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FEATURED Q&A

What Do Cabinet Picks Say About Mexico's Direction?



Mexican President-elect Claudia Sheinbaum has announced several cabinet selections. Among them is Marcelo Ebrard, who was tapped as economy minister. // File Photo: Mexican Government.

Q Since her election in early June, Mexican President-elect Claudia Sheinbaum has announced several cabinet picks, drawing heavily from her time in both academia and government. Among the cabinet selections, former presidential candidate and Foreign Affairs Secretary Marcelo Ebrard was selected as economy minister, Alicia Bárcena, the current foreign minister, will head the environment ministry, Juan Ramón de la Fuente is to lead the foreign ministry and Luz Elena González was named energy minister. What do these selections say about what can be expected from Sheinbaum's administration? What strengths and expertise do these individuals bring to Mexico, in terms of economic policy, foreign policy and domestic issues, such as security? How much will this cabinet differ from that of Sheinbaum's predecessor, Andrés Manuel López Obrador?

A Arantza Alonso, Americas senior analyst at Verisk Maplecroft: "Continuity with a twist is President-elect Claudia Sheinbaum's approach to her cabinet. Her appointments include sitting members of President Andrés Manuel López Obrador (AMLO)'s cabinet—such as ministers Rosa Icela Rodríguez (public security), Alicia Bárcena (foreign affairs) and former presidential candidate and Foreign Affairs Minister Marcelo Ebrard—as well as former members of her Mexico City cabinet and her campaign staff. Contrary to AMLO's predilection for loyalty over experience, Sheinbaum to date has selected a team of highly educated, knowledgeable and experienced public servants. This signals a commitment to technical skills and a first break from AMLO's way of governing. Sheinbaum's appointments have

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TODAY'S NEWS

POLITICAL

U.S. Sanctions Venezuelan Gang, Offers Reward

The administration of U.S. President Joe Biden on Thursday imposed sanctions on Venezuela's Tren de Aragua gang, which is allegedly behind kidnappings, cases of extortion and other crimes.

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ECONOMIC

Chilean Lithium to Be Eligible for U.S. Tax Benefits

Lithium mined in Chile will be eligible for tax benefits under the U.S. Inflation Reduction Act, the South American country's government said Thursday.

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POLITICAL

Caribbean Leaders Appeal for Aid After Hurricane Beryl

Caribbean leaders said the region needs assistance after Hurricane Beryl hit the region. Ralph Gonsalves, the prime minister of St. Vincent and the Grenadines, said "entire islands were decimated."

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Gonsalves // File Photo: Gov't of St. Vincent & the Grenadines.

POLITICAL NEWS

U.S. Sanctions Venezuelan Gang, Offers Reward

The administration of U.S. President Joe Biden on Thursday imposed sanctions on a Venezuelan gang that is allegedly behind kidnappings, cases of extortion and other crimes, the Associated Press reported. The United States also offered a reward of \$12 million for the arrests of three leaders of the Tren de Aragua gang. "Tren de Aragua poses a deadly criminal threat across the region," the U.S. Treasury said in a statement. It added that the gang frequently preys upon people who are vulnerable, including migrant women and girls for sex trafficking. "When victims seek to escape this exploitation, Tren de Aragua members often kill them and publicize their deaths as a threat to others" the Treasury added. The gang originated more than a decade ago in a prison in Venezuela's Aragua state, but it has grown as millions of Venezuelans have migrated amid the country's political and economic crises. Authorities in other countries, including Peru, Ecuador and Colombia, which have large numbers of Venezuelan migrants, have accused the gang of perpetrating violent crimes, the AP reported. The gang originally focused on exploiting Venezuelan migrants through human trafficking, loan sharking and the smuggling of contraband into and out of Venezuela. However, it has expanded into drug trafficking, extortion and murders for hire and Venezuelan migrants have settled in other countries, the wire service reported. Chilean President Gabriel Boric recently vowed to pursue members of the gang by "sky, sea and land," Bloomberg News reported. Earlier this year, Chilean prosecutors blamed the gang for the killing of a Venezuelan army official who had taken refuge in Chile after participating in a failed plot to overthrow Venezuelan President Nicolás Maduro, the AP reported. Designating the gang a transnational criminal organization "underscores the escalating threat it poses to American communities," U.S. undersecretary for Terrorism and Financial Intelligence

Brian Nelson said Thursday in a statement, Bloomberg News reported. The sanctions block all property and interests in property that the gang has in the United States. Any such property or transactions must be reported to the U.S. Treasury's Office of Foreign Assets Control.

Caribbean Leaders Appeal for Aid After Hurricane Beryl

Leaders in the southeast Caribbean said on Thursday that their citizens are in dire need of food, water and shelter nearly two weeks after Hurricane Beryl hit the region as a Category 4 storm, the Associated Press reported. They are asking for at least \$9 million in assistance from the international community. "In just a few hours, entire islands were decimated,"



In just a few hours, entire islands were decimated."

