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FEATURED Q&A

What Will Come of the U.S.-Mexico Dispute Over Corn?



The United States has taken issue with Mexico's ban on imports of some genetically modified corn. // File Photo: publicdomainpictures.net.

Q The United States on Aug. 17 escalated its complaint against Mexico's ban on some genetically modified corn by requesting the formation of a dispute resolution panel under the U.S.-Mexico-Canada Agreement. The United States claims the ban on genetically modified corn for human consumption violates the nations' free trade agreement. Mexican Economy Minister Raquel Buenrostro said on Aug. 21 the country will not make any changes to its ban. What are the implications of the dispute settlement panel, and what will come out of it? How is the ban affecting trade between the United States and Mexico, as well as the agricultural sector?

A Christina Fattore, associate professor in the Department of Political Science at West Virginia University: "After formal consultations between the United States and Mexico failed earlier this month, the two countries are moving toward a dispute settlement panel within the nascent USMCA trade agreement. The United States has the upper hand in negotiations with Mexico due to its economic size, but AMLO is not backing down from his position that genetically modified corn is harmful for human consumption. While trade panels seem to signal a heightening of tensions between the two countries, it can also be seen as a less biased process of adjudication. Mexico and the United States have had a significant number of trade disputes that have been adjudicated via a dispute settlement panel in both the NAFTA/USMCA, as well as within the World Trade Organization. The possibility of a trade war leading to other production sectors being affected is low, considering the intricate trade ties between the two coun-

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POLITICAL

State Department Says U.S. Citizens Should Leave Haiti

The U.S. State Department said Wednesday that Americans should leave Haiti, much of which has been gripped by gang violence.

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BUSINESS

Ecopetrol to Invest up to \$1.3 Billion in Cleaner Fuels

Colombian state-owned oil company Ecopetrol will invest as much as \$1.3 billion in cleaner fuels over the next seven years, CEO Ricardo Roa said Wednesday.

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POLITICAL

Mexico's Gálvez Tapped as Opposition's Candidate

Senator Xóchitl Gálvez on Wednesday won the endorsement of the Institutional Revolutionary Party, effectively securing the nomination of Mexico's opposition as its candidate for next year's presidential election.

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Gálvez // File Photo: Facebook Page of Xóchitl Gálvez.

POLITICAL NEWS

Mexico's Opposition Taps Gálvez for Presidential Race

Mexico's opposition on Wednesday effectively chose Senator Xóchitl Gálvez as its presidential candidate as the former long-ruling Institutional Revolutionary Party, or PRI, endorsed her instead of its own candidate, Beatriz Paredes, Reuters reported. "This is just the beginning," Gálvez said in a tweet. "Nobody will stop us," she added. Gálvez effectively secured the nomination when the PRI's chairman, Alejandro

“Nobody will stop us.”
— Xóchitl Gálvez

Moreno, told a news conference that, due to polling results, the party was backing Gálvez. Paredes, a senator and former leader of the PRI did not attend the news conference, Reuters reported. The PRI's abandonment of Paredes came ahead of what had been expected to be a win for Gálvez at the ballot box as voters were expected to endorse her on Sunday as the opposition's candidate, the wire service reported. "Gálvez has pierced [President Andrés Manuel López Obrador's] divisive rhetoric by coming from one of Mexico's many marginalized sectors yet standing with the business-oriented/foreign investor-friendly opposition," Arantza Alonso, a senior analyst at Verisk Maplecroft, told the Advisor in a [Q&A](#) published July 19. "Her plainspoken style has helped her connect with voters, trend on social media and climb in the polls," Alonso added. Gálvez, who entered the race in June, has said that she is less privileged than the leading presidential contenders of the ruling Morena party, former Mexico City Mayor Claudia Sheinbaum and former Foreign Minister Marcelo Ebrard. Morena is to announce its candidate on Sept. 6, following national polling. Sheinbaum has led recent polls. Among the pillars of support for Morena is the popularity of López Obrador, who has an

approval rating of around 60 percent in recent opinion polls. Mexican presidents can serve only one six-year term.

State Department Says U.S. Citizens Should Leave Haiti

The U.S. State Department said Wednesday that Americans should leave Haiti, which has been beset by high levels of gang violence. "Given the current security situation and infrastructure challenges, U.S. citizens in Haiti should depart Haiti as soon as possible via commercial or private transport," the State Department said in an advisory. The advisory added that U.S. citizens who want to depart the capital, Port-au-Prince, "should monitor local news and only do so when considered safe." The State Department also urged "extreme caution in traveling around the country" and advised citizens to "avoid demonstrations and large gatherings of people." [Editor's note: See related [Q&A](#) in the Aug. 17 issue of the Advisor.]

