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FEATURED Q&A

How Are Mexican Cartels Getting U.S. Military Weapons?



Military-grade weapons from the United States are ending up in the hands of Mexican drug cartels, and Mexico's foreign secretary is demanding an explanation. Weapons seized in Mexico are pictured. // File Photo: State of Michoacán.

Q Mexican Foreign Relations Secretary Alicia Bárcena on Jan. 22 demanded an investigation into how military-grade weapons from the United States have been winding up in the hands of Mexican drug cartels. Such weapons include grenade launchers, rocket launchers and fully automatic machine guns. The same day, a U.S. appeals court in Boston revived a \$10 billion lawsuit that Mexico filed against gun manufacturers whose weapons wind up in the possession of Mexican drug traffickers. How are U.S. military-grade weapons not available to civilians winding up in Mexico? How well are the two countries working together on this issue? What kind of policy initiatives could either or both countries put into effect in order to fight weapons trafficking? How much commitment to resolving the problem exists on both sides?

A Arturo Sarukhan, board member of the Inter-American Dialogue and former Mexican ambassador to the United States: "Trafficking of American-sourced firearms into Mexico is a national security threat for both nations. Military-style weapons are smuggled in huge numbers from the U.S. civilian market to Mexican criminal organizations because it's the easiest, cheapest place in the world to purchase them, thanks to straw purchasers, weak gun laws, regulatory loopholes and a deliberate strategy by the U.S. gun industry to design and sell military-style weapons to civilians. It should come as no surprise that there are more gun shops along the border with Mexico than Walmarts. But the problem isn't only the American regulatory framework or the impact that the Assault Weapons Ban's sunset

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More Than 6,000 Arrested in Gang Crackdown in Ecuador

Ecuadorean authorities have arrested more than 6,000 people in the past month in the government's crackdown on gangs.

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Argentina's YPF Planning Asset Sale to Sharpen Focus

Argentina state oil company YPF is reportedly planning to sell several of its assets in order to focus more tightly on shale production.

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POLITICAL

Brazilian Police Seize Bolsonaro's Passport in Probe

Brazil's Federal Police on Thursday seized former President Jair Bolsonaro's passport amid an investigation of Bolsonaro's alleged involvement in a coup plot after he lost his re-election bid in 2022.

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Bolsonaro // File Photo: Facebook Page of Jair Bolsonaro.

POLITICAL NEWS

Brazilian Police Seize Bolsonaro's Passport, Arrest Four Allies

Brazil's Federal Police on Thursday seized former President Jair Bolsonaro's passport and arrested four of his close allies amid an investigation into allegations that the former president and aides sought to plan a military coup after he lost his re-election bid in 2022, The Wall Street Journal reported. Police allege that Bolsonaro, who was in office from 2019 to 2022, was involved in drafting a decree to overturn the results of the country's October

“Forget about me. Someone else is running the country now.”

— Jair Bolsonaro

2022 election, which he lost to current President Luiz Inácio Lula da Silva and planned to exert pressure on military leaders to be part of a coup attempt. Police arrived at Bolsonaro's beach house in Rio de Janeiro state to demand his passport, and they took possession of it after learning that the document was in Brasília, Reuters reported, citing a social media post by Bolsonaro family spokesman Fabio Wajngarten. Bolsonaro was not arrested and has not been charged. Later on Thursday, he denied the existence of a coup plot. “I left the government more than a year ago, and I'm still suffering relentless persecution,” Bolsonaro told Brazilian newspaper Folha de S.Paulo. “Forget about me. Someone else is running the country now,” he added. The Bolsonaro allies who were placed under arrest on Thursday were the head of the former president's Liberal Party, Valdemar Costa Neto, as well as two high ranking military officials and a former aide, The Wall Street Journal reported. During a search of Costa Neto's home in Brasília, authorities found an unregistered firearm, Reuters reported. Police

also executed 33 search warrants against other people associated with Bolsonaro, The Wall Street Journal reported. Last June, Brazil's electoral court prohibited Bolsonaro from running for office until 2030, saying he undermined confidence in Brazil's elections system months before he lost his re-election bid. Bolsonaro has called the investigations against him politically motivated, Reuters reported.