— Ralph Gonsalves

said Ralph Gonsalves, the prime minister of St. Vincent and the Grenadines. He added, "There is nothing there, really. The housing, public facilities ... the shoreline, the fisheries, tourism infrastructure, they are basically no more," the AP reported. Beryl was the first-ever Category 4 storm in the Atlantic Ocean in June. It made landfall on Carriacou in Grenada on July 1. In Jamaica, the hurricane is believed to have destroyed more than \$6.4 million in food crops and supporting infrastructure, likely contributing to food shortages, officials said in Jamaica on Monday. The storm killed at least one woman in Jamaica and cut power to hundreds of thousands of homes, The New York Times reported. Yam, coconut, coffee and carrot crops were overwhelmingly damaged and destroyed.

NEWS BRIEFS

Mexico's Sheinbaum Selects Cárdenas as Chief of Staff

Mexican President-elect Claudia Sheinbaum on Thursday selected Lázaro Cárdenas, a former congressman and governor and a member of a prominent political family as her chief of staff, Reuters reported. "His job will be to help me keep tabs on the government's strategic issues and, at the same time, with relationships with different sectors," Sheinbaum said at a press conference.

Peru's Central Bank Leaves Key Interest Rate Unchanged at 5.25%

Peru's central bank left its benchmark interest rate unchanged for a second month amid concerns over stubborn core inflation despite a growth in economic activity, Bloomberg News reported. The central bank held the rate at 5.75 percent as expected by 10 of 13 analysts in a survey by Bloomberg News. In a rebound from last year's recession, Peru's economy grew 5.3 percent year-on-year in April, its highest growth rate in 32 months, statistics agency INEI said last month, Reuters reported.

Acelen Subsidiary to Invest in Solar Project in Brazil

Brazilian energy company Acelen said on Thursday that its Mataripe Refinery has entered into a joint venture with Perfin Infra Administração de Recursos and Illian Energias Renováveis for a 161-megawatt solar project in Bahia state, Renewables Now reported. The venture includes an investment of \$97.8 million. Production will be used to meet the refinery's electricity demands, and in theory should allow Mataripe to offset 128,000 metric tons of carbon dioxide per year and zero out of its scope 2 emissions.

ECONOMIC NEWS

Chilean Lithium to Be Eligible for Tax Benefits in U.S.

Lithium mined in Chile will be eligible for tax breaks in the United States, the South American country's government announced Thursday, Reuters reported. The tax breaks stem from the U.S. Inflation reduction Act, which has subsidies for electric vehicles, whose batteries use lithium as a key component, based on the sources of their battery materials. Tax breaks under the Inflation Reduction Act require certain percentages of critical metals to come from the United States or a nation with which it has a free trade accord, Reuters reported. Chile and the United States "made it explicit" that Chilean lithium is eligible for tax breaks as the countries have a free trade agreement, Chile's economy ministry said, the wire service reported. The tax breaks will increase incentives for Chile to export raw lithium in addition to cathode material and byproducts, the ministry added. Chile is the second-largest lithium producer in the world, after Australia. Chilean mining company SQM's largest shareholder is China's Tianqi Lithium, and the Biden administration has proposed tough thresholds on companies that are under Chinese, Russian, North Korean or Iranian control, Reuters reported. SQM is currently in talks about a joint venture with Chilean state-owned copper miner Codelco as part of a government requirement for increased control of the lithium sector. The only other active lithium producer in Chile is U.S.-based Albemarle, Reuters reported. In March, U.S. Treasury Secretary Janet Yellen said during a visit to Chile that lithium demand would significantly increase U.S. imports for Chile in the coming years. However, lithium prices have fallen sharply this year to multi-year lows as consumers have been slower to switch from gasoline-powered cars to electric vehicles than many auto executives and investors had expected, The Wall Street Journal reported last week. [Editor's note: See related [Q&A](#) in the April 12 issue of the weekly Energy Advisor.]

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also sent important (and reassuring) messages to different sectors. By incorporating Ebrard—who almost broke with Morena after Sheinbaum was selected as the party's presidential candidate over him—she seems to be trying to ease tensions and build unity within Morena. This will be particularly important as given Morena's dominance over Congress, we expect policy negotiations to take place within the ruling coalition. This means Sheinbaum's success will also depend on her ability to lead Morena and maintain the unity of its factions. Moreover, Sheinbaum is signalling willingness to heal the wounds that AMLO's administration caused, especially to the academia and the private sector. In order to do this, she has picked mostly politically moderate profiles, with robust international experience, and bridge-building skills. Due to her cabinet picks, we expect Sheinbaum's administration to be effective at implementing most campaign promises, and maintaining social support."