ECONOMIC NEWS

Argentina Sees Record Level of Gas From Vaca Muerta

Argentina's Vaca Muerta shale formation injected a record daily amount of gas into the country's pipeline system, the government said on Wednesday, Reuters reported. Located in the Neuquén province, Vaca Muerta, which is thought to be the second largest shale gas reserve in the world and the fourth largest for shale oil, topped 100 million cubic meters per day. Last month, the Argentine government inaugurated the first stage of a new gas pipeline that connects Vaca Muerta to Buenos Aires. Vaca Muerta could play a critical role in aiding the South American nation get out of debt and save its foreign currency reserves, helping to

NEWS BRIEFS

Guatemala's Congress Refuses to Recognize Semilla Party Lawmakers

Guatemala's Congress, which is controlled by the current ruling party, on Wednesday refused to recognize the seven lawmakers of the president-elect's Semilla party, following its suspension earlier this week, the Associated Press reported. Prosecutors have accused the Semilla Movement of irregularities during the party's registration, and its lawmakers were declared independents. Bernardo Arévalo, a former diplomat who ran on an anti-corruption campaign, won the country's Aug. 20 presidential runoff election in a landslide.

Chile Launches Search Plan for People Abducted Under Dictatorship

Chile's government launched a national search plan to find people who disappeared under Gen. Augusto Pinochet's military dictatorship, ahead of the 50th anniversary of the coup, The Wall Street Journal reported Wednesday. President Gabriel Boric signed a decree that officials say will increase resources to locate those who went missing under the military regime. It is the first effort of its kind. "Justice has taken too long," Boric said at an event in Santiago. "The state has to be responsible for finding the truth," he added.

JP Morgan Increases Stake in Brazilian Digital Bank C6

JP Morgan has increased its stake in Brazilian digital bank C6, the banks said Tuesday in a statement. New York-based JP Morgan will increase its stake in C6 to 46 percent from 40 percent. The banks did not disclose the terms of the deal. C6 has expanded its client base to 25 million, the banks said, adding that it had eight million clients in June 2021.

decrease the amount of money it spends on importing petroleum and potentially allowing Argentina to become the region's primary hydrocarbon exporter, BBC News reported on June 20. Norwegian consulting group Rystad Energy predicts that, by 2030, Vaca Muerta could produce more than one million barrels of oil on a daily basis, Bloomberg Línea reported. In order to reach its maximum potential, however, Rystad Energy said in its report that Argentina must be sure to bring personnel specializing in extraction projects that large in the long term.

BUSINESS NEWS

Ecopetrol to Invest Up to \$1.3 Billion in Cleaner Fuels: CEO

Colombian state-owned oil company Ecopetrol will invest as much as \$1.3 billion in cleaner fuels over the next seven years, Chief Executive Officer Ricardo Roa said on Wednesday. "The goal is, in the next seven years from now to 2030, to make investments of close to \$1.3 billion or \$1.2 billion to have clean gasoline," Roa said. The investment will help lower the sulfur in the gasoline produced by Ecopetrol. Sulfur in gasoline has been blamed for health problems, increased mortality and property damage. The oil company has already invested nearly \$450 million to reduce sulfur content in its gasoline, down to 45 parts per million, Roa said. The aim is to bring the sulfur level down to fewer than 10 parts per million, he added. Ecopetrol previously said it will invest between \$6.1 billion and \$7.2 billion to promote its transition toward renewable energy, the wire service reported. Earlier this week, Colombia's finance ministry authorized Ecopetrol to arrange a loan for as much as \$1 billion, Bloomberg Línea reported. The loan, which will have a seven-year term, will be provided by Deutsche Bank, Banco Inbursa, the Latin American Bank of Foreign Trade and ICBC Standard Bank. It is intended to assist the company with funding its gas expansion and decarbonization plans.

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tries. Trade between the United States and Mexico should not be harmed, as Mexico still imports about \$5 billion in corn from the United States, mostly for livestock feed. But AMLO's bottom line is that this is a health concern. However, it is hard not to see this as a populist tool to win over Mexican corn producers and those who see corn as a vital part of the Mexican food culture. Similarly, the United States is quick to protect its own corn producers as votes in the United States' heartland will be vital in the 2024 presidential election."

