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## FEATURED Q&A

# What Will Three New Rail Lines Mean for Mexico?



Mexican President-elect Claudia Sheinbaum has proposed building three new rail lines after she takes office in October. The Mexico City-Toluca intercity train is pictured. // File Photo: Mexican Government.

**Q** President-elect Claudia Sheinbaum announced July 10 that she will build three train lines running from the capital to some cities along the U.S. border. The project involves constructing some 1,850 miles of passenger rail, about double what current President Andrés Manuel López Obrador built. Sheinbaum announced that the trains would be electric, in contrast to the diesel-consuming freight trains that make up Mexico's current fleets. Why is Sheinbaum proposing this infrastructure project? How does this align with her environmental policies? What will the new rail lines accomplish? To what extent would there be an impact on irregular migration toward the United States?

**A** Lucinda Vargas, associate director of the Center for Border Economic Development at New Mexico State University: "One of the constitutional reforms that outgoing Mexican President López Obrador has proposed and is hoping to make reality before his departure in October is that the country's 18,000 kilometers of railway lines that are currently used for cargo, be also utilized for passenger rail service. This project has been designated a national development priority. It's no surprise, then, that President-elect Sheinbaum, in a demonstration of adherence to her mentor's imprint, has publicly endorsed the project by announcing that three passenger rail routes will be developed during her administration, two of which will run from Mexico City to the northern border cities of Nuevo Laredo and Nogales. Of concern in this massive infrastructure undertaking slated to start on day one of Sheinbaum's administration, is that a cost-benefit

Continued on page 3

## TODAY'S NEWS

### POLITICAL

## At Least 40 Migrants Killed in Boat Fire off Coast of Haiti

At least 40 migrants were killed when the boat they were traveling on caught fire off the coast of Haiti. The country's coast guard rescued 41 others.

Page 2

### BUSINESS

## Mexico's Pemex Planning to Cut Fuel Imports Next Year: Pemex CEO

Mexico is planning to cut fuel imports next year as supplies are bolstered by the new Dos Bocas refinery, said the CEO of state oil company Pemex.

Page 3

### ECONOMIC

## Colombia's Petro Seeking Broad Economic Reforms

Colombian President Gustavo Petro on Saturday told lawmakers that he is seeking a broad package of reforms, including an overhaul of the country's health sector and changes to labor laws.

Page 2



Petro // File Photo: Colombian Government.

## POLITICAL NEWS

## At Least 40 Migrants Killed in Boat Fire After Leaving Haiti

At least 40 Haitian migrants were killed when the boat on which they were traveling caught fire off Haiti's northern coast, the International Organization for Migration, or IOM, said Friday, Reuters reported. The boat was carrying more than 80 people when it departed last Wednesday from the northern coastal town of Fort Saint-Michel, headed for the Turks and Caicos Islands, the agency said, citing Haiti's migration authority. Haiti's coast guard rescued 41 migrants, who are now receiving care and other support from the IOM. The agency added that 11 of the survivors were taken to the nearest hospital, Reuters reported. The fire started after people aboard the boat used matches to light candles as part of a ritual for safe passage, Jean-Henry Petit, the head of the civil protection office in northern Haiti, told the Miami Herald. The flames spread to gaso-line-filled drums, which exploded, he said. "This devastating event highlights the risks faced by children, women, and men migrating through irregular routes," said Grégoire Goodstein, the chief of mission for Haiti at the IOM, Reuters reported. Gang-fueled violence has forced many Haitians "to resort to desperate measures" to flee the country, Goodstein added, the wire service reported. At least 3,250 people were killed by gangs between January and May of this year, the United Nations office in Haiti said last month, The Washington Post reported. More than 570,000 people have been forced to flee their homes due to the violence. Hundreds of Kenyan police officers have arrived in Haiti in recent weeks as part of a long-planned U.N.-backed force to help Haitian authorities fight gangs. "Haiti desperately needs a ray of hope, so saying the Kenyan mobilization is 'too little too late' sounds cold and uncaring, but it's true unless we do a lot more," Fulton Armstrong, a senior fellow at American University's Center for Latin American & Latino Studies and former U.S. National Intelligence Officer for Latin

America, told the Advisor in a [Q&A](#) published July 15. "The smallest attack on the Kenyans will threaten to bring the little house of cards down because Kenya's legal squabbles over the deployment and its recent national protests show the operation is vulnerable," he added.

