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## FEATURED Q&A

# Will U.S.-Mexico Relations Become More Strained?



Mexican President Andrés Manuel López Obrador and new U.S. President Joe Biden are navigating bilateral relations that have been strained recently. // File Photos: Mexican and U.S. governments.

**Q In recent weeks, Mexico's government has delivered jabs to the United States—saying it would offer asylum to WikiLeaks founder Julian Assange and also threatening to take to international courts a dispute over former Mexican Defense Secretary Gen. Salvador Cienfuegos, against whom Mexico accuses the United States of fabricating a drug trafficking case. What does the future hold for Mexico-U.S. relations under Mexican President Andrés Manuel López Obrador and new U.S. President Joe Biden? How much damage has the Cienfuegos case done to the security relationship between the two countries, and to what extent will organized crime benefit? What parts of the bilateral relationship pose the most difficulty for Biden, and how should he seek to work with López Obrador?**

**A Arturo Sarukhan, board member of the Inter-American Dialogue and former Mexican ambassador to the United States:** "The Cienfuegos case is not the disease; it's a symptom. It's the end result of the slow unraveling in both capitals of holistic bilateral security cooperation under the aegis of the Mérida Initiative. It commenced with Peña Nieto, accelerated with Trump's disregard for interagency coordination in Washington and his political pimping of Mexico, and then deepened when López Obrador assumed office. Mutual trust, which took decades to build after the low point in the 1980s and 1990s, may have now been irredeemably shattered in the medium term. It will not be easy to repair, despite attempts by the Biden administration to reset bilateral relations that have been structurally damaged these past four years. The Mérida Initiative was much more than just about

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## Colombia Tribunal Accuses Eight Ex-FARC Leaders

A special tribunal in Colombia accused eight former commanders of the disbanded Revolutionary Armed Forces of Colombia with war crimes stemming from the country's decades-long armed conflict.

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## Brazil's Nubank Raises \$400 Mn in Funding Round

Brazilian digital bank Nubank's latest funding round gives the company a valuation of \$25 billion.

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## Ecuador's Moreno Meets With Officials During Washington Trip

Ecuadorean President Lenín Moreno met with top members of the U.S. Senate Foreign Relations Committee on Thursday, the fourth day of his visit to Washington.

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Moreno // File Photo: Ecuadorean Government.

## POLITICAL NEWS

## Colombia Tribunal Accuses Eight Ex-FARC Commanders

Colombia's Special Jurisdiction for Peace, the tribunal set up to process atrocities that occurred during the country's armed conflict, on Thursday accused eight former commanders of the disbanded Revolutionary Armed Forces of Colombia, or FARC, of war crimes, *The Wall Street Journal* reported. The tribunal's move stems from the former rebels' practice of kidnapping people during Colombia's decades-long armed conflict. The eight people accused belonged to the FARC's secretariat, its top decision-making body, *Agence France-Presse* reported. They include Rodrigo Londoño, who is currently the head of the Common People's Party, the political party that the FARC transformed into after the country's 2016 peace accord with the rebels. Also among those charged are Pablo Catatumbo and Julian Gallo—two of the former rebels who now occupy unelected seats in Colombia's Congress. The peace accord allocated 10 seats in Congress for a decade to the former rebels. One of the former rebels on the list is former FARC high command leader Ermilo Cabrera, who died on Wednesday. "Depriving people of their liberty and placing conditions on their release is a war crime, specifically the taking of hostages," said tribunal Judge Julieta Lemaitre. If the former rebels accept the charges, they face restrictions on their freedoms for between five and eight years, *Reuters* reported. If they reject the charges, they could face up to 20 years in prison.

## Mexican Bishop Calls for Probe Into Deaths of 19 Found Burned

A prominent Catholic bishop in Mexico called Thursday on the country's government to fully investigate the deaths of 19 people whose

burned remains were found in northern Mexico, *Reuters* reported. Bishop José Torres, the Mexican Catholic Church's spokesman for migration, said the government must guarantee the rights of migrants in Mexico and establish policies that are humane, according to the letter, seen by *Reuters*. "In the name of the highest values of humanity, we ask the federal government for an exhaustive investigation," he said. Mexican authorities discovered the bodies in the state of Tamaulipas. Guatemalan families believe relatives migrating to the United States were among the victims.

