

Investing in LatAm in 2018: Not politics as usual

Mexico's new president: Andrés Manuel López Obrador AMLO



The rundown

Party - National Regeneration Movement (support from Labour Party, Social Encounter Party)

Economic stance - Leftist economic model, development of the internal market

Tax policy - No tax increases and tax reductions in the Northern border region

Trade policy - Maintain trade relations; similar stance on NAFTA as current negotiating team

Security policy - Improve coordination between federal security forces; creation of a National Guard

What an AMLO victory means for business

- ▶ A leftist agenda and inward-looking economic reforms
- ▶ Scrutiny on contracts awarded during the presidential administrations of Enrique Peña Nieto and Felipe Calderón, mainly on energy and infrastructure
- ▶ Plans to promote infrastructure investment through public-private partnerships

Challenges ahead for Mexico and the new administration

NAFTA and US bilateral relations

AMLO and his appointed chief negotiator for NAFTA have declared their intentions to maintain the agreement. However, they regard no deal as preferable to a deal that will not benefit Mexico. AMLO will be less cooperative with the US on migration and security than his predecessor.

Violent crime and insecurity

2018 is set to be Mexico's deadliest year on record. The historically high homicide rate reflects the pervasive presence of criminal groups and corruption within local law enforcement. National security forces are vastly under-resourced.

Anti-corruption enforcement

The government will be under pressure to fulfill its campaign anticorruption promises—particularly by civil society groups. This will include a strong regulatory focus on combating white-collar crime.