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FEATURED Q&A

Has Mexico City's Metro Become a Political Problem?



Accidents in Mexico City's subway system have been a persistent problem for Mayor Claudia Sheinbaum. She is considered the most likely candidate to succeed President Andrés Manuel López Obrador in the 2024 elections. // File Photo: Mexican Government.

Q Mexico City Mayor Claudia Sheinbaum on Jan. 12 announced the deployment of 6,000 members of the National Guard to Metro stations in the capital following a series of incidents that she called "atypical." In one recent incident, on Jan. 7, a train crash left one person dead and dozens injured. In May 2021, a Mexico City Metro overpass collapsed, killing 26 people. What is at the root of the problems with Mexico City's Metro system, and what must be done to fix them? What were the main problems identified after the 2021 overpass collapse, and what has been done to correct them? What will the deployed National Guard members be able to accomplish?

A Raúl Benítez-Manaut, professor at Universidad Nacional Autónoma de México (UNAM): "On Jan. 7, a series of 'atypical' incidents began in the capital's Metro system. This is how Claudia Sheinbaum, governor of Mexico City and pre-candidate for the presidency by the official Morena party, called them. That day, a train crash killed one person and left 59 injured. Then, on Jan. 12, there was a fire in the coaches, caused by tire puncturing. Similarly, two other 'accidents' happened on Jan. 14 and 15. And on Jan. 23, there was an electrical short circuit. Coincidentally, when U.S. President Joe Biden and Canadian Prime Minister Justin Trudeau visited Mexico at the North American Leaders Summit on Jan. 8-11, nothing out of the ordinary happened on the Metro. The Mexico City Metro transports 3.5 million people a day. It is the most important means of transportation for workers in the country. Claudia Sheinbaum argued that the frequency of accidents was

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TODAY'S NEWS

POLITICAL

Peru's Congress to Debate Call for Early Elections

Peru's Congress is scheduled to meet today to decide on whether to advance national elections to mid-October, a request that President Dina Boluarte made last weekend in the face of continued violent protests.

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BUSINESS

Corruption Levels Stay Stagnant in Latin America

Since 2016, 27 out of 32 countries indexed by Transparency International have stagnant corruption levels, although Guyana and Ecuador were identified as "significant improvers."

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ECONOMIC

Germany Offers \$217 Million in Aid, Loans to Brazil

Svenja Schulze, Germany's Minister of Economic Cooperation and Development, said that the funds will go beyond conserving forests and mitigating climate change by addressing social gaps.

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Schulze // File Photo: German Government.

POLITICAL NEWS

Peru's Congress to Debate Call for Early Elections Today

Peru's Congress is scheduled to meet today to decide on whether to advance national elections to mid-October, a request that President Dina Boluarte made last weekend in the face of continued violent protests across the Andean nation, *El Comercio* reported. Lawmakers rejected a similar proposal on Friday that would have a new president and Congress take over on Jan. 1, 2024, however, the Associated Press



Gervasi // File Photo: Andina.

reported. Clashes with police have left 58 people dead, including one police officer. Boluarte was vice president until lawmakers appointed her as president after successfully impeaching leftist Pedro Castillo, who was arrested after ordering the dissolution of Congress on Dec. 7. Boluarte has also raised the possibility of pushing a broad constitutional reform, something protesters are also demanding, although that possibility reportedly has less support among legislators than early elections. Meanwhile, a group of Democrats in the U.S. House of Representatives is urging the administration of President Joe Biden to suspend all U.S. security assistance to Peru over a "pattern of repression" of anti-government protests, the Associated Press reported Monday. The United States provides more than \$40 million annually to Peru in security assistance, according to the Washington Office on Latin America. Peruvian Foreign Minister Ana Cecilia Gervasi traveled to Washington on Monday to meet with U.S. government officials and lawmakers in Congress,

EFE reported. [Editor's note: See related [Q&A](#) in the Jan. 23 issue of the Advisor.]

Bolsonaro Seeks to Extend His Stay in United States: Report

Former Brazilian President Jair Bolsonaro has filed a request for a six-month visitor visa to stay in the United States, *The Financial Times* reported Monday. Bolsonaro, who left Brazil for Florida on Dec. 30, two days before the inauguration of leftist Luiz Inácio Lula da Silva, is being investigated at home over any role he had in inciting the Jan. 8 storming of federal buildings in Brasília, among other legal probes. A group of 46 Democratic lawmakers sent a letter to President Joe Biden demanding Bolsonaro's visa be revoked, the Associated Press reported. The letter was led by Reps. Joaquin Castro of Texas, Gregory Meeks of New York, Ruben Gallego of Arizona, Chuy Garcia of Illinois and Susan Wild of Pennsylvania, according to the report. "The unlawful and violent attack on January 8 against Brazilian government institutions was built upon months of pre- and post-election fabrications by Mr. Bolsonaro and his allies," the lawmakers said in the letter. Sen. Tim Kaine (D-Va.) told Politico the United States should comply with any valid extradition request to return the former Brazilian president. [Editor's note: See related [Q&A](#) in the Jan. 13 issue of the Advisor.]