## ECONOMIC NEWS

## Colombia's Petro Seeking Broad Economic Reforms

Colombian President Gustavo Petro said Saturday that his government will seek passage of a broad package of reforms that include an overhaul of the country's health sector and changes to labor laws, the Associated Press reported. In a speech to open a new session of Congress, Petro told lawmakers that he wants a government agency to collect billions of dollars in insurance fees from Colombians, a move that would sideline the private insurance providers that manage a large part of the country's health system, the AP reported. Petro also said he wants changes to labor laws in order to make it more difficult for companies to hire workers using temporary contracts, the wire service reported. The president added that he wants to reduce the work week to 40 hours from 47 and require employers to pay employees their full wages on rest days. Last year, Petro won an increase to the minimum wage, and lawmakers approved his pension plan earlier this year, the AP reported. Increasing the minimum wage by 16 percent last year has helped to alleviate poverty, Petro told lawmakers on Saturday. "We are fulfilling our promises [to reduce inequality]," said Petro. Colombia's poverty rate declined by 10 percent last year and is currently at levels last seen in 2019, according to Colombia's national statistics department. Petro also urged Colombia's central bank to lower interest rates in order to spur economic growth. He also said Congress could help to keep inflation down by "controlling speculation" in rentals of real estate and also by holding down electricity costs. "Inflation has two speculative engines:

## NEWS BRIEFS

## Biden Prioritized Family, Health in Withdrawing: Venezuela's Maduro

Venezuelan President Nicolás Maduro on Sunday offered kind words toward U.S. President Joe Biden after Biden's announcement that he is ending his bid for re-election, The Wall Street Journal reported. "He prioritized his family and his health," Maduro said of Biden. "Be at peace with your conscience because you took a wise and correct decision." Less than four months ahead of the U.S. presidential election, Biden, 81, withdrew from the race and endorsed Vice President Kamala Harris to take his place amid concerns about his age and ability to defeat Republican nominee and former President Donald Trump.

## Ecuador Strikes Deal With Chile's ENAP on Oil Exploration

Chilean state-run oil firm ENAP renegotiated an agreement with Ecuador over oil exploitation in the Amazon in Ecuador, Ecuador's Ministry of Energy announced on Saturday, Reuters reported. The new agreement will involve an additional investment of \$90 million and increase reserves by 5.6 million barrels of crude oil.

## Britain's AIS Wins Contracts for Offshore Oil Development in Brazil

British oilfield services company AIS has won several contracts for offshore oilfield development in Brazil, Offshore Energy reported today. Under the contracts, AIS will provide critical subsea components that are necessary for the safety, longevity and efficiency of subsea oilfield infrastructure. "We have long been recognized for our exceptional capabilities in the subsea sector," John Drury, AIS' chief commercial officer, said in a statement, Offshore Energy reported.

rents and electricity generators," Petro said, Bloomberg News reported. "We will not be able to develop the industry if we have high interest rates and if we have high electricity tariffs," he added. Since December, Colombia's central bank has lowered its benchmark interest rate by two percentage points to 11.25 percent. However, the country's borrowing costs remain among the highest in Latin America, Bloomberg News reported. The country's annual inflation rate is running at 7.18 percent, more than twice the central bank's 3-percent target.

## BUSINESS NEWS

# Mexico's Pemex Planning to Cut Fuel Imports Next Year

Mexican state-owned oil firm Pemex plans to cut fuel imports next year as the country's supplies are bolstered by the new Dos Bocas refinery coming online, said Octavio Romero, the chief executive officer of state oil company Pemex, Bloomberg News reported Friday. The new Dos Bocas refinery has been a flagship project for outgoing President Andrés Manuel López Obrador but has faced multiple delays and cost overruns during its development. The refinery is still ramping up toward its full processing capacity of 340,000 barrels per day; last week, the refinery processed around 101,000 barrels per day, Reuters reported. The company plans to cut imports down to 54,000 barrels of fuel by September and further decrease them to 20,000 barrels by 2025, by which time "we will achieve 98 percent self-sufficiency in fuels," Romero told reporters Friday, Reuters reported. "The growth is due to the fact that the Olmeca refinery will come online in the coming days," he added. Romero also estimated that the total refining capacity for the Mexican oil firm would reach 1.76 million barrels per day at its domestic refineries by 2025. "Pemex is going very well," Lopez Obrador said during the same press briefing Friday. "We are not going to buy any gasoline, jet fuel or diesel from foreign sources," he added.

## FEATURED Q&A / Continued from page 1

analysis has yet to be produced to justify the project, signaling it will likely take the form of the yet-to-be-completed Tren Maya. The project is poorly planned, hurriedly executed and has multi-billion-dollar cost overruns, but it also embodies the force of sheer presidential will. Also of concern are potential disruptions in the transport of Mexico's top export—cars—which head north via the cargo rail lines, which are now targeted to also accommodate passenger service. The draw for passenger transport to Mexico's northern border cities mostly comes from Central and South America migrants seeking entry to the United States, who currently hop on cargo trains to get a free-of-charge, albeit dangerous, ride to the border. Will the new rail passenger lines headed for the U.S.-Mexico border turn into humanitarian transport of migrants, thus incentivizing their continuous flow and stressing already over-burdened border cities which are holding places for migrants seeking to cross, legally or illegally, into the United States?"

