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FEATURED Q&A

Has AMLO Picked the Best Person for Economy Minister?



Tatiana Clouthier, who was tapped this month as Mexico's economy minister, could be a liaison between Mexico's government and its business community. // File Photo: Mexican Government.

Q Mexican President Andrés Manuel López Obrador this month named his former campaign manager, Tatiana Clouthier, as his new economy minister. The appointment was seen as an effort to help López Obrador's government repair its strained relations with Mexico's business community. How much will Clouthier be able to help López Obrador mend ties with business groups, and what should she do to achieve that? What will the coming year bring in terms of government policies that could affect the private sector and business climate? Which industries are the Mexican government's policies helping, and which sectors are struggling under López Obrador's administration?

A Pamela Starr, senior advisor at Monarch Global Strategies and associate professor at the University of Southern California: "Following the early December resignation of Alfonso Romo as head of the Office of the President, AMLO needed a new liaison with the private sector. AMLO wanted to bring stronger communication skills to the Economy Ministry in order to build improved understanding of and acceptance for his economic policies. Tatiana Clouthier was called upon to deal with these parallel problems. While Clouthier lacks the economics background one would expect of an economy minister, she possesses the political and communication skills AMLO wants. She will also benefit from the president's full support and confidence. Nevertheless, the challenge is enormous. The private sector has endured two years of policies that have consistently ignored their concerns and undermined their interests. This experience has severe-

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TODAY'S NEWS

POLITICAL

Brazilian Supreme Court Makes Covid Vaccination Mandatory

Brazil's Supreme Court ruled that vaccination for Covid-19 will be mandatory and that those who refuse could be banned from some public places. The government expects to receive some 24 million doses by next month.

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POLITICAL

Mexico's López Obrador Defends Policies on Immigration

Mexican President Andrés Manuel López Obrador defended his government's immigration policies, which have kept many Central Americans from entering Mexico.

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ECONOMIC

Cuba's Economy Shrank 11% This Year: Díaz-Canel

Cuba's economy shrank 11 percent this year amid the global recession, said President Miguel Díaz-Canel.

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Díaz-Canel // File Photo: Granma.

POLITICAL NEWS

Brazilian High Court Makes Covid-19 Vaccination Required

Brazil's Supreme Court ruled Thursday that vaccination for Covid-19 will be mandatory and that those who refuse could be penalized by being banned from some public spaces and activities, Bloomberg News reported. In a virtual session, 10 of the Supreme Court's 11 justices backed the mandatory inoculations, with only one vote against it, the news service reported. President Jair Bolsonaro, who himself contracted the disease this year and has downplayed the threat of the pandemic, has said he will refuse the vaccine and said no one should be forced to get it. "Nobody can force anybody to take the vaccine," Bolsonaro said at an event in the northeastern state of Bahia after the court made its ruling. "We're dealing with lives; where is our freedom?" The Supreme Court said that its ruling did not allow for people to be taken by force to get vaccinated. However, the ruling does allow for state and municipal governments to impose fines or other penalties against those who refuse, the Associated Press reported. Brazil has long required children to be vaccinated against other potentially deadly diseases, such as meningitis and measles, and the Supreme Court's justices dismissed a separate case that sought to release parents citing religious beliefs from that requirement, Bloomberg News reported. Bolsonaro has vowed to make all of the inoculations that Brazil's health regulator approves available to the public. Brazilian Health Minister Eduardo Pazuello said Thursday that the country expects to receive approximately 24 million doses of Covid-19 vaccines by next month, Reuters reported. The country could expect 15 million doses from Britain's AstraZeneca, nine million doses from China's Sinovac and 500,000 doses from U.S.-based Pfizer. Brazil's health regulator, Anvisa, has not yet approved any vaccination for mass use. Brazil has been one of the world's hardest-hit countries in the pandemic. On Thursday, the country recorded

more than 1,000 new deaths from Covid-19 for the first time in more than three months. In total, Brazil has recorded more than 184,000 deaths from the disease, the second-highest in the world after the United States, which has more than 310,000, according to Johns Hopkins University. Brazil also has recorded more than 7.1 million cases of the disease, more than any other country except for the United States, which has more than 17 million, and India, which has more than 9.9 million.

