, professor of history and coordinator of Latin American studies at Salem State University:** "In Argentina, Pompeo took advantage of a counterterrorism forum marking the 25th anniversary of the 1994 bombing of a Jewish community center to solicit support for Trump's bellicose policies against Iran. With European countries reluctant to join Trump's crusade against Iran and the 2015 nuclear pact, the administration is turning to more compliant Latin America allies to try to create the illusion of international support for his position. In Mexico and El Salvador, the issue was immigration. Like Argentina and Ecuador, El Salvador is now governed by a right-leaning populist president eager for warm relations with the Trump administration. A fawning President Bukele assured Pompeo that 'our relationship with the United States is the most important one we have in the world... [We are] willing to work 100 percent with the United States government and with the United States people.' Mexico is a different story. The Trump administration has been exerting enormous pressure

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## TODAY'S NEWS

### POLITICAL

### At Least 57 Inmates Killed in Brazil Prison Riot

The gruesome riot began when members of one gang attacked a rival gang at the prison in Pará State. More than a dozen inmates were decapitated in the riot.

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### ECONOMIC

### Mexico's López Obrador Wants Interest Rate Cut

Mexican President Andrés Manuel López Obrador said the country's central bank should cut interest rates in order to spur growth, adding that he respects the Bank of Mexico's autonomy.

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### POLITICAL

### Paraguay's Foreign Minister Resigns Over Energy Deal

Paraguayan Foreign Minister Luis Castiglioni resigned following a public outcry over the signing of an energy deal with Brazil. Three other officials also stepped down.

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Castiglioni // File Photo: Paraguayan Government.

## POLITICAL NEWS

## At Least 57 Killed in Gruesome Prison Riot in Brazil

At least 57 inmates were killed on Monday, including more than a dozen who were beheaded, in a vicious gang riot at an overcrowded prison in Brazil's northern Pará State, The Wall Street Journal reported. The massacre began at about 7 a.m. when gang members broke into a shipping container that had been modified to hold members of a rival gang, the newspaper reported. The attacking gang members decapitated 16 of their rivals before setting the container on fire, according to officials. The rest of the victims were killed in the ensuing blaze, said Jarbas Vasconcelos, the head of the state's prison system. No firearms were found at the scene, he added. Inmates briefly held two prison agents hostage, but they were unharmed, Vasconcelos said. "It was not an action against the prison system," he added. The prison, in the town of Altamira, was holding 311 prisoners but was designed to hold only 208, according to Vasconcelos. Brazil's National Justice Council said the prison did not have enough guards to guarantee the safety of the inmates housed there, BBC News reported. Clashes between rival gangs have become more frequent in Brazil's prisons. In May, riots in several prisons in Amazonas State left 55 people dead.

## Guatemalan Official Seeks Reversal of 'Third Country' Deal

Guatemalan human rights prosecutor Jordán Rodas on Monday asked the country's Constitutional Court to nullify a deal that President Jimmy Morales' government reached with the administration of U.S. President Donald Trump requiring Central Americans transiting Guatemala to request asylum there instead of the United States, the Associated Press reported.

In the appeal, Rodas argues that the deal was reached under threats from Trump, who last week said his administration would possibly levy tariffs or "remittance fees" if Guatemala did not agree to its proposal. "We presented an appeal for what was signed to be declared null and not take effect," Rodas said, the AP reported. "Article 52 of the Vienna Convention signals that any treaty or agreement ... that has been obtained under threats is null." Rodas also requested the removal and investigation of Foreign Minister Enrique Degenhart, who he argues had no authority to sign the deal at the White House last Friday. Guatemala's Constitutional Court had previously granted three injunctions ordering Morales' government not to enter into a deal without approval from Guatemala's Congress, which it ignored. Under the agreement, Salvadorans and Hondurans that transit Guatemala will not be allowed to apply for asylum in the United States unless they did so in Guatemala first, and migrants could be sent back from the United States to Guatemala, regardless of their country of origin. Critics have blasted the agreement, saying Guatemala is not a safe destination for migrants who are mostly fleeing from poverty and violence in their home countries, The New York Times reported.

## BUSINESS NEWS

## Brazil's Nubank Raises \$400 Million in Investment Round

Brazilian financial technology company Nu Pagamentos, commonly known as Nubank, announced Friday that it has raised \$400 million in its Series F investment round. U.S.-based growth equity firm TCV led the round, marking what Nubank said was the firm's "first significant investment in Latin America." Existing investors Tencent, DST Global, Sequoia Capital, Dragoneer, Ribbit Capital and Thrive Capital also participated in the round, Nubank said. With the latest investment, Nubank has raised \$820 million in seven rounds of investment.