**A** **Wolfram F. Schaffler González, foreign trade administrator for the city of Laredo, Tex.:** "President-elect Claudia Sheinbaum's proposal to expand Mexico's passenger rail network is a cornerstone of her '100 Steps to Transformation' plan, emphasizing sustainable and efficient infrastructure. A crucial aspect is separating passenger railways and cargo railways, recognizing their distinct technological needs. This historic strategic move aims to enhance efficiency and safety in both sectors. By separating operations, the plan aims to double freight transported by rail, leveraging multimodal connections and supporting broader economic activity which will further the competitiveness of the USMCA. Sheinbaum's commitment to electric trains underscores her dedication to reducing emissions, aligning with her environmental policies and contrasting with President López Obrador's preference for fossil fuels. The proposed rail lines will con-

nect Mexico City with Querétaro, San Luis Potosi, Monterrey, Guadalajara and Nuevo Laredo, among other cities, reducing travel times by over 40 percent. This infrastructure will facilitate economic growth, especially for international trade, by improving access to commercial, industrial and tourism activities. Additionally, the project aims to make transportation 15 percent more economical

**“** **Sheinbaum's commitment to electric trains underscores her dedication to reducing emissions...**

— **Wolfram F. Schaffler González**

and reduce emissions by 80 percent, demonstrating significant environmental benefits. Regarding the impact of these projects on illegal migration, enhanced economic opportunities and improved regional connectivity may mitigate migration drivers by creating local job prospects. However, increased mobility could also influence migration patterns, necessitating coordinated border management on Mexico's northern and southern borders, as well as comprehensive migration policies. Overall, Sheinbaum's rail project represents a strategic investment in Mexico's sustainable development, fostering economic growth, enhancing connectivity and supporting environmental goals. From a historical perspective, this ambitious plan, expected to be completed within five years, underscores her vision of a more connected and environmentally conscious Mexico."

**A** **Amy Glover, president and founding partner of Agil(e):** "President-elect Claudia Sheinbaum has announced that her government will kick start the construction of three new passenger trains: Mexico City-San Luis Potosí-Nuevo Laredo, Mexico

Continued on page 4

## FEATURED Q&amp;A / Continued from page 3

City-Querétaro-Guadalajara and AIFA-Pachuca. This is in fact the continuation of a goal set by current President Andrés Manuel López Obrador (AMLO), who will leave office on Oct. 1, to expand passenger rail infrastructure. Passenger transport was privatized under the administrations of Carlos Salinas and Ernesto Zedillo in the 1990s, and AMLO lays its decline in the lap of 'neoliberalism.' Last November, AMLO declared passenger rail service a 'national development priority' via presidential decree, requiring current concession holders to develop passenger services on their cargo lines or risk losing their concessions. A constitutional reform is being proposed to further consolidate this change. It will be challenging to effectively offer cargo and passenger rail services simultaneously. Railway freight transportation remains a critical tool for deepening North American trade integration. Forty-four percent of automobile exports and 46 percent of light and heavy trucks are shipped by rail. While manufacturing represents almost half of cargo volume, agricultural products (26.7 percent) and fuel (12.2 percent) are also moved by rail in Mexico, according to the Regulatory Agency for Rail Transport. The coordinator of Sheinbaum's Business Council, Altigracia Gómez, has signaled a willingness to work in coordination with the private sector, leveraging capital markets to finance infrastructure projects. Tapping into private-public partnerships and other collaboration schemes

will be crucial to secure the \$22 billion that her team estimates is required to overhaul Mexico's railway infrastructure."

**A** Nicolás Mariscal, member of the Advisor board and chairman of Grupo Marhnos in Mexico City: "The new government's

passenger rail projects signal the continuation of such infrastructure undertakings in the country. Nevertheless, there have been environmental issues that need to be addressed in the new projects, which will surely be the case as Sheinbaum has notable environmental credentials. One of the passenger rail lines will connect the new airport with the city of Pachuca; another will link the major cities of Querétaro and Guadalajara; and, in what could be the most significant of them all, the interconnection of Mexico City, San Luis Potosí, Monterrey and Nuevo Laredo. This project deals with one of the main industrial corridors in the country, where numerous products make their way to the United States. In Mexico, there are few passenger rail lines. However, China, Europe and the United States have a vast rail infrastructure. So, it seems that the announcement points in the right direction, as they should help boost connectiveness and the economy. Nevertheless, it will be essential to work with our best civil engineers and with private initiative, as they have capacities that the new government should take advantage of for the benefit of the country."

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