Mexico's López Obrador Defends Immigration Policies

Mexican President Andrés Manuel López Obrador on Thursday defended his government's tough immigration policies, which have kept many Central Americans from entering Mexico in hopes of eventually reaching the United States, the Associated Press reported. "We have protected migrants, there have been no violations of their human rights," said López Obrador. "Now they are registered, they are protected, so that they don't come in through the south, so they don't become victims of criminals." Mexico's government has dispatched members of the National Guard to the country's southern border with Guatemala in order to stop migrants from crossing into Mexico and detaining the ones who manage to get through, the AP reported. López Obrador also denied that the United States had pressured Mexico to impose tougher immigration policies. Among U.S. immigration policies is the so-called "Remain in Mexico" program, which sends asylum seekers from other nations back to Mexico while they await court dates on their attempts to enter the United States. "It was our decision, that we made, foreign governments do not impose anything on us," said López Obrador. U.S. President-elect Joe Biden has pledged to end many of the immigration policies of his predecessor, current U.S. President Donald Trump. When asked about the future of the Remain in Mexico program, López Obrador said, "We will wait until Mr. Biden arrives, until he takes office." Almost 25,000 migrants seeking

NEWS BRIEFS

Trinidad's Rowley Vows Tougher Penalties for Trafficking Venezuelans

Trinidad & Tobago Prime Minister Keith Rowley on Thursday vowed to levy tougher penalties on individuals found to be involved in the illegal trafficking of Venezuelan migrants into his country, Trinidad & Tobago Newsday reported. Rowley spoke days after a boatload of Venezuelans heading for Trinidad drowned. While Rowley said he would ensure the country does not become a "refugee camp," he pledged that his migration policies would be humane. "One thing we can't expect and won't do is mass deportation," he said.

Mexico's Central Bank Holds Key Interest Rate Unchanged at 4.25%

Mexico's central bank on Thursday held its key interest rate in place at 4.25 percent for a second consecutive meeting, Bloomberg News reported. Policy makers are waiting to see if last month's inflation slowdown continues before resuming their monetary easing cycle, according to the report. In related news, Mexico's GDP rose 12.1 percent in the third quarter over the previous one, recovering a significant part of the large 17 percent quarterly drop recorded in the second quarter, Goldman Sachs economist Alberto Ramos told clients in a research note today.

Moody's Gives Negative Outlook to Bancolombia

Moody's has changed its ratings outlook on Bancolombia to negative from stable, Finance Colombia reported Thursday. The ratings agency also maintained its negative outlook for the ratings of two other Colombian banks, Banco de Bogotá and Banco Davivienda. The actions followed Moody's decision to change the Colombian government's sovereign bond rating outlook to negative.

asylum in the United States are currently in Mexico under the program, Roll Call reported last week. Biden's transition team told the newspaper that the new administration "will establish a fair and orderly process that expands avenues for migrants to apply for protection and resettlement." It added, "implementing this new approach will take time."

ECONOMIC NEWS

Cuba's Economy Shrank 11% This Year: Díaz-Canel

Cuba's economy shrank 11 percent in 2020 amid the global recession, President Miguel Díaz-Canel said Thursday, Reuters reported. The figure is worse than the most recent estimate from the United Nations Economic Commission for Latin America and the Caribbean, which has predicted an 8.5 percent contraction for Cuba's economy, according to the report. Díaz-Canel's government has forecast at least 6 percent GDP growth next year. Under the administration of U.S. President Donald Trump, new sanctions have cut into remittances sent from the United States to Cuba and led to the closure of all Western Union offices on the island, although Vice President-elect Kamala Harris has indicated the incoming administration of Joe Biden could soon move to reverse some of those, Fernando X. Donayre, chief investment officer of INCA Investments in Miami, told the Financial Services Advisor in a [Q&A](#) published Nov. 18. "We expect a return of a re-engagement policy that should not be judged on the basis of regime change, but rather by the strengthening of the voice and power of players external to the government hierarchy, which will improve and better serve the long-term interests of the Cuban people," he said. In related news, Cuban officials said last week they will increase its minimum wage fivefold, Agence France-Presse reported. The increase is part of Cuba's reforms to unify its two official currencies, a change that is scheduled to take effect on Jan. 1.

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ly damaged business confidence in the AMLO administration, leading to declining investment and growth, even before the pandemic. Nor is there any indication that AMLO will deviate from this path for the remaining four years of his presidency. To the contrary, he continues to refuse to 'bail out' the private sector through a stimulus package that addresses the economic costs of Covid-19, even for middle-class workers and small- and medium-sized businesses. Equally indicative are his recent, although still incomplete, efforts to effectively eliminate the outsourcing of jobs and to reduce the autonomy of the Bank of Mexico. And with the mid-term election coming in June, more populist policies should be expected. In this context, Clouthier's writ, to mitigate private sector discontent with AMLO and his economic policies, is a tall order."

