

*Hemisphere Insider***Program News**  
**George Grayson Talks on**  
**Mexico's Zetas**

Tuesday, July 10, College of William & Mary Professor and CSIS Senior Associate George Grayson discussed the findings of his most recent book on the Mexican drug gang Los Zetas entitled *The Executioner's Men*. Steven Dudley, director of Insight on Crime in the Americas, and Dan Fisk, former National Security Council director for Western Hemisphere affairs, followed with commentary on Mexico's security situation. A splinter group of the Gulf Cartel, Los Zetas now controls the greatest amount of Mexican territory and has a presence in at least 21 states and several Central American countries. The gang is known for gruesome tactics that attract international headlines. Grayson pointed out that "Los Zetas is everyone's enemy" and its (*more*→)

**In Depth**

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*Brazilian Industries Continue to Struggle*

A recent report by Brazil's National Confederation of Industries (CNI) paints a worrisome picture of the country's industrial capacity. According to the report, the first five months of 2012 registered the worst performance of industry since the same period in 2009, when the country was suffering the effects of the global economic slowdown. CNI's economists referred to recent months as the "industry's lost semester." All of the indicators examined in the performance index—revenue, employment, working hours, and utilization of industrial parks—were lower than three years ago. Weakening industrial performance has pushed the government to identify measures that will boost domestic industries. Several "bailout" plans have been introduced to stimulate the economy, including tax cuts affecting certain product lines and budget increases to stimulate government purchases. Government authorities remain upbeat, arguing such measures will result in stronger growth. But such band-aid approaches have been developed absent a long-term vision of how to fundamentally strengthen Brazilian industry. By targeting specific subsectors like car manufacturers with tax reductions (they got one in May) without providing for relief for other areas under stress, the plans do little to boost Brazil's long-term competitiveness. Various Brazilian economists are now arguing that incentives for consumption and expansion of credit—all the usual principles that undergird Brazilian plans—are no longer appropriate. Instead, increased investments are necessary to ignite the sector as a whole. Government policymakers seem to disagree and will likely continue with "one case at a time" tactics. As the last five months have shown, that might not be enough. —**Maite Rabelo**

**In the News***Regional*

Opening the Special Committee on Population and Development in Quito, Ecuador, Alicia Bárcena, the executive director for the Economic Commission for Latin America and the Caribbean, stressed the importance of equitable sustainable development in the region. Bárcena highlighted the need to tackle the urban/rural divide, as many rural residents lack access to basic services.

—*El Mundo (El Salvador)**Caribbean: St. Lucia*

St. Lucia's Parliament approved the borrowing of US\$50 million from the Eastern Caribbean Finance Holdings (ECFH) Global Investment Solutions

authority is likely to be contested by other groups—especially the rival Sinaloa Cartel. Additionally, the election of Enrique Peña Nieto and his appointment of retired Colombian police chief Oscar Naranjo Trujillo as a security adviser may produce a more formidable foe than Los Zetas has confronted in the past. However, Grayson cautioned that Los Zetas remains one of Mexico’s greatest problems in the foreseeable future, and it is imperative that its operations be carefully monitored to ensure citizen security in both Mexico and neighboring countries.

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Limited to avoid taking loans from the International Monetary Fund (IMF). Prime Minister Dr. Kenny Anthony contrasted St. Lucia’s decision with those of neighboring Antigua & Barbuda and Grenada, both of which have recently sought additional funding from the IMF and will likely be forced to adopt stiff structural reforms as a part of their assistance packages. —[The Gleaner \(Jamaica\)](#)

### Central America: Nicaragua

Despite concerns over funding and environmental impact, Nicaraguan deputies overwhelmingly approved the Grand Interoceanic Canal Act and the establishment of the Authority of the Grand Canal of Nicaragua. The government will control 51 percent of canal, allowing private investment in the rest. The Grand Canal of Nicaragua Authority—consisting of six board members—will be responsible for operations. —[La Jornada \(Nicaragua\)](#)

### North America: Mexico

The Belgian-American brewer Anheuser-Busch InBev (AB inBev) bought Mexican Grupo Modelo’s shares for US\$20.16 billion through the Mexican Stock Exchange (BMV). Since the BMV does not collect tributes on financial transactions, AB inBev will not pay a tax to the Mexican government, which reportedly lost revenue on foreign takeovers of Banamex in 2001 and Bancomer in 2004. —[El Diario \(Mexico\)](#)

### South America: Argentina

The Argentine Central Bank ordered private banks holding more than 1 percent of total Argentine deposits to provide 5 percent of such holdings in loans to domestic companies to trigger investment and help maintain Argentina’s economic growth. The central bank expects the measure to generate US\$3.3 billion in one year. Banks will be forced to provide loans at no less than three-year terms with a fixed annual interest rate of about 15 percent. —[La Nación \(Argentina\)](#)

### Colombia

In a recent interview with the Colombian newspaper *Portafolio*, Jytiraditya Scindia, India’s state minister of commerce and industry, said that investment discussions between India and Colombia could lead to free trade agreement negotiations between the two nations. Scindia mentioned India’s interest in Colombia’s growing petrochemical sector, including oil, natural gas, methane, and ethanol. According to Scindia, India could provide Colombia with expertise in such sectors as pharmaceuticals and biotechnology. —[Portafolio \(Colombia\)](#)

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