

BOARD OF ADVISORS

Diego Arria

Director, Columbus Group

Devry Boughner Vorwerk

Former Corporate VP,
Global Corporate Affairs,
Cargill

Joyce Chang

Global Head of Research,
JPMorgan Chase & Co.

Marlene Fernández

Corporate Vice President for
Government Relations,
Arcos Dorados

Peter Hakim

President Emeritus,
Inter-American Dialogue

Donna Hrinak

President, Boeing Latin America

Jon Huenemann

Former VP, U.S. & Int'l Affairs,
Philip Morris International

James R. Jones

Chairman,
Monarch Global Strategies

Craig A. Kelly

Director, Americas International
Gov't Relations, Exxon Mobil

John Maisto

Director, U.S. Education
Finance Group

Nicolás Mariscal

Chairman,
Grupo Marhnos

Thomas F. McLarty III

Chairman,
McLarty Associates

Carlos Paz-Soldan

Partner,
DTB Associates, LLP

Beatrice Rangel

Director,
AMLA Consulting LLC

Jaana Remes

Partner,
McKinsey Global Institute

Ernesto Revilla

Head of Latin American
Economics, Citi

Gustavo Roosen

Chairman of the Board,
Envases Venezolanos

Andrés Rozental

President, Rozental &
Asociados and Senior
Policy Advisor, Chatham House

Shelly Shetty

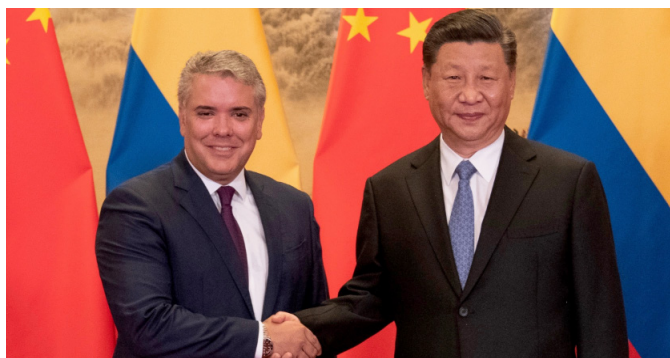
Head of Sovereign Ratings,
Latin America, Fitch

Roberto Sifon-Arevalo

Managing Director, Americas
Sovereign & Public Finance Ratings,
Standard & Poor's

FEATURED Q&A

Would Stronger Ties Pay Off for Colombia & China?



Colombian President Iván Duque met with Chinese President Xi Jinping July 31 in Beijing. // Photo: Colombian Government.

Q Colombian President Iván Duque visited China late last month, meeting with Chinese President Xi Jinping and other high-level officials in his first visit to the Asian country since taking office last year. The two leaders pledged to enhance bilateral relations, with Duque saying he hoped their nations could expand cooperation in trade, energy and infrastructure construction, among other areas. How strong have Colombia-China ties been historically, and how robust will they become? What does each country have to gain from strengthened relations? Which areas have the most potential for greater cooperation?

A Lin Hua, associate researcher of the Institute of Latin American Studies at the Chinese Academy of Social Sciences (CASS): "China is Colombia's second-largest trading partner, and Colombia is China's fifth-largest trading partner in Latin America. However, it is clear that the development of China-Colombia relations is not as rapid as China's relations with other Latin American countries. There is a lack of substantive cooperation between China and Colombia. China's limited investments and the lesser presence of Chinese companies in Colombia can prove it. The unstable internal situation caused by Colombia's civil conflicts is one of the important reasons for this, and the impact of the United States on Colombia and the extensive and historic connection between the two countries are also important and undeniable factors, which not only affect Colombia's foreign policy, but also the relationship between China and Colombia. Nevertheless, the de-

Continued on page 2

TODAY'S NEWS

ECONOMIC

Mexico's Inflation Rate Slows as Energy Costs Fall

The country's inflation rate declined in July to its lowest level since the end of 2016. The annual inflation rate stood at 3.78 percent last month.

Page 2

BUSINESS

Peru Protests Block \$400 Mn in Copper Exports

Protesters have blocked roads and a minerals railroad for weeks in complaint of a construction license the government gave to Southern Copper for its \$1.4 billion Tía María project.

Page 3

POLITICAL

Top Puerto Rico Officials Consider Fourth Governor

Top officials from Puerto Rico's New Progressive Party openly backed Jenniffer González, the island's representative to the U.S. Congress, as a consensus candidate for governor. Puerto Rico has already had three governors in the past week.

Page 2



González // File Photo: gop.gov.

