



# Outlook improving for Latin America

Latin America's social and economic prospects have been clouded in recent years by a crash in commodity prices and mind-boggling corruption scandals.

In addition, with the election of US President Donald Trump, his North American Free Trade Agreement (NAFTA) and Trans Pacific Partnership (TPP) policies do Latin America no favours.

Many Latin American economies are heavily reliant on commodities and when in 2013 after a long boom, prices for copper, soy and petroleum tanked, serious difficulties ensued.

Prices have not recovered to any meaningful extent but in testament to Latin America's resilience and capacity for renewal, economic reforms in Brazil and Argentina and diversification in Mexico have turned the recessive tide around (excepting Venezuela).

Focus Economics reported in October that Latin American regional GDP expanded at a 1.1 per cent annual rate in the first half of 2017. This is the best result since 2014 when heavily commodity-dependent Brazil plunged into recession while Argentina, Chile, Colombia, Mexico, and Peru all suffered contractions.

Trump's trade negotiators presented sweeping protectionist proposals at October's NAFTA talks in Washington, which are so unpalatable to Mexico and Canada that off-record Mexican officials have said they believe it's Trump's intention to collapse the talks and then walk-away from NAFTA, as he did with the Trans Pacific Partnership (TPP).

The TPP, which includes Chile, Mexico and Peru, could be reconstituted,

as the 11 remaining member states under Japanese leadership still want a free trade agreement, even without the US, but as Vietnam, Malaysia and the newly minted New Zealand Government want to renegotiate terms, the jury is out.

An enlarged Pacific Alliance, for which Chile, Colombia, Peru and Mexico with Australia, China, Japan, New Zealand, Singapore, South Korea and Thailand are all associate or observer members, could well pick up where TPP has left off.

As much as increased free trade between TTP+11 or more likely the Pacific Alliance member states will enhance Latin America's economic prospects, another region-wide initiative holds just as much promise to increase business confidence and foreign investment.

## Anti-corruption success

Effective steps are finally being taken to eradicate the scourge of entrenched corruption that has bedevilled Latin America for centuries.

Corrupt politicians and functionaries have traditionally looted vast sums from public coffers with total impunity, and have significantly curtailed the region's economic and social development in the process.

Now pervasive social networks and internet technologies have exposed the full extent of corruption, increased public awareness and mobilised citizens who are now demanding change.

Latin American legislators have been impelled to write tougher anti-corruption laws, which a new generation of young prosecutors is vigorously enforcing in a snowballing number of successful prosecutions.

Mexico has no less than four former state governors under arrest for the misappropriation of millions, after all of them fled with their ill-gotten gains and were extradited to stand trial.

Brazil's rotten-to-the-core political and business elites including President Michel Temer are being pursued by prosecutors who have revealed corruption on an industrial scale.

One of Temer's political cronies was jailed in October after he couldn't explain why he had US\$16 million in cash stashed in his apartment; and ex-president Lula da Silva is appealing a nine-year prison sentence for bribe-taking.

In Argentina, ex-president Cristina Kirchner has been indicted for illicit enrichment and one of her ministers, José López, was caught throwing bags containing US\$9m in cash over the wall of a Buenos Aires convent where he planned to stash the loot in a nun's tomb.

Guatemalan ex-president Otto Pérez has been imprisoned for corruption and Alejandro Toledo, ex-president of Peru, is an international fugitive from influence-peddling and money-laundering charges.

It's not just kleptocratic ex-presidents who are being brought to justice. Hundreds of Latin American politicians and their plutocrat enablers are either under investigation, serving time or singing like canaries to save their own skins, as investigators doggedly follow tainted money trails.

Regional GDP, trade liberalisation and economic reform, diversification and transparent, corruption-free governance are all gathering steam, in what has to be the brightest outlook for Latin America in a very long time.

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