## Ecuador's Moreno Meets With Officials in Washington

Ecuadorean President Lenín Moreno met with members of the U.S. Congress on Thursday, the fourth day of his visit to Washington, *El Universo* reported. Moreno met with Sen. Robert Menendez (D-N.J.), the incoming chairman of the Senate Foreign Relations Committee and other legislators including the committee's chairman, Jim Risch (R-Idaho), to discuss economic relations, security and development, according to a statement from Menendez's office. During his visit to Washington, Moreno has also met with Inter-American Development Bank President Mauricio Claver-Carone, International Monetary Fund Managing Director Kristalina Georgieva and Juan González, the senior director for the Western Hemisphere at the U.S. National Security Council, *El Universo* reported. Moreno also discussed the defense of democracy and human rights as well as the fight against poverty and other topics with Organization of American States Secretary General Luis Almagro. The Ecuadorean president's visit to Washington came two weeks after the U.S. International Development Finance Corporation, or DFC, struck a deal with the Ecuadorean government that will help the South American nation repay billions of dollars in loans to China and also increase development in exchange for excluding China-based companies from its telecommunications networks, the *Financial Times* reported earlier this month.

## NEWS BRIEFS

## Biden Administration Will Review U.S. Policy Toward Cuba: White House

The administration of President Joe Biden will review U.S. policy toward Cuba, White House press secretary Jen Psaki told reporters Thursday, *Reuters* reported. Psaki said Biden's policy will aim to support democracy and human rights in Cuba, as well as the interests of Cuban Americans. Former President Donald Trump had toughened sanctions and restrictions on Havana. Earlier this month, Trump returned Cuba to the U.S. list of state sponsors of terrorism. [Editor's note: See related [Q&A](#) in the Jan. 22 issue of the Advisor.]

## Peru Expecting 10% Growth This Year

Peru's government expects its economy to grow by around 10 percent this year, state news agency Andina reported Thursday. Economy and Finance Minister Waldo Mendoza said he expects a slight downturn in economic growth in February due to public health measures related to the Covid-19 pandemic, but that the rollout of vaccines will lead to a more robust recovery. "The vaccine not only leads to an improvement in public health, but also in the economic situation," he said.

## Brazil's Nubank Raises \$400 Million in Funding Round, Valued at \$25 Bn

Brazilian digital bank Nubank has raised \$400 million in a Series G funding round, giving the company a valuation of \$25 billion, *Finextra* reported Thursday. The latest funding round was led by GIC, Whale Rock and Invesco, while Sequoia, Tencent, Dragoneer and Ribbit participated. The round brought Nubank's total funding to \$1.2 billion in seven years. Since its Series F funding round, which raised \$400 million in July 2019, the company has grown its customer base from 12 million to 34 million.

Adam Boehler, the head of the DFC at the time, signed the deal with Moreno's government on Jan. 14, just days before Donald Trump left office as president of the United States. "It is a novel approach that very strongly combines both missions of the DFC. The first is that we are going to impact development in Ecuador in a very positive way," Boehler, told the Financial Times before his term ended on Jan. 20 along with Trump's. "DFC was created so that no single authoritarian country had undue influence over another country, and we are addressing that factor with this agreement." Writing in The Hill this week, Boston University professor Kevin Gallagher said some of the DFC's loans are contingent upon Ecuador privatizing oil and infrastructure assets and called on the Biden administration to revise its terms with clean economy goals in mind.

## BUSINESS NEWS

# Spain's Santander Expanding Brazil Agriculture Business

Spain's Banco Santander is expanding its agriculture sector business in Brazil, Bloomberg News reported Thursday. Plans include expanding the bank's commodity risk desk, increasing the number of products it offers five-fold, as well as boosting its share of commodity trade finance for local and international companies with agriculture business in Brazil, according to the report. Prices of soy, corn and other commodities have returned to multi-year highs. Meanwhile, some other global banks have pulled out of the business in the South American country, opening a window for Santander, Luiz Masagão, a treasury director with the bank in São Paulo, told the wire service. Banks in Brazil have been doing relatively well despite last year's recession, due largely to lower interest rates and pandemic-related liquidity needs, the CEO of Itaú Unibanco, Candido Botelho Bracher, told the Advisor this month. [Editor's note: See related [Q&A](#) in the Jan. 14-27 issue of the Financial Services Advisor.]

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'drugs and thugs.' It was about processes, interagency coordination on either side of the border and a whole-of-government approach to bilateral collaboration by the two governments. In many ways, it performed the role of air-traffic control in the security and law enforcement relationship, ensuring coordination—within each government and then across the border with its counterpart—preventing duplication and overlap of efforts and ensuring the rational use of resources, tools, protocols and operations. Moreover, it also became the midwife for broader regional and global security cooperation, as well as intelligence sharing and bilateral military-to-military relations, in the process enhancing North American common domain awareness. Restoring normalcy to the bilateral relationship by a U.S. administration that certainly understands the role that institutionalization has played in U.S.-Mexico ties in recent decades is a first step. But the bigger question is whether President López Obrador is willing to accept that reboot or if he'll stick to a meat-and-potatoes relationship of a bygone era in our bilateral ties."