POLITICAL NEWS

Top Puerto Rico Officials Consider Fourth Governor

Top officials from the party of new Puerto Rico Governor Wanda Vázquez spoke openly Thursday about wanting yet another governor to take over leadership of the U.S. commonwealth, the Associated Press reported. Senate President Thomas Rivera Schatz, who led an effort to oust disgraced former Governor Ricardo Rosselló's handpicked successor, veteran politician Pedro Pierluisi, publicly backed Jenniffer González for the post. González represents Puerto Rico in the U.S. Congress as the island's current resident commissioner. Pierluisi, a former resident commissioner, served just five days as governor before the territory's Supreme Court ousted him on Wednesday and installed Vázquez, saying Pierluisi had not first been confirmed as secretary of state by both chambers of Puerto Rico's legislature. "The leadership ... basically agrees that Jenniffer should be the governor," said José Meléndez of the New Progressive Party. Rosselló, Pierluisi, Vázquez and González are all members of the party. "Jenniffer is the consensus person," Meléndez said. "This should happen quickly, but it depends on what the governor says ... The key to breaking the bottleneck lies with Wanda Vázquez." Despite Vázquez's previous

statements that she did not want to be governor, she said after her swearing-in Wednesday that she did not intend to step down, the AP reported. González said Thursday that the presidents of Puerto Rico's Senate and House of Representatives called her last weekend to ask if she would be willing to step in as governor as a consensus candidate. González said she agreed that it would help restore the island's stability. "There must be fundamental changes in the entire structure of government, in all cabinet officials and in all contracts that the government of Puerto Rico has," said González, adding that she planned to meet later on Thursday with Vázquez. "It's time that people and not politicians become the priority." [Editor's note: See related [Q&A](#) in the July 31 issue of the Advisor.]

ECONOMIC NEWS

Mexico's Inflation Rate Slows Amid Lower Energy Costs

Mexico's inflation rate in July slowed to its lowest level in 31 months, as a fall in energy costs partly offset moderate increases in prices of other goods and services, El Universal reported today, citing the national statistics institute, Inegi. The consumer price index rose 0.38 percent last month, pushing the country's

development of Sino-Colombian relations still has great potential for several reasons. First, as Colombia's political situation and social order gradually stabilize, the conditions and environment for participating in international cooperation have improved significantly. Second, both China and Colombia follow the principle of opening up to the outside world, and their economic complementarities are obvious. This is an important basis for China-Colombia cooperation. President Iván Duque's visit to China started in Shanghai, where he showed his interest in China's economic development. Obviously, the future development of bilateral relations will be more pragmatic. The cooperation between China and Colombia will not only promote China's trade with Latin American countries, but also the prosperity of the Colombian economy. At the same time, it can also meet the needs of diplomatic diversification on both sides. In the future, Colombia should make full use of China's huge market, in order to increase exports to China and improve its trade structure, while China has great potential in expanding its investment in Colombia."

Continued on page 4

NEWS BRIEFS

Mexican Police Find Bodies Strwn Along Road, Hung From Overpass

In a grisly scene in Mexico's Michoacán State, police on Thursday found nine bodies hanging from an overpass, seven others dismembered and strewn along a road nearby, and three others, for a total of 19, the Associated Press reported. A banner left at the scene in the city of Uruapan bore the initials of the Jalisco drug cartel and mentioned a rival gang.

Migration Pact With U.S. a Key Factor in Sunday's Election in Guatemala

Guatemala's migration pact with the United States has become a key factor ahead of the Central American country's presidential election on Sunday, Agence France-Presse reported today. Second-round candidates Sandra Torres and Alejandro Giammattei have avoided expressing any strong position over the deal that President Jimmy Morales' government struck with the Trump administration last month. In a poll by Prodatos for the Prensa Libre newspaper, 82 percent of respondents opposed the agreement.

U.N. Rights Chief 'Deeply Worried' About New U.S. Sanctions on Venezuela

U.N. human rights chief Michelle Bachelet on Thursday said she was "deeply worried" over the latest round of U.S. sanctions against the Venezuelan government, citing their potential impact on the Venezuelan people, Agence France-Presse reported. "The sanctions are extremely broad and fail to contain sufficient measures to mitigate their impact on the most vulnerable sectors of the population," Bachelet said. The Trump administration on Monday froze all Venezuelan government assets in the United States and banned transactions with anyone linked to the country's government.