ECONOMIC NEWS

Germany to Provide \$217 Million in Aid, Loans to Brazil

Germany plans to donate 200 million euros (\$217 million) to Brazil during the first 100 days of President Luiz Inácio Lula da Silva's government, *Folha de S.Paulo* reported Monday. Svenja Schulze, Germany's Minister of Economic Cooperation and Development, told

NEWS BRIEFS

U.S. Sanctions Mexican Drug Cartel Leader

The U.S. Treasury's Office of Foreign Assets Control announced Monday that it is sanctioning the reputed leader of a Mexico-based drug ring and two associates for allegedly manufacturing and trafficking illicit fentanyl and other synthetic drugs into the United States. In a statement, the office accused José Ángel Rivera Zazueta of leading a network that "operates on a global scale" that imports precursor chemicals from China for the manufacturing of the illicit drugs. The office also said it was sanctioning his associates Nelton Santiso Águila and Jason Antonio Yang López.

Colombia Ceasefire Has Led to Less Violence: Gov't

Colombia's ceasefire with four armed groups has led to a decrease in violence this month, Interior Minister Alfonso Prada said on Monday, Reuters reported. The armed groups are the Clan del Golfo gang, the Sierra Nevada paramilitaries, as well as two FARC dissidents' groups who rejected the 2016 peace deal. President Gustavo Petro pledged to achieve "total peace" in the country and end nearly six decades of conflict which has cost the lives of at least 450,000 people and displaced millions.

Online Retailer Shein to Hire Marcelo Claire for Latin America Expansion

Singapore-based online fashion retailer Shein plans to appoint tech industry leader Marcelo Claire as its Latin America chairman, the *Wall Street Journal* reported Tuesday, citing people familiar with the matter. Claire also made a personal investment of about \$100 million in Shein, according to the report. Claire previously worked as chief operating officer at SoftBank, as well as CEO of Sprint. He founded BrightStar, a Latin America-focused cell phone logistics firm, in Miami in 1997.

the newspaper that the funds will go beyond conserving forests and mitigating climate change. “We are also going to cooperate in other areas, to help resolve the social gap, because we are sure that climate protection does not work without solving social problems,” she said. About \$38 million of the total will be a

The plan also includes \$87 million in low-interest loans for farmers to restore degraded areas.

donation to the Amazon Fund, an international cooperation effort to preserve the Amazon rain forest that is mostly funded by Norway, the Associated Press reported. The plan also includes \$87 million in low-interest loans for farmers to restore degraded areas. Lula, who took office earlier this month, pledged to end all deforestation by 2030.

BUSINESS NEWS

Teléfono del Peru Takes Ratings Hit Over Tax Ruling

New York-based Fitch Ratings said Monday it has downgraded all of Teléfono del Peru's ratings due to a recent ruling against the company by the Peruvian government's tax authority, SUNAT. In addition to the drop to a 'BB' from a 'BB+' rating, Fitch noted that all the company's ratings will also be placed in its Rating Watch Negative category. “The downgrade of [Teléfono del Peru's] ratings reflects the near-term materialization of the company's tax liability, which will result in a material deterioration in the company's leverage profile, although the timing and extent of additional debt financing needed to pay the tax payments remains uncertain,” Fitch said in a statement. Peru's Supreme Court ruled earlier this month that the Spanish-held company had committed a series of irregularities when paying corporate

taxes in 2000 and 2001. The fine, which is reportedly the largest in the Andean nation's history, is covered by existing provision of some \$850 million, a Teléfono spokesman told Bloomberg News.

Corruption Rankings Largely Stagnant in Latin America

Perceptions of corruption in the public sector in Latin America and the Caribbean were overall stagnant in Transparency International's annual corruption index report released today.

Since 2016, 27 out of 32 countries tracked in the [report](#) have had stagnant corruption levels. Leading the regional rankings this year are Uruguay and Canada, each with a score of 74, followed by the United States with 69. Guyana and Ecuador were identified as “significant improvers” in the report. Chile and Costa Rica, while ranked high, fell this year. Venezuela, Haiti and Nicaragua were the countries with the worst scores. “It is difficult to draw a line between public institutions and criminal activities” in those countries, the report stated. “Weak and unaccountable public institutions in Latin America have created fertile ground for organized criminal networks to flourish, fueling violence and insecurity.”