A **Juan Antonio Dorantes Sánchez, managing partner at Dorantes International Trade and Regulatory Law Advisors:**

"If the panel rules against Mexico, Mexico will eliminate GMO corn measures, agree to the provision of mutually acceptable compensation or agree to the provision of another remedy. If Mexico fails to implement the panel's ruling, the United States would be allowed to suspend trade benefits with Mexico equivalent to the damage caused by the GM corn measures. However, if the panel considers that Mexico's measures are consistent with its USMCA obligations, then this will confirm that the regulatory approach chosen by the Mexican government can continue to be applied. These potential outcomes also show the systemic interest the United States (and, to a lesser extent, Canada) attaches to the matter: a win for the United States will prevent Mexico from undertaking similar measures in the future for other types of corn (for example white corn), and/or other sensitive agricultural products, such as soybeans or cotton. A confirmation of the consistency of the measures, on the other hand, may endorse Mexico's policy toward GMOs and provide a legal foundation for similar measures to be applied to other products. Although the Mexican government argues that its GMO measures do not have any direct or immediate effect on current U.S. trade (which is true), the Mexican

government's regulatory approach has the potential to affect future U.S. exports of white corn (and yellow corn if the scope of the measure is expanded in the future)."

A **Edit Antal, researcher at the Center for Research on North America at the National Autonomous University of Mexico:**

"This matter has been discussed in the three countries for more than two decades, even within the trilateral Commission for Environmental Cooperation, which recommended a moratorium on transgenic corn in Mexico. However, given the decrees that López Obrador's government issued between 2020 and 2023 prohibiting transgenics and glyphosate that may imply changes in Mexico's corn imports, the matter takes on a new dimension. For Mexico, it is a matter of food security as well as sovereignty within the framework of national security; genetically modified corn is considered harmful to health, the environment, biodiversity, Indigenous identity and cultural heritage. The United States insists there is substantial equivalence between conventional and biotechnological corn. Therefore, the United States accuses Mexico of violating the treaty and demands that it present robust and strictly scientific evidence of the damage to health caused by the corn that it exports to Mexico. International organizations such as the International Agency for Research on Cancer, the World Trade Organization, the Food and Agriculture Organization, and even the European Union and U.S. courts, have acknowledged the existence of some uncertainties about the health effects of glyphosate. What actions should be taken in the face of these uncertainties? This dispute, which is complex and difficult to resolve, brings up issues pertaining to the philosophy of science, such as what is science, what is the nature of knowledge, and how scientific evidence and reasonable doubt should be understood. All of this in the context of a commercial dispute of an economic nature.

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A fair resolution must be based on concepts derived from the philosophy of science as well as those of trade theory.”

A **Dan Ciuriak, fellow-in-residence at the C.D. Howe Institute in Toronto:** “The United States’ challenge to Mexico’s ban on the importation of genetically engineered (GE) corn has ramifications in technical, trade policy and political dimensions. In technical terms, the USMCA provides policy space for countries to regulate as regards market access of GE products. Section 3.14(2) clearly states: ‘This Section does not require a Party to mandate an authorization for a product of agricultural biotechnology to be on the market.’ At the same time, it places a burden of procedure if not proof to justify restrictions on trade. In particular, Mexico is required to produce a risk assessment—at a minimum ‘any summary of any risk or safety assessment that has led to the authorization’ (USMCA 3.14(3)(b))—that supports its trade restriction on GE corn. The United States disputes that Mexico has not complied with its obligations. Mexico maintains it has. Game on. There are broader trade policy issues at play. This is underscored by Canada joining the dispute as an interested third party. Canada expresses similar concerns to those raised by the United States. For Canada, the

issue is not GE corn, but rather GE canola. The wider trade policy community will be watching this dispute closely. But perhaps the most interesting issue that this case raises is political. The USMCA was negotiated in a remarkably negative atmosphere.

“**The wider trade policy community will be watching this dispute closely.”**

— Dan Ciuriak

For Mexico, the outcome wasn’t quite as bad as NAFTA lapsing altogether, but it was not all that much better. In light of the threats to build a wall, off-the-wall calls for an invasion of Mexico in the U.S. presidential campaign and a looming challenge to U.S. global leadership by the China-led BRICS group that has just added another Latin American country, one might question the wisdom of the United States pursuing expanded corn exports at a time of record U.S. exports of corn to Mexico in a case that pushes all the hot buttons on trade.”

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta.

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Q&A

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