More Than 6,000 Arrested in Ecuador Gang Crackdown

One month after Ecuadorean President Daniel Noboa launched a crackdown on gangs, authorities have arrested more than 6,000 people and seized around 47 metric tons of illegal drugs, the Financial Times reported. Violence spiked in Ecuador early last month, with prison riots enabling the escape of high-level gang leaders and attacks by gang members on law enforcement across the country. Noboa declared Ecuador to be in an “internal armed conflict,” designating 22 gangs as terrorist groups and declaring a state of emergency that mobilized the military to assist in combating them. Gangs responded to the declaration with dramatic shows of force—including a brazen assault on a news station during a live television broadcast. In the month since, police have carried out over 77,000 operations, seizing a quantity of drugs equal to about a quarter of what was seized in all of 2023. Ecuador's prison capacity has already been exceeded by the number of people arrested, and Noboa in December announced the construction of multiple maximum-security prisons in the style of those President Nayib Bukele has built in El Salvador, El País reported. The Ecuadorean government reported a 41 percent decrease in crime during the first two weeks of Noboa's state of emergency crackdown, but violence remains a serious issue, as drug trafficking gangs in Ecuador continue to fight law enforcement and each other over control of Ecuador's coast, a key export point in the global cocaine trade. [Editor's note: See related [Q&A](#) in the Jan. 17 issue of the Advisor.]

NEWS BRIEFS

Panama Canal Not Planning More Vessel Restrictions Until April

The Panama Canal Authority is not planning additional restrictions on vessels transiting the waterway until at least April, the canal's deputy administrator, Ilya Espino, told Reuters. A severe drought led officials to restrict the number of crossings per day, but rains in December allowed for the postponement of more restrictions.

Mexican Fintech Kueski Partnering With Amazon on 'Buy Now, Pay Later'

Mexican financial services provider Kueski has struck a partnership with e-commerce giant Amazon to offer the fintech's “buy now, pay later” service through the Amazon platform in Mexico, Fintech Nexus reported. Mexican customers of Amazon will be able to use Kueski's service to pay off purchases through biweekly installments. “Paying in biweekly installments is Amazon's latest initiative to provide customers in Mexico with access to affordable payment methods,” said Karen Pepper, head of digital payments for Amazon Mexico, Fintech Nexus reported.

MidOcean Energy to Buy 20% Interest in Peru LNG From SK Earthon

MidOcean Energy, the liquefied natural gas company owned and managed by U.S. investment firm EIG Partners, has reached an agreement to purchase a 20 percent interest in Peru LNG from Korean company SK Earthon, Offshore Technology reported. Peru LNG is reportedly the first LNG export plant in South America, with a capacity of 4.45 million metric tons per year and extensive pipelines, storage and loading facilities. “We believe PLNG is a highly strategic asset to the Peruvian natural gas sector,” MidOcean said in a statement.

BUSINESS NEWS

Argentina's YPF Planning Asset Sale to Sharpen Focus

Argentine state-run oil company YPF is planning to sell several assets in order to focus more tightly on shale production, Bloomberg News reported Tuesday. The plan is part of the company's effort to boost production and exports and also streamline its operations, an unnamed company official told the news service. YPF is planning to sell aging oil fields in Patagonia that do not produce as much profit as the Vaca Muerta shale deposit, according to the official, who was not authorized to publicly discuss the matter and asked not to be named. YPF is also planning to divest stakes in more than 20 companies if they are found to detract from the oil firm's overall value. The units under examination are in the sectors of oil and gas, as well as research and development. Stakes that are profitable would be retained, the official said. The plans are part of Argentine President Javier Milei's effort to bolster YPF's stock value and also help the company to fully exploit the export potential of the Vaca Muerta formation, Bloomberg News reported. The formation could produce one million barrels per day of crude oil by 2030, as well as large quantities of natural gas. YPF also plans to lead efforts with partners to construct new pipelines for crude and a liquefied natural gas terminal. The company also is seeking to explore Palermo Aike, a new share frontier, as well as offshore oil fields, according to the official. YPF's "core upstream activities" are the company's most profitable, and the Milei administration is seeking to focus on those operations, Jimena Blanco, a senior research director at Verisk Maplecroft, told the weekly Energy Advisor in a Q&A published Dec. 1. "In this regard, we do not expect YPF's immediate privatization, but rather an initial divestment plan to rebalance the books, with greater private capitalization becoming more likely in the second half of Milei's term," she said.

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has had on these weapons flowing south since 2004. Both governments have been remiss in taking serious measures, and also jointly. The United States continues to pay lip service to preventing guns from crossing over through ports of entry, and the aftermath of the botched 'Fast and Furious' gun-walking operation in 2011 has made more proactive gun-tracing initiatives from the source (a central component of the U.N. Palermo Convention against organized crime) radioactive. Mexico continues to dedicate insufficient manpower and efforts to monitor and prevent weapons from crossing into it, a matter made worse by López Obrador's gutting of Mexican customs. Both need to do much more, both in terms of using non-intrusive technology more widely for inspections, pooling resources and manpower—including potentially creating a joint binational, transborder customs inspection service—and significantly improving intelligence sharing. The obvious obstacle to this is López Obrador's rollback and evisceration of law-enforcement and security cooperation between both countries. In the meantime, we are left with political grandstanding on the Mexican side of the border and a Kabuki-style performance on the U.S. side."

