The Inter-American Dialogue’s twenty-fourth meeting of the Latin America Working Group took place on February 7 and 8, 2013 at the Ministry of Foreign Affairs in Mexico City. Having begun as the Colombia Working Group in 2001, the group, now in its 12th year, has since expanded its reach to discuss issues across the Andes and Western Hemisphere. The meeting was supported by the Open Society Foundations and the CAF Development Bank.

The working group began by focusing on the prospects for the domestic agenda of recently inaugurated President Enrique Peña Nieto before shifting to how Mexico’s global and regional engagements may evolve over the next six years. Colombia’s peace process, Venezuela’s succession challenges and Ecuador’s presidential elections were the group’s afternoon agenda.

A special welcome dinner was held on the 7th with Mexico’s new minister of foreign relations, José Antonio Meade. Two other important administration figures joined the group the following day, Under Secretary of Education Enrique del Val and Under Secretary of Foreign Relations for Latin America and the Caribbean Vanessa Rubio. Also present were Gabriela Cuevas and Eloy Cantú, each respectfully the president of the Commission on Foreign Relations in the Mexican senate and chamber of deputies. They were joined by dozens of top-flight analysts and former officials spanning the Western Hemisphere. This report outlines the main topics discussed on a country-by-country basis before concluding with regional considerations.

**Mexico: A moment for real reform?**

Since Peña Nieto’s election, discussion of Mexico’s domestic agenda has become decidedly optimistic. Whether or not such optimism was justified became a central theme of the working group. The day began with an overview of recent constitutional changes aimed at modernizing the country’s lagging education system. The reforms will carry out a census to ascertain the exact number of students and teachers in Mexico, which is unknown, and vest control from the country’s powerful teachers’ union. Questions were raised how the union had responded to
measures requiring more meritocratic teacher hiring and evaluations. Those close to the process asserted that the union had publicly endorsed most of the reform package, including evaluations, but that the topic of “permanency” – the notion that a teacher may be fired due to poor performance – had generated opposition. This will continue as a point of contention as the legality of firing ineffective teachers is debated. In addition, there was consensus among the working group that study abroad programs were a vital avenue for Mexico to foster more global citizens and should figure prominently in the education agenda.

Peña Nieto and the PRI “taking on” the teachers’ union – historically a staunch party ally – related to a broader question raised during the working group: how has the PRI changed after 12 years out of power? Those who believed it had renewed itself pointed to recently enacted education and labor reforms, which defied politics as usual by curtailing the power of unions, and the Pact for Mexico, an ambitious 95-point agenda signed by all three major political parties late last year. The working group recognized that this was an impressive feat, especially considering that it produced no media leaks and came on the heels of a presidential contest. The convergence of several factors seems to have facilitated this process. First, the departure of Andrés Manuel López Obrador as the head of the PRD after his failed presidential bid liberated the party to compromise. Meanwhile, the fact that neither the PAN nor the PRI secured the margins of support they expected during the elections was something of a “wake up call,” a signal that partisan cooperation would be necessary to advance their goals.

This year’s legislative agenda, which includes huge items such as energy and fiscal reforms, will test the pact’s strength. Another important hurdle will be the upcoming elections in 14 states, which could stoke partisan antagonisms at the national level. Some members, applying the lessons from their own countries, were not convinced that subnational elections alone would significantly alter the ruling coalition in the short term given the fluidity and general terms of the agreement. Doubts were raised, however, regarding the sustainability of the pact. While it may currently be in the PRD and the PAN’s best interest to cooperate with the president, they will eventually need to differentiate their platform from the PRI agenda to compete in elections. Whether this will produce gridlock over the covering months remains to be seen.

Participants also questioned security’s notable absence from the agenda. Even if the president would like to focus attention on the positive economic situation in Mexico, many working group members found it troubling that the country’s high rates of violence had faded from official discourse. Defenders of the administration contended that the pact addresses some root causes of violence and organized crime, such as poverty and lack of opportunity for young people. Responses to these problems, however, require considerable amounts of time to take effect. Given Mexico’s central role in the hemisphere’s transnational criminal networks, keeping security at the forefront of policymakers’ minds was a pressing concern for many working group participants.

**Mexico: Reengaging Latin America and the world**

Another criticism of the Pact for Mexico was a lack of concrete objectives beyond its borders. While Mexico has free trade agreements with over 40 countries, its foreign policy has been largely predicated on its domestic agenda and centered on relations with the United States.
Indeed, there was consensus that the country lacked a coherent vision overseas, and President Peña Nieto has conceded that Mexican foreign policy has diminished over the last few years. As a result, the working group sought to brainstorm paths forward to restore Mexico’s global and hemispheric standing.