A Lucinda Vargas, visiting assistant professor of economics at New Mexico State University: "As new economy minister, Ms. Clouthier's most important task is to convince President López Obrador that perhaps some changes need to happen in his approach to business and to the economy in general. First, she should thoroughly understand Mexico's current business climate. Ms. Clouthier should immediately undertake a review of all the measures the current administration has imposed on businesses to analyze if they are hampering job creation and long-term investment. She must bravely pursue and make happen any change required on this front. This would increase her overall credibility and would empower her to continue to assess the economy's growth prospects with an eye for possible needed change that should be pursued even if it contravenes the president's will. Second, Ms. Clouthier should defend institutions. Institutions are the 'rules of the game' that provide the overarching framework by which an economy, its business sector and all of its industries, can either prosper or languish.

The current proposed law relating to the central bank would severely compromise Banxico's independence, with serious consequences for the country's macroeconomic stability. Ms. Clouthier should stand fiercely against this amendment in defense of one of Mexico's most respected institutions. In doing so, she would be siding with the better interests of the country, rather than politics. Third, Ms. Clouthier should champion the intellectual property rights protection embedded in the new U.S.-Mexico-Canada Agreement. Innovation is the most significant contributor to lasting economic growth. Mexico has no lack of innovators, but they end up going elsewhere to patent their inventions because of intellectual property rights concerns in Mexico. Any regulations in place that represent bottlenecks for businesses to innovate, Ms. Clouthier should propose to immediately scrap, even if doing so is politically unpopular."

A María Inclán, professor and researcher in the Political Studies Division at the Centro de Investigación y Docencia Económicas (CIDE) in Mexico City: "Tatiana Clouthier's appointment as Mexico's new economy minister has been seen as an effort to help repair President Andrés Manuel López Obrador's strained relations with the country's business community. However, it can hardly be so given her almost absolute lack of experience and knowledge on economic policy. Her only credentials are her close relationship to Alfonso Romo, up until recently López Obrador's chief of cabinet, and the fact that she has lived most of her life in Monterrey, Nuevo León, the center of Mexico's business community. With Romo out of office, it is very difficult to envision Clouthier having any significant leverage over business groups. If the current administration really wants to mend ties with the private sector, improving the business climate will require more than words and a sympathetic cabinet appointment. Urgent actions from

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the president and Congress are needed to palliate the terrible economic consequences of the Covid pandemic on businesses and workers alike. AMLO's threats on all regulatory agencies are not good omens of what the government policies for the coming year could bring to the country's private sector and business climate. Not only does his infrastructure plan benefit state-controlled electricity and oil monopolies and a handful of business groups, but it also scares away competition, efficiency and businesses trust. It is also in clear opposition to U.S. President-elect Biden's green energy and infrastructure plans. Tesla's recent decision not to open a plant in Jalisco could signal businesses' lack of trust. Nonetheless, the auto industry, being trilateral, is currently secure under USMCA rules."

A **Luis Rubio Barnette, partner at Holland & Knight:** "Tatiana Clouthier will face major challenges in her new role as economy minister. Although she is politically savvy, well versed and close to the president, she has little to no experience in trade and commerce. With budget restrictions at the government level, ministries have lost key individuals with experience in dealing with business groups, trade associations and counterparts in the United States, Canada and other countries that have trade agreements with Mexico. To make things more difficult for her, the government's relationship with the business community is currently very strained and will require affirmative actions from the government to change. Ms. Clouthier can also expect to see stronger enforcement of the USMCA provisions from Mexico's trading partners, which will make her role even more unpopular among the business community, including the steel, auto manufacturing and agribusiness industries. The government urgently needs to issue clear policies that promote investment among Mexican and foreign investors in all productive sectors, not just López Obrador's flagship government projects, such as the

Mayan Train or the Dos Bocas Refinery, in order to reactivate the economy and mend relationships with the business sector."

A **Alfredo Coutiño, director for Latin America at Moody's Analytics:** "During the first two years of the López Obrador administration, the economy's anemia worsened as a result of the reticence of private investment due to the hostile climate that the president promoted. Relations between the government and the private sector have deteriorated and have affected investment decisions in the country. Restoring confidence is essential for private investment to return, and this confidence has to be created through consistent actions. What it has demonstrated is that good relations between a cabinet member and the private sector is not enough to restore confidence. In this sense, the good relationship between the new economy minister and the business community does not ease frictions nor restore confidence because commitments from the minister do not represent promises from the president, as was demonstrated in the case of the former chief of the presidential office. The job of the new economy minister is not easy, and restoring confidence does not depend on her; it is in the president's hands. The president has his own agenda of infrastructure projects: the Mayan Train, the Dos Bocas refinery and the Santa Lucía airport, among others, which are the priorities in terms of public resources and policies. López Obrador's agenda of social programs is also a top priority. One of the sectors that will face restrictions is the renewable energy industry, given the government's promotion of fossil energy sources. Unfortunately, it is so easy to lose credibility, but it takes a long time to restore it. The former is already done, the latter will take a lot of effort and consistent actions."

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