A **Gema Kloppe-Santamaría, assistant professor of Latin American history and international affairs at The George Washington University and global fellow of the Wilson Center's Mexico Institute:**

"Gun violence is a shared challenge for both the United States and Mexico. In the United States, 81 percent of murders are committed with a firearm. In Mexico, it is 68 percent. Both countries are well above the global average of 47 percent. Each year, about 200,000 weapons are trafficked to Mexico from the United States via 'straw purchasers.' Based on these sheer facts, gun control should be a core area of bilateral security cooperation. That has not been the case. The American constitutional right to

bear arms, next to both countries' propensity to point at each other's responsibility in the production of insecurity, have made this a thorny and nearly untouchable subject. That has started to change. Mexico's recent efforts to hold the U.S. government and arms manufacturers accountable for the violence affecting the country has pushed for a more direct dialogue on these issues. Mexico has strategically argued the issue is not U.S. constitutional rights, but instead the need to increase the accountability, regulation and potential persecution of those responsible for negligent practices. The Bipartisan Safer Communities Act of 2022, even if not officially a result of Mexico's diplomatic efforts, points at a potential change in the United States that can benefit bilateral cooperation. Thanks to this act, arms trafficking is now a federal crime in the United States, and straw purchasing is being prosecuted. To tackle gun violence more effectively, both countries need to address its root causes, including public health challenges and the prevalence of corruption and criminal collusion on both sides of the border. Those are all elements already considered by the U.S.-Mexico Bicentennial Framework. It remains to be seen if current and future governments of both countries will act upon them."

A **Tony Payan, director and fellow of the Mexico Center at Rice University's Baker Institute for Public Policy:**

"American military-grade weapons are fueling violence in Mexico. This is not new. It started almost as soon as the Assault Weapons Ban expired in 2004 in the United States. Since then, there has been plenty of finger pointing in both directions. But both Mexico and the United States share responsibility for this problem. North of the border, there is little to no political will to control the gun rivers that kill many fast—at home or abroad. America is nowhere near a consensus to stop this. Mexico, however, has lowered its guard and ignored the growing power of organized

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crime, and it is confiscating fewer weapons than during the last two administrations. Instead, Mexico has opted for going after gun makers and distributors in U.S. court. So far, lower U.S. courts have sided with the gun manufacturers and the circuit court with Mexico. Mexico's strategy is a good one as it draws attention to the problem and forces members of the U.S. Congress to acknowledge the issue—which does not necessarily mean they will do anything about it. More broadly, however, the issue is that there is a weak binational framework to deal with common problems, such as cross-border gun running or irregular migration. Dealing with one issue at a time, and largely as a zero-sum game, is not likely to pay off for either country. What is required is a new security framework to put all subjects on the table, link them into a single binational strategy and deploy the resources required to both track and control guns, as well as lower violence in Mexico. Without a binational framework to work together, frustration is likely to rise, as is violence in Mexico.”

A **Nicolás Mariscal, member of the Advisor board and chairman of Grupo Marhnos in Mexico City:** “Weapons smuggling has been at the center of the U.S.-Mexico relationship for quite some time. Nevertheless, it is impossible to understand it without the bigger picture of the war on drugs. That these themes are part of the U.S. and Mexican presidential campaigns nowadays is no

surprise. The U.S. government actually has no control over the flow of guns to Mexico. Several factors explain this, including the expiration of the Assault Weapons Ban in 2004. Add a porous border and a billion-dollar illegal drug industry, and you have the so-

“**The U.S. government actually has no control over the flow of guns to Mexico.”**

— Nicolás Mariscal

called ‘Iron River’ of guns flowing southward. In addition, Mexico has an extremely weak rule of law, with low budget investments in law enforcement. We had around 161,000 intentional homicides last year, and an impunity rate of around 96 percent. Those figures speak for themselves. Nevertheless, Mexico correctly took the initiative and sued gun manufacturers in the United States, something that had never before been tried. Fortunately, both countries hold regular talks on the matter. However, the United States could start to deal with some of the social issues driving the so-called ‘deaths of despair,’ and Mexico should construct better rule of law policies to tackle gun violence.”

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

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