



# New broom in Mexico good news for NZ

Disenchanted voters in the US, Europe and now Mexico have kicked establishment politics and supply-side economics to the kerb by electing populist leaders.

At the forefront of the new populism is US President Donald Trump who is pandering to his blue-collar electoral base with xenophobic, protectionist policies, the foremost of which are harsh import tariffs which have sparked a tit-for-tat trade war with China and the European Union (EU).

In Mexico, left-wing politician Andrés Manuel López Obrador (known by his initials AMLO) has won the presidency in a landslide, with the highest number of votes in Mexican history.

It is no surprise Mexican voters so fulsomely supported the anti-establishment AMLO because the plutocratic parties which have ruled Mexico since the 1930s have built an unequal society. Despite Mexico being the second biggest economy in Latin America, close to half of Mexicans live in abject poverty, corruption is endemic and murderous drug trade violence runs amok.

MORENA, the left wing party AMLO founded less than six years ago, won a majority in the senate and congress, which will enable AMLO to freely supplant Mexico's neoliberal economics with a redistributive model and implement controversial strategies to eradicate corruption and violence.

## Poorer relations with the US

Mexico's relationship with the US is presently at its lowest ebb in decades, as Trump has demonised

Mexicans as gang-bangers and rapists, insisted on Mexico paying for a border wall and has wanted draconian changes to NAFTA (the North American Free Trade Agreement) to favour the US.

Trump and AMLO share similar personalities (both are tempestuous, aggressive with enemies and suspicious of the media) but these similarities are unlikely to provide common ground from which to work cooperatively on common interests, as long as Trump continues to denigrate Mexico and its people.

In his victory speech, AMLO promised to boost economic growth, reduce poverty and discourage illegal migration to the US by developing self-sufficiency in agricultural production, which he said will be the central policy of his administration.

Mexico's wealthy elite and international markets breathed a huge sigh of relief when AMLO guaranteed the independence of Mexico's central bank and assured recent investors in the recently-reformed energy sector that all existing state contracts will be honoured unless they were obtained by corruption.

In a conciliatory tone AMLO's victory speech did not include his habitual denouncement of Mexico's ruling class as a "mafia of power", but he did reiterate his intention to make them pay for increased social spending on healthcare, education and pensions for the elderly and disabled, and for student scholarships.

In order to reduce violence, AMLO has proposed a process of national reconciliation with the drug cartels, which have murdered well over 200,000 people since 2012, through

an amnesty for lower-level cartel workers who he says are victims of structural poverty rather than being incorrigible criminals.

AMLO intends to centralise Mexico's myriad police forces, as the present fragmented system is highly susceptible to criminal infiltration and corruption and indeed, it has already largely succumbed.

## Closer relations with NZ

Mexico was the first country to ratify the 11-member Comprehensive and Progressive Trans-Pacific Partnership (CPTTP) trade deal that includes New Zealand. Japan followed suit last month.

Mexico is also expected to stay in the Pacific Alliance (11-year-old Latin American trade bloc), especially if the US pulls out of NAFTA.

Mexico is New Zealand's biggest trading partner in Latin America and 21st biggest overall, with US\$471 million of two-way trade in 2017 and which will increase under CPTTP and Pacific Alliance, as both unions eliminate tariffs and barriers.

AMLO's goal of self-sufficiency in agricultural production will create substantial new opportunities for New Zealand exporters.

Of particular promise are agri-tech (including herd improvement, pasture mapping and management), digital agriculture (including precision farming, big data, sensors, robotics and drones) as well as systems and technology for horticulture, aquaculture and viticulture.