FEATURED Q&A / Continued from page 1

velopment of Sino-Colombian relations still has great potential for several reasons. First, as Colombia's political situation and social order gradually stabilize, the conditions and environment for participating in international cooperation have improved significantly. Second, both China and Colombia follow the principle of opening up to the outside world, and their economic complementarities are obvious. This is an important basis for China-Colombia cooperation. President Iván Duque's visit to China started in Shanghai, where he showed his interest in China's eco-

annual inflation rate down to 3.78 percent from 3.95 percent in June, according to Inegi. Core CPI, which excludes energy and agricultural products, was up 0.26 percent, bringing the annual rate down to 3.82 percent from 3.85 percent in June. With the inflation rate falling to its slowest pace since the end of 2016 and the economy barely growing, Mexico's central bank is widely expected to start lowering interest rates from their current 10-year high, The Wall Street Journal reported. Fifteen of 23 banks expect the first rate cut to come in September, and four of them expect the central bank to lower the rates at the scheduled Aug. 15 meeting, according to a Citibanamex poll this week. "We think the Bank of Mexico will make its statement significantly more flexible in August and start a gradual and cautious monetary easing in September," BBVA said in a report, The Wall Street Journal reported. In June, the central bank kept the overnight interest rate steady at 8.25 percent, with only one of the five board members voting to cut it to 8 percent. [Editor's note: See related [Q&A](#) in the July 29 issue of the Advisor.]

BUSINESS NEWS

Peru Protests Block Some \$400 Million in Copper Exports

Anti-mining protests in Peru have blocked about \$400 million worth of copper exports from some of the country's top mines and have cut off supplies from reaching their operations for nearly three weeks, Gabriel Monge, the manager of port operator Tisur said on Thursday, Reuters reported. Four copper mines—Freeport-McMoRan's Cerro Verde deposit, MMG's Las Bambas, Glencore's Antapaccay and Hudbay Mineral's Constancia—have been unable to ship copper concentrates from the Peruvian port city of Matarani to their destinations in Asia and Europe since July 16, Monge said. Last year, the four mines combined produced some 1.2 million metric tons of copper, about half of Peru's total copper output, according to the report.

COMINGS & GOINGS

Top U.S. Diplomat for Western Hemisphere Resigns

Kimberly Breier, the top U.S. diplomat for the Western Hemisphere, has resigned, Secretary of State Mike Pompeo announced Thursday. Breier had served as assistant secretary of state for the Western Hemisphere since October. "Kim's expertise, counsel & passion ensured our nation seized opportunities & got results," Pompeo said in a tweet. Breier "will be stepping down to spend more time with her family," Pompeo added. Breier said in a tweet that, "It has been an honor. I wish you and the team all the best in the years to come." Breier's departure leaves open a key position at the State Department at the same time that U.S. President Donald Trump has sought to stem migration into the country from Mexico and Central America.

Landau Confirmed as U.S. Ambassador to Mexico

The U.S. Senate on Aug. 1 confirmed Christopher Landau as the United States' new ambassador to Mexico, after more than a year of the position being vacant following former Ambassador Roberta Jacobson's resignation, El Universal reported. Landau said his priorities would include "protecting American sovereignty and guaranteeing the implementation of the law at the border," as well as encouraging cooperation with Mexican authorities and the public to address the issue of illegal migration. Landau, a constitutional and appellate attorney, has no previous diplomatic experience. He is a partner in the Quinn Emanuel Urquhart & Sullivan law firm and previously led the appellate litigation practice at Kirkland & Ellis, The Global Americans reported.

WEX Appoints New Latin America Managing Director

Financial technology service provider WEX announced Aug. 1 that it appointed Marcelo Geraldi Velloso as the new managing director of Latin America at its São Paulo office, the company said. Velloso has previously held executive leadership roles in several Latin American countries. Before joining WEX, he served as chief operating officer of MadeiraMadeira in Curitiba, in Brazil, as vice president of Atento in both Brazil and Mexico and as executive director of retail bank and wealth management at HSBC México. As WEX's Latin America managing director, Velloso will be responsible for continuing to expand the company's payment offerings in the Latin America market, the statement said.

Chubb Names Latin America Regional VP

U.S. insurance company Chubb has named Marcos Gunn as regional vice president for Latin America, as well as senior vice president of Chubb Group, Insurance Business Magazine reported Aug. 2. In his new role, Gunn will oversee general management and business results for all operations in the Latin America region, including in Argentina, Brazil and Chile, among others, the company said in a statement. Gunn is currently the president for the company's Northern Latin America division, which handles affairs relating to Mexico, Central America and the Caribbean, and chief operating officer of the Latin America region. He will retain these roles until a successor is announced.