First, Mexico should counter the perception that it is a US satellite lacking interest in developing Latin American partnerships. Working group participants focused on two areas where progress should be made in this respect: security cooperation and economic integration. Regarding the former, establishing closer ties with Central America was viewed as a priority. Mexico does not engage its southern neighbors as equal partners, some asserted, and even replicates the overbearing posture of the United States. Colombia, another hub for illicit commerce, also represents a foreign policy opportunity because of its experience combating organized crime.

The Alliance of the Pacific was another key topic. For some members, the economic and political integration scheme, though still in its early phases, was a “game changer” and an avenue for Mexico to “return” to Latin America. Not only would it have significant economic repercussions, the Alliance would alter the regional balance of power by “containing” the influence of Mercosur and promoting a political “logic” of free trade. Uruguay, for instance, has signaled its intention to join, a possible indication that Mexico may begin to give South America greater strategic importance.

Relations with Brazil figured prominently within this discussion. Participants generally agreed that much could be done to improve bilateral ties, though some were more optimistic than others. One idea put forward was for the two countries to meet separately before regional fora to discuss their differences. It was, however, recognized that the relationship spans much more than Itamaraty and Tlatelolco, a reference to private sector ties as well as possible cooperation between the energy companies Pemex and Petrobras.

Dubbed the “forgotten border” by one participant, Mexico’s presence in the Caribbean was also mentioned. For many years, the PRI enjoyed a special relationship with the Castro regime, though Mexico has since taken a tougher stance and lost influence in Cuba. With a departure of Raul Castro on the horizon and the potential for drug trafficking returning to the Caribbean, this relationship has diminished at a critical moment for the island. Some asserted that Mexican cooperation with the Caribbean was, however, expanding in areas such as natural disaster relief.

Immigration has become an even more central issue in US-Mexico relations as lawmakers in Washington debate comprehensive reform. Recognizing the limited influence of Mexican officials on Capitol Hill, working group members raised several points. The first is that preparations within Mexico must be made for millions of their nationals to become US citizens. Under President Ronald Reagan, almost 3 million undocumented immigrants were naturalized, and some estimate that the figure could double should a path become available today. If reform is passed, the implications for both countries would be enormous. Meanwhile, immigration between Mexico and the United States has been net zero for several years. The Peña Nieto administration, some asserted, should quickly enact policy targeting Mexicans who return so they stay for good. Finally, even in the bilateral relationship with the United States immigration must be addressed as a regional issue, in part by bringing Central America into the discussion.
The working group generally expected few changes in security cooperation with the United States and believed the Mérida Initiative would be renewed. Nonetheless, participants hoped that the region would move past a “drug strategy of interdiction,” noting that any big changes in the regional response to illegal narcotics would have to come from Washington.

**Venezuela: Post-Chávez scenarios**

Two topics dominated the discussion on Venezuela: the presidential succession crisis and the short-term prospects for the country’s deteriorating security and economic situations. Regarding the former, one participant contended that in President Chávez’s absence, power-sharing within the governing coalition hinged on three men: Nicolás Maduro, former foreign minister and anointed *chavista* heir, Diosdado Cabello, leader of parliament and former military official, and Rafael Ramírez, head of state oil company PDVSA. Under this framework, Ramírez may become the “kingmaker,” ultimately determining the next leader of Chávez’s political project. Since the Chavez eliminated term limits, however, these men will need to devise a strategy that provides assurances that each will have an opportunity to reach the presidency.

The opposition finds itself in a very difficult situation. While pressing the government for greater transparency, it does not want to appear insensitive to the president’s poor health. Further, around 50 percent of Venezuelans believe that Chávez should take his time recovering, thereby giving Maduro, Cabello and Ramírez more time to develop a strategy to retain power once the president steps down. While many assume Henrique Capriles would again run for president, a second loss would weaken his long-term chances to lead the opposition, so he may be hesitant to enter into a contest he considers unwinnable. Given an expected outpouring of grief by the public should the president die, some believed a *chavista* victory looked increasingly likely.

On the economic front, shortages of basic goods and currency devaluations are making life exceedingly difficult for average Venezuelans. There was disagreement over just how dire the country’s fiscal and economic outlook was, yet all agreed that the worst was yet to come and that the government was delaying the most painful adjustments until after the election. Caracas, meanwhile, has become one of the hemisphere’s most violent cities due to ineffective law enforcement and widespread impunity. Some working group participants were skeptical that Maduro or another *chavista* candidate would be certain of victory in such a bleak scenario.

