



# Trump fire also risks Latin American fury

Latin American nations have borne the brunt of US President Donald Trump's pejorative rhetoric. In addition, his protectionist ambitions undermine the region's prospects and economic equilibrium.

In the book *Fire & Fury: Inside the Trump Whitehouse* about Trump and his year-old administration, American author Michael Wolff characterises the President's policies and inflammatory discourses as the "fire"; and the US liberal establishment's reaction to them, as the "fury".

If the so-called fire and the fury were confined to President Trump's increasingly bemused nation and the Washington DC swamp, it would be of less concern. But his demeanour and "America First" policies are diminishing US influence around the globe, and especially so in Latin America.

President Trump has pulled the US out of the Trans-Pacific Partnership (TPP, which was to be a free trade accord between the US and 11 countries from Asia and Latin America); out of the 195-country Paris Climate Accord, which is of vital importance to Central American and Caribbean nations; walked-back the détente with Cuba; ignored Puerto Rico's desperate post-Hurricane Maria plight; and described Haiti and El Salvador as "sh\*thole countries".

Trump's deportation of millions of Central American and Caribbean immigrants, including over 800,000 who were raised from infancy in the US, shares the top of his wish list with renegotiating NAFTA to include a five-year sunset clause and making Mexico pay for a US\$25 billion border wall.

## China gaining ground

China has gained political and economic clout in Latin America at the US' expense, and their influence has grown far more than they could have hoped after President Trump's withdrawal from TPP, which ironically was constituted in part to diminish China's growing economic influence in the Asia Pacific region.

It's no surprise that China sees trade and investment opportunities in Latin America. The region's 2017 economic data from the IMF and Focus Economics points to Peru, Paraguay, Chile and Colombia recording growth of 2.4 per cent or more (a result which equals US economic performance in the same period), and regional GDP expanding an average of 1.7 per cent in 2017 due to recovering business confidence and rising commodities prices.

Latin American GDP is forecasted to grow 2.4 per cent in 2018 and by 2.7 per cent in 2019.

Peru and Paraguay are expected to be the region's fastest-growing economies in 2018, with projected growth rates of 3.9 per cent followed by Bolivia at 2.3 per cent and Ecuador at 1.4 per cent.

Growth also returned to Chile and Colombia, where higher commodities prices, a resilient labour market and higher export revenues will increase GDP by 3 per cent in 2018.

Brazil has emerged from its worst recession in 25 years, and GDP is expected to grow 1.5 per cent this year, thanks to strengthening household consumption, growing

investment, low inflation and near record-low interest rates.

Mexican GDP in 2017 was 2 per cent, after cyclones and earthquakes hindered economic output, and high inflation reduced consumption, with 2018 growth forecast in the 2 to 3 per cent range.

In Argentina GDP grew 2.7 per cent in 2017 after the government continued its economic reforms and entered into 50 bilateral investment treaties to protect foreign investment and avoid double taxation.

Argentina still has the second highest inflation in the region at 24.8 per cent (after Venezuela, whose economy is picked to contract 5 per cent in 2018 with 2,400+ per cent inflation).

While Mexico has been President Trump's immediate target in Latin America, with the border wall and the renegotiation of NAFTA (the US had a trade deficit of US\$64 billion with Mexico in 2017), other Latin American countries' export trade with the US is at risk as well.

US Commerce Secretary Wilbur Ross has talked about launching an investigation into copper imports, which could seriously affect Chile and Peru; and possibly other investigations, which could affect free trade agreements with Chile, Colombia, Peru, the Dominican Republic and Central America.

President Trump's isolationism is undermining the US' traditional leadership role in the Western Hemisphere and he should not be the least bit surprised when his "fire" is met by Latin American "fury", and China steps into the breach.