FEATURED Q&A / Continued from page 2

A Xingjian 'Jeff' Zhao, partner, and Javier Coronado, associate attorney, both at Diaz, Reus & Targ: "For nearly 30 years, since the inception of bilateral ties, China and Colombia have maintained overall positive diplomatic relations. Over the same time, there has been a sea change in the economics underpinning those ties. Right behind the United States, Colombia now counts China as its second-largest trading partner, with Colombia publicly supporting China's Belt and Road Initiative. The two countries have agreed to cooperate in multiple key sectors, including science, education, cultural exchange and financial services. Additionally, China has for several years sent financial aid to Colombia for developing sustainable energy programs and for enhancing agricultural and textile production, as well as logistics and maritime infrastructure. Nevertheless, Colombia-China commercial ties could be stronger. Colombia is China's fifth-largest trade partner in Latin America, and its exports to China remain focused on oil and iron nickel. Of the \$4 billion worth of Colombian exports to China last year, a whopping \$3.4 billion (or 85 percent) was petroleum-based. Critically, Colombia should develop initiatives to demonstrate its potential to Chinese investors, leveraging Colombia's increasing demand for Chinese electronics and technology, Colombia's capacity to produce and export agricultural food products to China at competitive prices, and the country's ability to cater to increasingly sophisticated Chinese tourists. President Duque's state visit to China was a step in the right direction, but China and Colombia need a comprehensive and permanent trade agenda if they want their relations to be robust. By boosting its commercial ties with China, Colombia would avoid falling behind its neighbors in the region by bringing much-needed new investment into the country's economy, breaking down domestic monopolies and reducing Colombia's

reliance on U.S.-based trade. At the same time, China could significantly expand its commercial presence in Latin America and provide its citizens with additional business opportunities abroad and access to new or cheaper consumer goods."

A David Castrillón Kerrigan, professor and researcher on China-related issues at Universidad Externado de Colombia: "At the official level, China-Colombia ties have been timid and superficial, owing to a lack of interest from political and business leaders on the Colombian side and their preference for a relationship with the United States. The historical evidence reflects this. Colombia was one of the last major countries in the region to recognize China. China has also sidelined Colombia diplomatically. President Xi Jinping, for example, hasn't visited Colombia, and the two countries officially maintain only a friendly cooperative relationship, a far cry from the comprehensive strategic partnerships China holds with other Latin American countries. Duque's visit to the country, however, might augur a strengthening of economic ties that eventually leads to a more comprehensive relationship between the two. For the Duque administration, the areas of greatest potential appear to be Colombian exports of agricultural products, Chinese investment in infrastructure, attraction of Chinese tourism and cooperation in innovation. Ahead of local elections in October, the agreements reached in China related to these areas appear as a feather in the cap of Duque's Centro Democrático party. For the Chinese, a closer relationship with Colombia also has economic benefits. Colombia is Latin America's third-largest market and one of the most stable in macroeconomic terms. The prospect of peace makes it especially attractive for Chinese businesses seeking to reach new customers, as well as for Chinese financial institutions looking for good investment opportunities."

LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue, Copyright © 2019

Erik Brand

Publisher
ebrand@thedialogue.org

Gene Kuleta

Editor
gkuleta@thedialogue.org

Anastasia Chacón González

Reporter
achacon@thedialogue.org



Michael Shifter, President

Genaro Arriagada, Nonresident Senior Fellow

Sergio Bitar, Nonresident Senior Fellow

Joan Caivano, Director, Special Projects

Michael Camilleri, Director, Peter D. Bell Rule of Law Program

Kevin Casas-Zamora, Nonresident Senior Fellow

Ariel Fiszbein, Director, Education Program

Peter Hakim, President Emeritus

Claudio Loser, Senior Fellow

Nora Lustig, Nonresident Senior Fellow

Margaret Myers, Director, Asia and Latin America Program

Manuel Orozco, Director, Migration, Remittances & Development

Jeffrey Puryear, Senior Fellow

Tamar Solnik, Director, Finance & Administration

Lisa Viscidi, Director, Energy Program

Denisse Yanovich, Director of Development and External Relations

Latin America Advisor is published every business day, except for major U.S. holidays, by the Inter-American Dialogue at 1155 15th Street NW, Suite 800 Washington, DC 20005

www.thedialogue.org

ISSN 2163-7962

Subscription inquiries are welcomed at ebrand@thedialogue.org

The opinions expressed by the members of the Board of Advisors and by guest commentators do not necessarily represent those of the publisher. The analysis is the sole view of each commentator and does not necessarily represent the views of their respective employers or firms. The information in this report has been obtained from reliable sources, but neither its accuracy and completeness, nor the opinions based thereon, are guaranteed. If you have any questions relating to the contents of this publication, contact the editorial offices of the Inter-American Dialogue. Contents of this report may not be reproduced, stored in a retrieval system, or transmitted without prior written permission from the publisher.