## NEWS BRIEFS

## Paraguay's Foreign Minister Resigns Over Energy Deal With Brazil

Paraguayan Foreign Minister Luis Castiglioni and three other officials resigned on Monday amid a public outcry over the signing of an energy deal with Brazil, Reuters reported. Lawmakers and officials say the energy agreement, related to the Itaipu hydroelectric plant at the two countries' border, would be detrimental to Paraguay and cost the country some \$200 million. The agreement was reached in May but was only made public last week. The Paraguayan government said it would ask Brazil to suspend the deal.

## Mexico's López Obrador Wants Lower Interest Rates to Boost Growth

Mexico should cut interest rates to boost economic growth, President Andrés Manuel López Obrador told Bloomberg News in an interview on Monday, adding that he respects the central bank's autonomy. "The Bank of Mexico is watching over inflation. That's not bad," he said, "But it's important to lower rates to kickstart the economy." Mexico's central bank has kept its benchmark rate at a decade-high of 8.25 percent, even as inflation slowed to less than 4 percent.

## Banco do Brasil to Offer Buyouts to Workers Amid Effort to Reduce Costs

Banco do Brasil said Monday that it plans to offer buyouts to some of its workers amid a push to reduce costs, Reuters reported. The state-controlled bank said in a security filing that it had a plan to "optimize" its workforce and trim "excess" at its bank units in an effort to lower costs. The lender did not say how many of its workers would be offered buyouts but said it would disclose the financial impact of the move by the end of August.

The latest investment values the company at more than \$10 billion, The Wall Street Journal reported last week. Nubank previously engaged in talks about a potential investment from SoftBank Group, but the talks broke down, the newspaper reported, citing people familiar with the matter. The funding makes Nubank Latin America's most highly valued private technology company, The Wall Street Journal reported, citing PitchBook Data. Nubank said in a statement that it has opened offices in Mexico and Argentina and is preparing to begin operations in those countries. The company is Brazil's sixth-largest financial institution by number of clients, and it began its international

**The latest investment values the company at more than \$10 billion.**

expansion in May. It has expanded its product portfolio beyond its app-controlled credit card and rewards products and now offers personal loans and digital savings accounts for individual consumers, as well as microentrepreneurs and small- and medium-sized businesses. "Even though the technological change has been transformational for most industries across the globe, most banked consumers continue to pay absurd interest rates and fees to receive very poor financial services in return," Nubank's founder and chief executive officer, David Vélez, said in a statement, adding that two billion people in the world still lack basic financial services. "With this new investment by TCV and our existing investors, we expect to contribute to meaningfully change this situation by accelerating our growth in Brazil and supporting the launch of our new Latin American markets." About 10 million people use Nubank's digital credit card, consumer banking and lending services, The Wall Street Journal reported, citing a person familiar with the matter. The company has a partnership with Mastercard and launched its digital credit card and mobile app in 2014. Nubank advertises the credit card and app as free to consumers and generates revenues from outstanding credit card balances and merchant fees.

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on Mexico's leftist President López Obrador to prevent Central American migrants from reaching the United States. López Obrador has long called for humanitarian treatment of migrants, while Trump insists on a militarized approach. In June, Trump threatened massive tariff increases on Mexican goods if Mexico refused to increase militarization of its southern border, essentially outsourcing U.S. immigration enforcement. López Obrador caved and averted the tariff disaster. But U.S. threats have thus far failed to force Mexico to agree to pay for construction of the border wall or to compel U.S.-bound migrants to apply for asylum in Mexico."

**A Rebecca Bill Chavez, nonresident senior fellow with the Peter D. Bell Rule of Law program at the Inter-American Dialogue:**

"Pompeo characterized his trip as part of a 'concerted effort to re-engage with our partners.' Absent a productive policy agenda and initiatives that resonate in the region, a visit by a member of an administration that routinely denigrates Latin America won't lead to the engagement necessary to begin the arduous process of rebuilding the trust that has declined precipitously under Trump. The decision to stop in Ecuador, which has taken in more than 350,000 Venezuelans, was a sound one, given the potential to deepen bilateral ties under Lenín Moreno's leadership. However, Pompeo missed the opportunity to demonstrate acceptance of shared regional responsibility by announcing TPS for Venezuelans. Instead, the administration expects Venezuela's overburdened neighbors to host the four million refugees. Immigration was the focus in El Salvador and Mexico. Whether naive or disingenuous, Pompeo expressed confidence in El Salvador's ability to control migration while he stands by Trump's counterproductive decision to cut the U.S. assistance that had targeted the root causes: poverty, violence and poor governance. And after recognizing Mexico's efforts to stem Central American

migration, Pompeo should have taken 'safe third country' off the table."