Regionally, questions were also raised regarding the role of Cuba during this transition period. Some participants cautioned against overstating the influence of the Castro regime, asserting that Brazil was a much more consequential player at this point. Although its leadership and finances are shrouded in doubt, Venezuela’s overseas commitments to Cuba and Nicaragua were deemed unlikely to continue in their current form, putting the two small countries in a more difficult economic position.

**Colombia: Is peace possible?**

The status of the peace negotiations between the administration of Juan Manuel Santos and the FARC was the main focus of discussion on Colombia. A handful of participants were moderately
optimistic for a peace agreement, some were less so, while others disagreed with the process entirely. Yet all agreed that serious challenges affect both an accord and its implementation.

One obstacle stems from a fundamental contradiction in public opinion. While all Colombians want peace, a vast majority do not approve of amnesty for the FARC or allowing its leaders to participate in politics. Some degree of both elements is, however, critical for the rebels to sign any agreement. It was also mentioned that negotiations created a perverse incentive for the FARC and the ELN since the principal method for them to increase their bargaining power is to demonstrate the damage they can inflict. The ELN, for instance, had committed more attacks in recent weeks than they have over the course of the last few years. There was a discrepancy regarding the political cost to Santos if he were to halt negotiations due to a lack of progress. Some participants believed it would be very damaging since his agenda to date has focused largely on this issue. Others, however, argue that the public would think the president gave the process an honest try and that the FARC would shoulder the blame for the failure.

Critics of the president raised several objections. Many Colombians, they said, worry that the country’s security is suffering as a result of the peace talks, a concern echoed by some working group members. Treating the FARC more leniently than other criminals would set a dangerous precedent. More broadly speaking, some expressed concern that Santos had launched too many initiatives too quickly in areas such as infrastructure and education -- and that the results were now few and far between. Lackluster economic growth, especially in the mining sector, was another reason for disappointment.

Nevertheless, some praised the country’s progress. One Mexican participant, for example, asserted that the country’s petroleum sector is a far better model for Pemex than Petrobras is. Others noted that Santos appeared to be a more “Latin American” president than Uribe, whose foreign policy bandwidth was excessively focused on relations with the United States.

**Ecuador: Consolidating the Citizens’ Revolution**

While the working group met shortly before the recent elections in Ecuador, even at that point Rafael Correa’s victory was all but ensured. Indeed, the president secured not only a landslide reelection -- his party, Alianza País, greatly expanded its majority control in congress. Explanations as to why the president was so popular generated some disagreement. Some participants believed that a lack of a political challenge was largely to blame. This reflects not only the disunity in Ecuador’s political opposition movement, but to a repressive media climate which some described “a propaganda state.” The new electoral law, moreover, hampers the chances for the president’s opponents and grassroots movements have been stifled.

Other participants, however, noted that economic growth in Ecuador has consistently outpaced the Latin American average and that social spending has substantially reduced poverty. Improved infrastructure was another crucial improvement which has done much to bolster the president’s popularity among ordinary Ecuadorans. Whether or not Correa would win elections without stifling dissent thus remained an open question.
Looking forward to Correa’s agenda for another term, fiscal reform is a top priority. A more progressive tax structure is needed to continue social spending given oil revenues are not expected to increase over the short term. While land redistribution was flagged as another potential objective, participants familiar with the country were unsure what exactly could be expected. Eliminating presidential term limits may also lie on the horizon. On a regional scale, the working group was generally skeptical that Correa would become “the next Chávez.” While he certainly espouses a confrontational and anti-imperialist tone, the Ecuadoran president has proved to be much more pragmatic than his rhetoric suggests. Moreover, he lacks Venezuela’s extensive oil windfalls as well as a coherent and ambitious foreign policy vision.

**Regional considerations**

The working group expressed frustration that the question of democracy had largely faded from the regional agenda. Some participants asserted that Latin American countries have become overly pragmatic in their diplomacy and chose not to pressure their neighbors to oppose undemocratic behavior. This is troubling in light of the consolidation of unchecked executive power in countries such as Ecuador and Venezuela. Furthermore, the Inter-American system has become increasingly outdated and is in need of serious renovation and renewal. In addition, some governments are mobilized to weaken the role and effectiveness of human rights bodies, which also was of great to working group members.

Citizen security and drug trafficking constituted another cross-cutting theme. Participants from South America expressed concern over the expanding influence of Mexican *narcos* into their countries, an indication of how organized crime is increasingly viewed as a hemispheric issue. On that note, the working group expressed its anticipation for the upcoming OAS report on illegal narcotics that seeks to inform the discussion with data and possible scenarios. While the working group represented a diversity of viewpoints on the best way to address these issues, there was consensus that the discussion on drugs and security needed to be front and center.