A **Pamela Starr, senior advisor at Monarch Global Strategies and professor at the University of Southern California:** "President-elect Claudia Sheinbaum sent two distinct messages with her cabinet selections: change and continuity. For the business community, Sheinbaum signaled a new moderation and professionalism in government and that Claudia is in charge. For Obradoristas, she pointed to continuity. As moderates, most of Sheinbaum's early selections suggested that Morena's radicals will have reduced influence in her government. As professionals, they suggested that unlike AMLO Sheinbaum favors skill over loyalty. And with close associates, they suggested that as President Sheinbaum will be her own woman. At economy, Sheinbaum named a prominent moderate with whom she has a checkered past, Marcelo Ebrard, due to his experience negotiating with the United States with the USMCA review pending. She retained a finance minister trusted

by markets, Rogelio Ramírez de la O, despite not being close to him. She selected seven Ph.Ds to lead areas ranging from agriculture and the environment to health, science, foreign affairs, and agrarian and urban development. And she placed two of her closest collaborators, Luz Elena González and Omar García Harfuch, at energy and security, respectively. Sheinbaum's later selections emphasized that the Fourth Transformation will continue. This included AMLO's former U.N. ambassador, Juan Ramón de la Fuente, at foreign affairs. More importantly, Sheinbaum retained two of AMLO's closest associates in two of Mexico's most important political posts, Rosa Icela Rodríguez, who will move from security to interior, and Ariadna Montiel will stay at Bienestar. For President Sheinbaum, balancing these two polls—change and continuity—will be both essential and difficult."

A **Diego Marroquín Bitar, inaugural Bersin-Foster North America Scholar at the Wilson Center and Lila Abed, acting director of the Mexico Institute at the Wilson Center:** "President-elect Sheinbaum's cabinet choices signal both change and continuity. Diverging from her predecessor, Mexico's first female leader has appointed experts with extensive experience in security, environment and foreign relations. These appointments underscore the importance that Sheinbaum's government will place on these sectors and her intent to engage with the United States on a deeper, more technical level. Marcelo Ebrard, appointed as Mexico's economy czar, brings significant experience in high-level negotiations with the United States, having served as Mexico's foreign relations minister from 2018 to 2023. He managed President Trump's tariff threats on all Mexican imports and maintained positive dialogue with the Biden administration and the private sector. His experience will be crucial for the 2026 USMCA review. In contrast, Sheinbaum has included AMLO loyalists like Ariadna Montiel

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at the welfare ministry and Rosa Icela Rodríguez at the ministry of the interior, reflecting continuity with AMLO's Fourth Transformation. This also shows the complex internal negotiations Sheinbaum had to strike with Morena's different factions after winning the presidency. Pending appointments, including the head of Mexico's Federal Electricity Commission (CFE) and state oil company Pemex will be indicative of the incoming government's energy policies. Mexico is currently in consultations with the United States and Canada over claims that its nationalistic energy policies violate the USMCA. Sheinbaum's selections so far represent an opportunity to enhance high-level U.S.-Mexico engagement. However, pending nominations will determine her willingness to depart from López Obrador's policies."

A Ruben Olmos, chief executive officer of Global Nexus LLC:
"President-elect Sheinbaum's cabinet picks have so far been well received in key financial and political circles in Mexico and abroad. The way she is forming her cabinet says a lot about her future governing style. She is trying to balance the political compromises she agreed with President López Obrador—the new secretaries of the interior, Rosa Icela Rodríguez; comptrollership, Raquel Buenrostro; and social development, Ariadna Montiel—are very close to him and were strategically appointed in those positions to guarantee certain continuity. Sheinbaum is also relying on her inner circle and appointing them in key posts—Omar García, the new secretary of public security; Luz Elena González in energy and Juan Ramón de la Fuente, who is head of the transition team and future foreign minister. Additionally, she is incorporating other political compromises with the Morena establishment like the cases of her former competitor, Marcelo Ebrard as the new secretary of the economy and Mario Delgado, the current chair of Morena as the next secretary of education. President-elect

Sheinbaum will continue to make key appointments in the next few weeks."

A Lillian Briseño Senosiain, researcher at the National School of Education and Humanities at Tecnológico de Monterrey:

"Claudia Sheinbaum has appointed a good part of her cabinet and what we can say at the moment is that she has appeased the different social and political sectors within the country. The same can be said about the more conservative factions that welcomed the first appointments of people such as Marcelo Ebrard, Juan Ramón de la Fuente or Alicia Bárcena who, although they show a certain continuity for having also participated in the López Obrador government, do not represent to the 'hard' sector of Morena and the 4T. Her appointment, added to that of Ramírez de la O, ratified by the Treasury, undoubtedly sent a good message of tranquility. In the second and third rounds of appointments, Sheinbaum opted for people who participated with her in the Mexico City government, such as Jesús A. Esteva and Omar García Harfuch, who will give confidence in the areas of infrastructure and security. Sheinbaum also paid back her dues by incorporating experienced politicians who have had a presence in the López Obrador administration and who, in some way, supported Sheinbaum. Among them is Mario Delgado who, as the head of Morena, pushed Sheinbaum's triumph by making the necessary arrangements to make it so. In summary, it seems to me that, at the moment and with some appointments still to be defined, Sheinbaum has tried to send a message of inclusion and trust both inside and outside the country, offering an expectation that may be optimistic for many."

[[Editor's note: The commentaries above were submitted to the Advisor before Mexican President-elect Claudia Sheinbaum named Lázaro Cárdenas as her chief of staff on Thursday.]

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