**A Ray Walsler, retired foreign service officer and former Latin American policy analyst with The Heritage Foundation:**

"Secretary of State Pompeo's four-day, four-country visit, albeit brief, appears to have been well organized and generally positive in outcomes. It again demonstrated that the Trump administration, at least at the cabinet level, recognizes the importance of investing face time with hemispheric leaders. In Buenos Aires, the secretary helped mark the 25th anniversary of the AMIA Jewish center bombing, attended a Western Hemisphere counterterrorism ministerial and saluted Argentina for designating Hezbollah a terrorist organization, the first Latin American nation to do so. Continued attention to international terrorism certainly fits the administration's narrative regarding terrorist threats at a time of heightened tensions with Iran. In Ecuador, Pompeo helped solidify renewed bilateral ties in the post-Rafael Correa presidency of Lenín Moreno. The visit with El Salvador's new, outside-the-box president, Nayib Bukele, a leader whose candor about accepting accountability and not blaming the 'gringo' for the migration crisis, promising to make El Salvador habitable again and disavowing a desire for 'free money' was music to the ears of the administration. The secretary also renewed the agreement to keep operating an important counternarcotics base at Comalapa. Pompeo's meeting with Mexican Foreign Minister Marcelo Ebrard appeared to be cooperative in spirit and highlighted a notable reduction in border apprehensions of migrants. Nevertheless, long-term solutions remain elusive as Mexico seeks to protect its sovereignty and pride in an era of draconian efforts to stem the migrant flow, and while President Trump stirs the 'send him/her back' pot in the United States. Largely missing in reports of the Mexico City conversations: the ongoing implosion

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of Venezuela, particularly in light of the 'neutrality' of President López Obrador in the contest between Nicolás Maduro and Juan Guaidó."

**A** **Peter DeShazo, visiting professor of Latin American, Latino and Caribbean Studies at Dartmouth College and former deputy U.S. assistant secretary of state for Western Hemisphere affairs:** "Secretary Pompeo's visit to the region had a positive tone, addressing important multilateral issues (counterterrorism, regional security, migration, Venezuela), as well as bilateral cooperation with all four countries visited. While public perception of the United States in Latin America (and Canada) has taken a strongly negative turn since the start of the Trump administration, the secretary's visit underscored the importance of sustained diplomatic efforts in advancing U.S. interests in the region. Looking ahead, U.S. leadership should focus on several key objectives, starting with strengthening the North American trilateral relationship with Canada and Mexico, where a strategic approach aimed at deeper integration and cooperation based on mutual respect is essential. The U.S.-Mexico relationship is complex and should not be defined by the single issue of migration. The administration should enhance, not reduce, U.S. cooperation with Mexico across the board. U.S. leadership is essential in an international effort to support institutional reform and social and economic development in the Northern Triangle of Central America—addressing the migration problem at its root. This will require a policy and resource commitment from the United States well beyond what now exists. On Venezuela, the administration should work with democratic partners to broker a political solution to the impasse, avoiding counterproductive threats of military action. China and Cuba are important players on Venezuela, and a more creative diplomatic approach toward both would work better than strident criticism. Finally, the administration should

provide more resources for U.S. diplomacy in the hemisphere."

**A** **Nicolás Mariscal, member of the Advisor board and chairman of Grupo Marhnos in Mexico City:** "Secretary of State Mike Pompeo visited Argentina, Ecuador, El Salvador and Mexico in a span of four days to expand cooperation on security issues; reinforce commitment to democracy, transparency and human rights; and to foster economic opportunities in those countries. Evidently, the trip had an underlying propeller: the migration crisis. President Donald Trump cut U.S. foreign aid to Guatemala, Honduras and El Salvador and in parallel asked them for cooperation to reduce immigration flows, which has increased diplomatic tension. Hence, a visit to countries such as Ecuador, where a U.S. secretary of state has not set foot in more than nine years, entails a desire for collaboration. The United States intends to address root causes that are compelling people to flee their countries. While the visit to Argentina focused primarily on counterterrorism, it still falls under the umbrella of security in Central and South America. Ecuador has received plenty of refugees and asylum seekers, becoming a key player in regional migration. Ecuador estimated that more than 600,000 Venezuelans entered the country last year. El Salvador and Mexico pose different challenges. Political changes in the former have led to instability and an increase in migrants. The latter has reduced the number of locals who flee and has become a serious transit problem for flows coming from Central America. The tariffs threat and bilateral tensions pushed Mexico to a more robust and strict migration policy, yielding a 28 percent decrease in the number of migrants encountered at the U.S.-Mexico border. President Trump has realized the importance of regional cooperation to address a regional problem. The dimensions of the problem transcend boundaries—therefore, so must the solutions."

## LATIN AMERICA ADVISOR

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