**A** **Earl Anthony Wayne, former U.S. ambassador to Mexico and co-chair of the Mexico Institute Advisory Board at the Wilson**

**Center:** "Mexico and the United States cannot escape the need to collaborate. The big test is how well the governments can work together with the arrival of President Joe Biden. The action agenda is urgent: handling migration from Central America, deepening anti-crime coordination, managing the pandemic and recovery, and implementing the USMCA trade agreement including Mexico's treatment of energy investments and protection of labor rights. The opportunities are also great: building on the USMCA to boost both economies, enhancing homeland security and reinforcing trust undermined in recent years. President Biden arrives with the deepest understanding of Mexico of any U.S. president. His strong predilection is to

reinforce cooperation. Until recently, however, President López Obrador (AMLO) was not welcoming. He also placed a serious legal wrench in Mexico-U.S. anti-crime cooperation. One can debate why AMLO adopted

**“ Mexico and the United States cannot escape the need to collaborate.”**

— Earl Anthony Wayne

this stance, but the challenge is whether the leaders and their teams can rebuild enough trust to find and implement solutions. The stakes are immense. Legal trade is about \$1 million per minute. That represents about 80 percent of Mexico's imports. That trade supports almost five million U.S. jobs. Illicit drug trade fuels tens of thousands of deaths in each country via drug overdoses and criminal violence. A new surge of Central American migrants would spark a crisis for the Biden administration. U.S. companies and unions are worried about Mexico's implementation of the USMCA. Much work remains to deal with the pandemic's effects. The neighbors should quickly establish the dialogue and processes to manage these challenges well."

**A** **Raúl Benítez Manaut, research-er at the Center for Research on North America at the National Autonomous University of**

**Mexico (UNAM):** "As during all changes of government in Mexico and the United States, there will be adjustments to the bilateral relationship. It is necessary to make a distinction between the structural and the personal relationships. AMLO built a very good friendly relationship with Trump, based on subordination. Trump was very tough on Mexico. He threatened to completely withdraw the United States from NAFTA and impose 25 percent tariffs on Mexican

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products. He 'forced' AMLO to deploy the National Guard and the police from all over the south of the country to stop the caravans of migrants from Central America. Mexico ultimately had to accept the status of a safe third country for migrants. When Gen. Salvador Cienfuegos was arrested in Los Angeles, AMLO faced great pressure from the Mexican army to negotiate with Trump for his return. The United States returned Cienfuegos, and AMLO thanked Trump by not quickly accepting Joe Biden's win. His argument was the doctrine of nonintervention. AMLO made inexplicable statements, such as offering political asylum to Julian Assange, and he accused the DEA of 'fabricating' the lawsuit against Cienfuegos. The two presidents mocked justice. Democrats will surely press human rights issues with Mexico, and that will put AMLO in a difficult spot. On other issues such as energy, there will be problems. In Mexico, the army is trying to get the DEA out of the country, and parts of the National Security Law were written to control foreign agents, though they will be difficult to apply. Difficult times are expected ahead, but the two countries are interdependent and are determined to collaborate with each other. If the countries' security relationship and cooperation deteriorate, organized crime will win the battles."

**A** Pamela Starr, senior advisor at Monarch Global Strategies and associate professor at the University of Southern California: "The U.S.-Mexico relationship is so important for both countries that it is hard to imagine either side allowing it to sour despite recent tensions. This preference for cooperation over conflict was evident in the December and January calls between Biden and López Obrador. While the Mexican presi-

dent wants nothing more than for the United States to allow him free rein to implement his Fourth Transformation suite of domestic policies designed to rid Mexico of 'neoliberalism,' he needs U.S. cooperation on issues ranging from migration to water and trade.

**Simply put, the two sides have lost confidence in one another."**  
— Pamela Starr

Equally, the U.S. president would prefer not to add Mexico to his long list of domestic and international problems that need his immediate attention. But he also needs a good working relationship with Mexico given the deep interdependence of our two economies and societies. Nevertheless, there will be tensions. Security cooperation has been badly damaged by the Cienfuegos case and the associated tight limits placed on the operations of U.S. personnel operating in Mexico. Simply put, the two sides have lost confidence in one another. Equally, President Biden's climate change agenda conflicts directly with AMLO's carbon-based energy strategy, and Mexico's broader energy strategy runs contrary to provisions in the USMCA. And Democrats in the U.S. Congress will continue to pressure Mexico to implement the labor provisions of the USMCA. Finally, concerns about U.S. meddling in Mexican affairs have revitalized AMLO's nationalist sensibilities. Mexico will be a prickly partner for the next four years, but an essential one."

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at [gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org).*

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