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strange, implying the possibility of sabotage by someone seeking to undermine her politically. Her rating in the polls dropped from 46 percent to 41 percent since the end of Dec. 2022. Among those likely responsible, if the sabotage hypothesis is maintained, is the powerful Metro workers' union, because only they have knowledge of and access to the workshops and night parking of the Metro. The union leaders are known to be enemies of the governor. Sheinbaum had to ask for support from the National Guard, and Mexican President Andrés Manuel López Obrador backed her with six thousand of its members. Immediately thereafter there were demonstrations against the ‘militarization’ of the Metro and the city. If sabotage is demonstrated, it may be the beginning of the presidential race, and the competition may be stained by violence, even among the candidates within the official Morena party.”

A José Antonio López Meza, Mexico City-based civil engineer:

“We cannot know the exact reasons for the failures without expert reports; however, the Metro system has, to a large extent, exceeded its useful lifetime. In terms of infrastructure—buildings, tunnels, foundations, substructure and superstructure—it has a typical useful

period of 50 years. Trains, tracks, controls, telecommunications and power supply generally have a lifespan of 30 to 40 years. Within my specialty, it is urgent to perform detailed inspections, settlement control, topographic leveling, environmental vibration and structural capacity checks on all lines. This includes under and above ground, such as tunnels, stations and bridges that have deteriorated and endured structural damage from earthquakes such as the one of 1985. They need reinforcement and updating. The collapse put on alert the entire elevated metal section of line 12, and therefore a reinforcement is being carried out consisting of metal struts, diaphragms and tensioners that will help to distribute the load of the board in a greater number of elements, while the original columns are reinforced with carbon fiber. This had to be carried out with a detailed review by a technical advisory committee, with supervision as well as quality controls. The surveys of the collapse showed deficiencies in the construction and supervision, as well as a lack of follow-up regarding routine inspections and maintenance. This must change across the Metro system. I believe that the National Guard cannot do anything beyond safeguarding the security of the facilities, but its participation must be regulated and made public.”

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A **Ruben Olmos, president of Global Nexus:** “The crisis in Mexico City’s Metro system should be taken seriously not just because it involves the safety of millions of daily users, but it could become the biggest hurdle for both Mexico City Mayor Claudia Sheinbaum and Foreign Secretary Marcelo Ebrard’s plans to become Morena presidential candidates. Mexico City’s Metro infrastructure is old, operated by a corrupt and powerful union that over the years has preferred to increase wages and privileges rather than invest in adequate maintenance. Politically, the 2021 overpass collapse is being used to blame Marcelo Ebrard for having poor oversight when the overpass was built during his tenure as mayor. At the same time, it is also affecting Sheinbaum’s presidential polls and has made her cancel future trips throughout the country to deal with the crisis. We will likely see additional accidents and the city government will use patches to remedy issues in the short term rather than investing in major updates. The presence of the National Guard members is yet another major public project given to the armed forces, which reinforces the view that President López Obrador relies heavily on them when it comes to saving his priorities and ensuring the continuity of his ‘fourth transformation.’”

A **Vanessa Rubio-Márquez, professor of political science at the London School of Economics and former member of Mexico’s Senate:** “There are two issues relating to the response of the local authorities to the numerous recent accidents on Mexico City’s ‘Metro’ (or subway). First, the undermining of liberties with the militarization of the Metro space, and second, a questionable public policy in terms of its effectiveness. There is no justification for the militarization of yet another civic space and for making the military responsible for overseeing a purely administrative problem that relates to a

lack of investment. The degree to which the current government is giving wider authority and responsibilities to the military is unprecedented and dangerous for a civil democratic state that should safeguard boundaries, as well as checks and balances. Contrary to this, the military now controls ports and airports, it is building a refinery and a train, it built and will manage an airport, it constructed and is equipping social banks and will soon have its own airline. Following populist governments’ guidelines, instead of recognizing a problem in the infrastructure and the operation of a key public service

“**There is no justification for the militarization of yet another civic space and for making the military responsible for overseeing a purely administrative problem.**”

— Vanessa Rubio-Márquez

and fixing it with adequate investment, quality materials, new technologies and effective personnel, they created the notion of ‘something strange happening,’ and they deployed more than 6,000 members of the military-National Guard in the Metro. This number starkly contrasts with the number of National Guard effectives located in states that face real and rampant insecurity problems such as Michoacán, Jalisco and Sinaloa, which have 4,600, 4,500 and 3,900 members of the National Guard, respectively. There is an enormous misalignment of policy-problem and policy-solution. If the problem is the absence of a well-functioning and updated infrastructure and its permanent maintenance, the answer cannot be the military. The problem is the lack of provision of an effective public service that should be solved with adequate investment. It is not a security problem.”

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